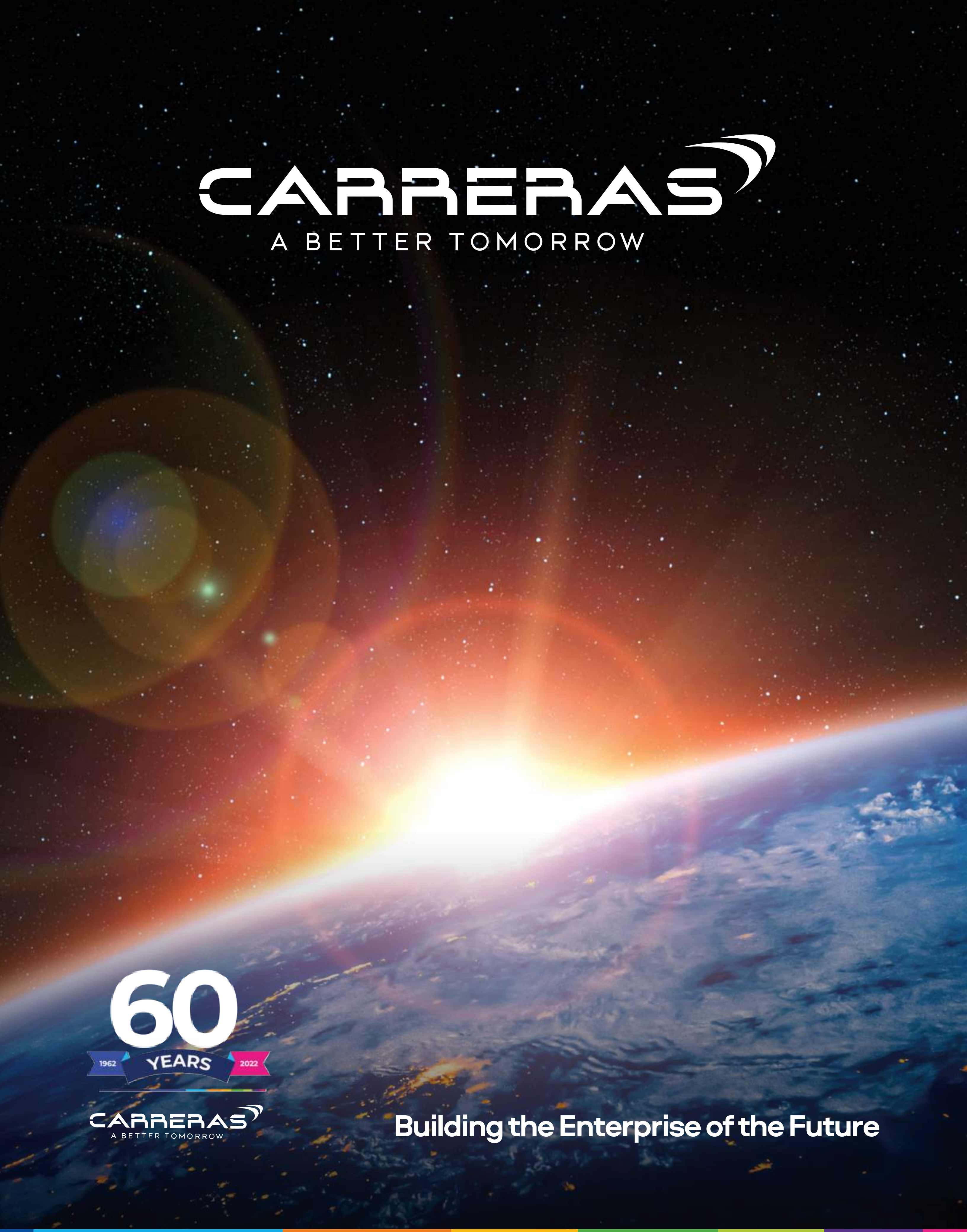


Building the Enterprise of the Future

CONTENTS

Our Strategy

We hold steadfast to the strategy of creating shareholder value, delivering profit growth and long-term business sustainability. The four pillars of this strategy are Growth, Productivity, Sustainability and Developing a Winning Organisation.

Growth

CARRERAS Limited continues to focus on key strategic segments of the market that offer the best prospects for long term-growth, including driving our premium segment. We also believe it is important to continue to develop and utilise innovative, differentiated products and offer our consumers added value from our brands.

Productivity

The Company's overall approach to productivity is about using our global resources to increase profits and generate funds for reinvesting in our business.

Sustainability

We will continue to balance our commercial objectives with the expectations of a broad range of stakeholders, thus ensuring a sustainable business.

Winning Organisation

We are confident about our strategies for Growth, Productivity and Sustainability, but to deliver our vision we must also have the right people and the right working environment. That is the essence of the Winning Organisation strategy.

CARRERAS

A BETTER TOMORROW

OUR VISION

Our vision is to achieve and maintain leadership of the Jamaican Tobacco Industry in order to create long-term shareholder value.

OUR ETHOS

In 2020, we transformed the Guiding Principles at CARRERAS to Our ETHOS which forms the core of our culture and guides how we deliver our strategy.

WE ARE BOLD

We dream big and share innovative ideas. We make tough decisions quickly and proudly stand accountable for them. We are resilient and fearless in beating the competition.

WE ARE DIVERSE

We value different perspectives. We build on each other's ideas, knowledge and experiences. We challenge ourselves to be open-minded and to recognise unconscious bias

WE ARE FAST

Speed matters. We set a clear direction and move fast. We keep it simple and focus on outcomes. We learn quickly and share learnings.

WE ARE RESPONSIBLE

We take action to reduce the health impact of our business. We ensure the best quality products for our consumers, the best place to work for our people and the best results for our shareholders. We act with integrity, never compromising our standards and ethics.

WE ARE EMPOWERED

We set the context for our teams and trust their expertise. We challenge each other. Once in agreement, we commit collectively. We collaborate and hold each other accountable to deliver.

CORPORATE DATA

LOCATIONS

Corporate Office
13A Ripon Road
Kingston 5
Telephone: 749 9800
Fax: 906 9284
E-Mail: Carreras@bat.com
Website: www.carrerasltd.com

DEPOTS

35½ Hagley Park Road, Kingston 10
6 Allan Avenue, Port Antonio
1-2 Villa Road, Mandeville
Pembroke Commercial Complex, Lots 19 & 20,
Fairfield Bouge, Montego Bay

BOARD OF DIRECTORS

Patrick Smith - Chairman
Patrick McDonald
Paul Hanworth
Raoul Glynn
Nirala Singh
Franklin Murillo
Verona Williamson

MANAGEMENT TEAM

Name	Designation
Franklin Murillo	Managing Director
Verona Williamson	Finance Director & Company Secretary
Daidrey Miller	HR Business Partner
Andre Pryce	Head of Trade

REGISTERED OFFICE

13A Ripon Road, Kingston 5

AUDITORS

KPMG,6 Duke Street, Kingston

BANKERS

National Commercial Bank Jamaica Limited
The Atrium, 32 Trafalgar Road, Kingston 10

REGISTRAR AND TRANSFER OFFICE

Group Legal Trust & Corporate
Services R. Danny Williams Building
28 – 48 Barbados Avenue, Kingston 5

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Sixty-First Annual General Meeting of the Stockholders of CARRERAS LIMITED will be held at the AC Hotel Kingston, 38-42 Lady Musgrave Road Kingston 5 on Thursday, September 14, at 2:00 p.m. for the following purposes:

1. To receive the Audited Financial Statements and the Reports of the Directors and Auditors for the year ended March 31, 2023.

To consider and (if thought fit) pass the following Resolution: "THAT the audited Financial Statements and the Reports of the Directors and Auditors for the year ended March 31, 2023, be and are hereby adopted."

2. To appoint Auditors and authorise the Directors to fix the remuneration of the Auditors.

3. To approve the remuneration of the Non-Executive Directors:

To consider and (if thought fit) pass the following Resolution: "THAT the amounts shown in the Financial Statements of the Company for the year ended March 31, 2023, for emoluments received by the Non-Executive Directors for their services as Directors be and is hereby approved."

4. To elect Directors

(a) Mr. Raoul Glynn and Mr. Patrick McDonald are due to retire in accordance with the provisions of Article 101 of the Articles of Incorporation and, being eligible, offer themselves for re-election.

To consider and (if thought fit) pass the following Resolutions:

i. "THAT Mr. Raoul Glynn be and is hereby re-elected a Director of the Company."

ii. "THAT Mr. Patrick McDonald be and is hereby re-elected a Director of the Company."

(b) Mr. Franklin Murillo was appointed a Director of the Company since the last Annual General Meeting of the Company and, being eligible, offers himself for election.

To consider and (if thought fit) pass the following Resolution: "THAT Mr. Franklin Murillo be and is hereby elected a Director of the Company."

5. To approve and ratify dividends:

To consider and (if thought fit) pass the following Resolution: "THAT the interim dividends of $0.23 paid on Jul. 5, 2022; $0.13 paid on Sept 7, 2022; $0.19 paid on Dec. 14, 2022; and $0.23 paid on Mar. 22, 2023, making a total of $0.78 for the Year, be and are hereby ratified."

6. To consider any other business which may properly be transacted at an Annual General Meeting

By Order of the Board
Verona Williamson
Company Secretary
Registered Office: 13A Ripon Road, Kingston 5.
May 26, 2023

Important Notice for Members who are not able to attend:

Any member of the Company entitled to attend and vote at this Meeting can appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a member. Where a proxy is appointed by a corporate member, the form of proxy should be executed under seal. A suitable Form of Proxy is enclosed.

To be valid, the form of proxy must be completed and deposited with the Registrar and Transfer Office: Sagicor Bank Jamaica Limited, Group Legal Trust & Corporate Services, 28 – 48 Barbados Avenue, Kingston 5, not less than forty-eight (48) hours (excluding non-business days) before the time fixed for holding the meeting. The form of proxy should bear stamp duty of $100.00. The stamp duty may be paid by stamps which should be affixed to the form.


1962


2022

CHAIRMAN'S REPORT TO STOCKHOLDERS

Dear Shareholders,

The strength of your Company's brand, dedication to efficiency and an important focus on innovation and investment in infrastructure has led to the delivery of reliable and sustained results. In the continually challenging macroeconomic climate, we were able to navigate through these hurdles, tackle the challenges, to build on our business processes and strong internal controls to deliver a commendable performance for the 2022/2023 financial year.

The Company continues to achieve top-line growth, with revenues of $16.2 billion, a 3% increase compared to the same period last year. Whilst the gross margin remained relatively flat, the results reflect the Company's one-off investment in a newly implemented customer management software system which we anticipate will modernize our customer service functions and yield greater efficiencies and other savings in future periods. Profit after tax was $3.6 billion, a decrease of $0.4 billion compared to last year. Notwithstanding, your Company distributed $3.8 billion to shareholders this year, representing a dividend payment of $0.78 per stock unit. Dividend yield remained flat at 10% for the fiscal year 2022/2023, demonstrating that maintaining and enhancing shareholder value is your Company's top priority.

The Company continues to prioritize their focus on the investment in transforming our brands to ensure our consumers receive the highest quality and innovative products. We are also striving to improve our Route to Market model to ensure that our products are delivered to our customers and consumers most efficiently and cost-effectively. The illicit trade continues to affect our industry and is a significant risk to all stakeholders. We are committed to improving the legal tobacco landscape. We will continue to drive awareness of the various issues caused by illicit trade through engagement with the government, its agencies, and private sector stakeholders. The development and growth of our team, who are the driving force behind our business, remain a priority as they are committed to delivering exceptional results.

OUR OUTLOOK

Looking ahead, we anticipate continued growth and success in the coming year and the years to come. CARRERAS is committed to improving the quality of life of our team, customers, and the communities we serve, island wide. We will continue to improve and make innovative products available to enhance and elevate our portfolio. We will continue to execute our environmental, social and governance (ESG) strategy as we seek to respond to climate change through positive social impact and governance. Our commitment is also to continue being a responsible tobacco company, reflected in our careful marketing and distribution activities and Jamaica's social and economic development through the Project STAR initiative. We also remain focused on education and empowerment through our scholarship programme, which offers access to higher education to students who may not have the means to pay for college on their own.

On behalf of the Board of Directors, I take this opportunity to thank you all, our CARRERAS family. We could not have done it without your continued trust and support as we look forward to sustained growth in the coming years.

Patrick Smith
Chairman


60
YEARS

BOARD OF DIRECTORS

PATRICK A. H. SMITH, Chairman

Mr. Smith has been the Chairman of CARRERAS since November 11, 2021.

OTHER APPOINTMENTS: Mr. Smith is a Director of CAC2000 Limited, for which he is the Chairman of the Remuneration Committee and Member of the Audit Committee. He was previously a Director at the Export-Import Bank of Jamaica, and Jamaica Promotions Limited, and Chairman of Things Jamaican Limited/Devon House, and Vice President of the Jamaica Exporters Association.

SKILLS & EXPERIENCE: Mr. Smith has deep business and industry expertise developed over 30 years working in the Caribbean and Europe. He has had several executive roles in the British American Tobacco network, including Global Account Manager for Dunhill Cigars in Switzerland, and Caribbean Business Unit Director in Trinidad. Formerly a Director of both West Indian Tobacco Company Limited in Trinidad and CARRERAS Limited in Jamaica, Mr. Smith served as the Chairman of Demerara Tobacco Company Limited in Guyana and Carisma Marketing Services in St. Lucia. Prior to joining BAT, he was the General Manager of the Jamaica Biscuit Company Limited.

QUALIFICATIONS: Mr. Smith holds a BSc. in Public Administration from the University of the West Indies Mona and an MBA from Nova Southeastern University.

COMMITTEES: Chairman, Nominations and Compensations Committee; and Member, Audit Committee; Trustee, CARRERAS Limited Superannuation Fund.

FRANKLIN MURILLO, Managing Director

Mr. Murillo was appointed as Managing Director of CARRERAS Ltd. on October 1, 2022

SKILLS & EXPERIENCE: Mr. Murillo first joined the BAT group as an Executive in 2005. He has years of experience mainly in Trade Marketing & Distribution which included responsibility for the Caribbean Island markets in 2009. In 2014, he was appointed the Country Manager for Costa Rica where he ensured growth contributing to the success of the Caribbean and Central American Area. Some of his other numerous assignments within BAT are his appointment as Head of Trade/Activation Marketing and Distribution for the Caribbean and Central Regions in 2017 and appointment as Partnership/ Multi-Category Manager for Latin America North and the Caribbean in 2018. With this appointment, he is returning to the Caribbean after a very successful stint as Brand Deployment and Activation for the next generation of electronic devices, across Iberia markets that include Spain, Canary Islands, Portugal, Andorra, and Gibraltar.

QUALIFICATIONS: Business Administration Degree, Universidad Latina, Costa Rica

RAOUL GLYNN, Director

Mr. Glynn was appointed as Director of CARRERAS Limited on February 1, 2020

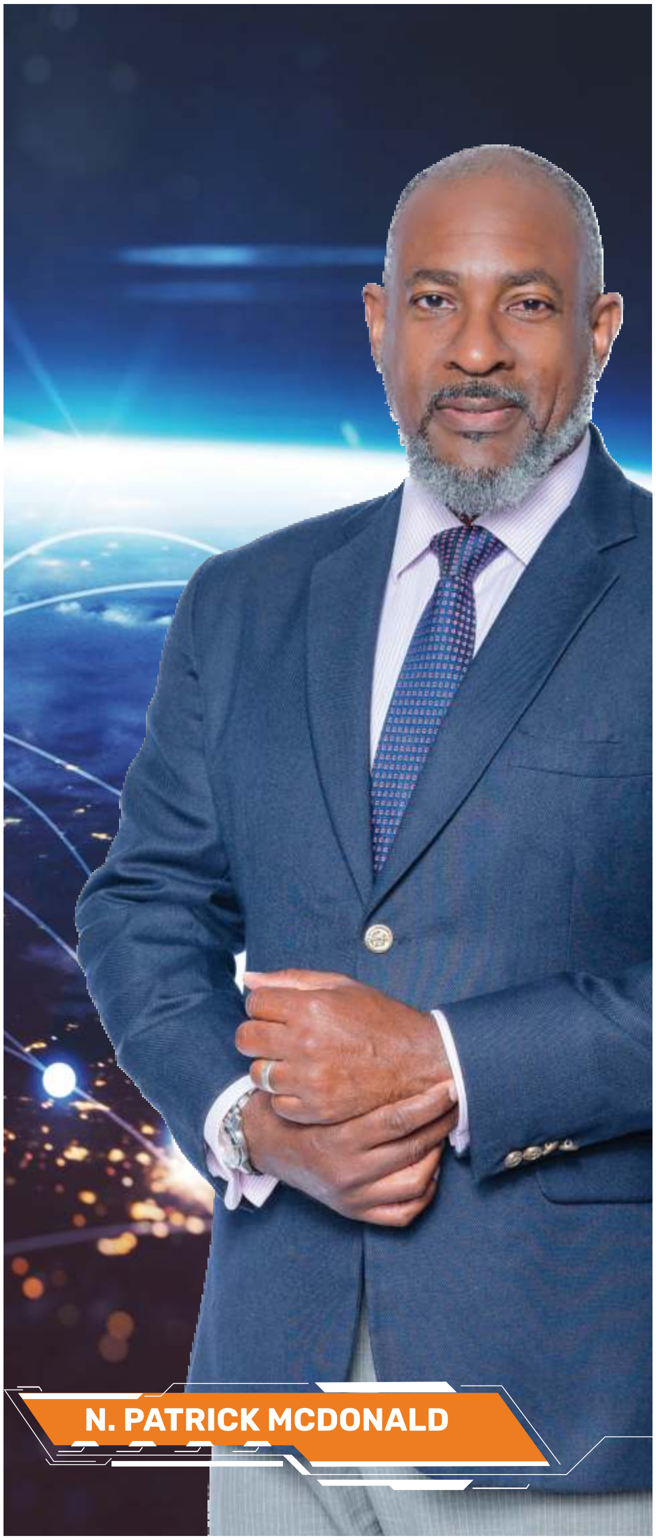
OTHER APPOINTMENTS: Member of the Board of Directors and Managing Director of The West Indian Tobacco Company Limited since October 2022. Member of the Board of Directors of Demerara Tobacco Company since February 2017.

SKILLS & EXPERIENCE: Mr. Glynn currently holds the position of Managing Director of The West Indian Tobacco Company Limited, based in Trinidad and Tobago, and holds the position of Head of the Caribbean for the British American Tobacco Group. Prior to this, he held the position of Managing Director of CARRERAS Limited, demitting the office on September 30, 2022.

Mr. Glynn has distinguished himself through his performance in various roles, beginning with that of: Executive at West Indian Tobacco Company in Trinidad in 2002; Area Manager, Carisma Marketing Services Unit in January 2004; Trade Marketing and Distribution Manager at Demerara Tobacco (DEMTOCO) Guyana, another BAT subsidiary, in April 2006 and also as the Country Manager at Carisma Marketing Services responsible for the general management of 21 markets of the English, French and Dutch speaking Caribbean, the largest volume base in the area. Having earned the opportunity, Mr. Glynn was seconded to CARRERAS in Jamaica where he led a team which achieved positive volume performance in the market. His BAT career continued in February 2012 with the role of Marketing Operations Manager of British American Tobacco Pars in Iran and then, in February 2014, following a short stint in the Middle East Area, Dubai, he assumed the role of Business Development Manager in Costa Rica, with responsibility for the Trade Marketing, Distribution and Activation portfolio for Central America and the Caribbean, leading a strong efficiencies agenda in the region.

QUALIFICATIONS: BA., University of the West Indies, St. Augustine Campus

COMMITTEES: Member, Corporate Governance Committee; Invitee, Audit Committee; Trustee, CARRERAS Limited Superannuation Fund.



N. PATRICK MCDONALD, Director

Mr. McDonald has been a Director of CARRERAS Limited since September 1, 2021.

OTHER APPOINTMENTS: Director of Television Jamaica Limited, Independent Radio Company Limited, and other broadcast media companies forming part of the RJR Gleaner Group. Director of Portland JSX Limited and Do Good Jamaica Limited.

SKILLS & EXPERIENCE: Mr. McDonald is an Attorney-at-Law and a Partner at the Jamaican law firm, Hart Muirhead Fatta. He practices mainly in the area of corporate and commercial law, and his experience includes capital markets transactions, mergers and acquisitions, corporate reorganizations, financing transactions, corporate governance, as well as matters in the bauxite and alumina sector. Since 2020, he has served as the Honorary Legal Counsel of the Private Sector Organisation of Jamaica ("PSOJ"). He is a past member of the Corporate Governance Committee of the PSOJ and conducts training in public and private sector corporate governance from time to time, including as part of the Jamaica Stock Exchange e-Campus programme. He has served as an associate tutor at the Norman Manley Law School for a number of years and has been consistently named as one of the leading commercial attorneys in Jamaica by Chambers Global, the internationally recognised legal directory.

QUALIFICATIONS: Admitted to practice in Jamaica in 1993. Bachelor of Laws (Hons.) awarded by the University of the West Indies and Legal Education Certificate, after attending the Norman Manley Law School.

COMMITTEES: Chairman, Corporate Governance Committee; Member, Audit Committee.

NIRALA NANDINI SINGH, Director

Mrs. Singh was appointed as a Director of CARRERAS Limited on February 12, 2020.

SKILLS & EXPERIENCE: Nirala is currently the Commercial Finance Controller for Latin America North and the Caribbean Business Unit of British American Tobacco, based in Mexico. She has more than 15 years' experience working with the BAT Group across a wide range of Finance roles, such as Internal Audit, Commercial Finance and Corporate Finance, as well as Global Shared Services. Nirala has significant experience in working in above market and end market roles, in strategic planning for complex and emerging markets, and also in leading large teams. She has held roles across a number of countries including Trinidad and Tobago, Costa Rica, Vietnam and now Mexico. In her current role, she has the Commercial Finance responsibility for 33 markets which includes pricing and resource allocation strategy. In her current and previous roles, Nirala has had to work across multiple geographies, with a wide range of internal and external stakeholders to drive the commercial and finance agenda toward enabling long term market sustainability. Nirala has served in the past on prior Boards of Directors for other BAT entities and has significant corporate governance experience in this regard.

QUALIFICATIONS: MBA, Finance with Honors from Michigan University; Fellow of the Association of Chartered Certified Accountants (ACCA).

COMMITTEES: Director, Demerara Tobacco Company, Guyana; Participant, Audit Committee, NOMS Committee, Corporate Governance Committee – CARRERAS Ltd; Member, CARRERAS Ltd. Superannuation Fund.

*Ms. Singh resigned from the Board of Directors effective April 15, 2023.

VERONA WILLIAMSON Director & Company Secretary

Ms. Williamson was appointed a Director of CARRERAS Limited on August 9, 2022.

SKILLS & EXPERIENCE: Verona was appointed Company Secretary and Finance Director of CARRERAS Limited on March 1, 2022, and April 1, 2022, respectively. Verona initially joined the Company as Senior Finance Analyst in 2014 and in 2017, was seconded to The West Indian Tobacco Company Limited, in Trinidad & Tobago, as the Finance Business Partner – Operations. Verona returned to Jamaica in 2018 and assumed the role of Commercial Finance Manager which she held until her departure in 2019. In June 2020, Verona re-joined CARRERAS as Finance Planning Manager. In April 2021, she was assumed the position of Corporate Finance Manager for the WITCO Exports Unit, with responsibility for the financial management of 21 markets of the English, French and Dutch speaking Caribbean.

Verona has over 16 years' experience in Auditing and Accounting. She is a Chartered Accountant and a Fellow of the Institute of Chartered Accountants of Jamaica, as well as the UK based, Association of Chartered Certified Accountants.

QUALIFICATIONS: Association of Chartered Certified Accounts (ACCA) and Bachelor of Science in Management Studies and Accounts from the University of the West Indies, Mona Campus

COMMITTEES: Invitee - Audit Committee and Corporate Governance Committee.

PAUL R. HANWORTH, Director

Mr. Hanworth has been a Director of CARRERAS since September 20, 2021.

OTHER APPOINTMENTS: Director and Investment Committee member of Pan Jamaica Group Limited (PanJam), an investment holding company listed on the Jamaican Stock Exchange, and Trustee of its pension plan. Director and Audit Committee member of Sagicor Group Jamaica Limited and Sagicor Life Jamaica Limited, and Chairman of the Group Risk Committee. Independent Director, Audit Committee Chairman, and Investment Committee member of British Caribbean Insurance Company Limited. Chairman, National Health Fund Pension Plan. Director, Rainforest Seafoods Limited. Investor Director of two angel-funded companies.

SKILLS & EXPERIENCE: Mr. Hanworth worked for PanJam for 15 years, initially as Chief Financial Officer before becoming Chief Operating Officer and the Deputy Chief Executive. In those roles he spearheaded several add-on and fresh acquisitions and expanded the Group's private equity portfolio. Prior to PanJam, Mr. Hanworth founded, ran, and subsequently sold Jamaica's pre-eminent fine wine import and distribution business. He started his career in Jamaica in 1998 with ICD Group, where he restructured the finances and operations, being directly involved in the restructuring of the Group's debt with a prominent New York investment bank and the disposition of several business units. Mr. Hanworth began his career at KPMG in the UK, prior to moving to the USA in 1979 where he worked for the firm for 10 years and for Diageo for 9 years, including two years in South Africa from 1994 to 1996. During his career at Diageo, he gained considerable experience in mergers, acquisitions, and divestitures as well as financial controllership, financial and strategic planning, and treasury.

QUALIFICATIONS: Fellow of the Institute of Chartered Accountants in England and Wales (FCA); Member of the American Institute of certified Public Accountants (AICPA); BA and MA (Classics) from Cambridge University; MSc (Management) Rensselaer Polytechnic Institute.

COMMITTEES: Chairman, Audit Committee and Chairman, CARRERAS Limited Superannuation Fund.

DIRECTOR'S REPORT

The Directors are pleased to submit their Report and Audited Financial Statements for the year ended March 31, 2023. The following are selected highlights:

Financial Results

	Year Ended March 31, 2023 $'000	Year Ended March 31, 2022 $'000
Revenue	**16,225,315**	**15,754,978**
Profit before income tax	4,856,479	5,428,621
Net Profit for the year attributable to stockholders	3,635,715	4,073,279
Revenue reserves at beginning of the year	1,965,146	1,979,182
Total revenue reserves	5,600,861	6,052,461
Appropriations have been made as follows:		
Dividends and distributions	(3,786,432)	(4,126,240)
Remeasurement of employee benefit assets and obligations, net of tax	106,725	38,925
Unappropriated profits for the year	**1,921,154**	**1,965,146**
Earnings per stock unit	**74.90¢**	**83.91¢**

The following payments were made during the year:

First quarter ending June 30, 2022	-	$0.23 per stock unit (Ordinary)
Second quarter ending September 30, 2022	-	$0.13 per stock unit (Ordinary)
Third quarter ending December 31, 2022	-	$0.19 per stock unit (Ordinary)
Fourth quarter ending March 31, 2023	-	$0.23 per stock unit (Ordinary)

No further final dividend payment is proposed in respect to 2022/2023.

The directors have approved an interim dividend of $0.21 per stock unit, to be paid on July 5, 2023.

Auditors

KPMG have expressed their willingness to continue in office and offer themselves for re-appointment.

Directors

Messrs. Juan Carlos Restrepo Piedrahita and Laurent Meffre resigned, and the Board wishes to express its appreciation to them for their invaluable contribution to the Company.

Mr. Franklin Murillo was appointed on October 1, 2022, and, being eligible, offers himself for election. The Directors due to retire in accordance with the provisions of the Articles of Incorporation are Messrs. Raoul Glynn and Patrick McDonald and, being eligible, offer themselves for re-election.

ON BEHALF OF THE BOARD

Verona Williamson
Company Secretary

DISCLOSURE OF SHAREHOLDINGS

TEN LARGEST SHAREHOLDERS AS AT MARCH 31, 2023	
Rothmans Holdings (Caricom) Limited	**2,446,508,260**
National Insurance Fund	**214,184,690**
Sagicor Pooled Equity Fund	**179,484,650**
SJIML A/C 3119	**107,854,360**
JCSD Trustee Services Ltd - SIGMA EQUITY	**102,518,376**
L.B.J. Overseas Limited	**102,117,115**
Resource In Motion Limited (R.I.M.)	**80,134,852**
GraceKennedy Pension Fund Custodian Limited - for GraceKennedy Pension Scheme	**78,648,740**
Sagicor Select Fund Ltd - ('Class C' Shares) Manufacturing & Distribution	**51,556,419**
NCB Insurance Co. Ltd. A/C WT 109	**47,500,000**

Directors and Connected Persons

	DIRECT	CONNECTED PARTY	TOTAL
Mr. Patrick Smith	**173,320**	**Nil**	**173,320**
Mr. Paul Hanworth	**Nil**	**Nil**	**Nil**
Mr. Novar Patrick McDonald	**320,000**	**Nil**	**320,000**
Mr. Raoul Glynn	**Nil**	**Nil**	**Nil**
Mr. Franklin Murillo	**Nil**	**Nil**	**Nil**
Mrs. Nirala Singh	**Nil**	**Nil**	**Nil**
Ms. Verona Williamson	**Nil**	**Nil**	**Nil**

Executive & Senior Management

	DIRECT	CONNECTED PARTY	TOTAL
Mr. Franklin Murillo	**Nil**	**Nil**	**Nil**
Ms. Verona Williamson	**Nil**	**Nil**	**Nil**
Ms. Daidrey Miller	**Nil**	**Nil**	**Nil**
Mr. Andre Pryce	**Nil**	**Nil**	**Nil**

There has been no change in the Directors' stockholding interests occurring between the end of the Company's financial year and the date of the Notice convening the Annual General Meeting.

At no time during or at the end of the financial year has any Director had any material interest in any contract or arrangement in relation to the business of the Company.

OUR POLICIES AND BUSINESS PRINCIPLES

Our Policies and Principles

Below are the (3) three main principles which guide the way we market and distribute our brands responsibly.

Our marketing will be responsible, accurate and not misleading

Our marketing will be directed at adult consumers

Marketing will make clear that it originates from British American Tobacco and that it is intended to promote the sale of our brands.

Our Standards of Business Conduct

Our Standards and Business Conduct express the high standards of business integrity that British American Tobacco (BAT) requires from employees worldwide. The Standards of Business Conduct set out specific guidelines which provide support and guidance for employee conduct. Whistle blowing procedures are also put in place so that any employee who suspects wrongdoing can raise his/her concern in confidence.

Each employee is expected to know, understand and practice the standards, as appropriate, and review and sign in accordance with the policy, on an annual basis. During the year, as part of the annual employee sign off process, all employees had to complete a short training course on the Standards, either through the Standards of Business Conduct e-learning portal or through presentations shared by their respective line managers.

The Standards cover broad areas which govern general business conduct, as well as provide guidance for employees in making appropriate decisions and judgments in the course of work. These areas are:

- Whistleblowing;
- Personal and Business Integrity;
- Workplace and Human Rights;
- Public Contributions;
- Corporate Assets and Financial Integrity;
- National and International Trade.
- Anti-Financial Crime Procedure

How we deliver our business results is fundamental to achieving our purpose of A Better Tomorrow: acting ethically and in line with the values expressed by our ethos will deliver a long term sustainable business that meets the expectations of our consumers, employees, investors and society as a whole.

Throughout the year, BAT successfully deployed several key initiatives to empower employees and business units across the Group to better identify and mitigate challenges related to key compliance areas in our Standards of Business Conduct (SoBC) and in our mandatory new Third Party Anti-Financial Crime Procedure (the Procedure).

This Procedure sets out Group-wide minimum mandatory steps required for our dealings with Third Parties. Awareness of information that suggests a Third Party Relationship may create risk for BAT (Red Flags) and escalating these Red Flags applies to all of our Third Party Relationships. Many Third Party Relationships are also required to go through a risk assessment process, leading to risk-based mitigations, when the Relationships are created (Creation – akin to 'onboarding'), or renewed (Recertification).

Our Environmental Policy

We are committed to meeting consumer needs in an environmentally responsible and sustainable way. We are also committed to operating responsibly in both the direct operations that we control, and throughout the wider supply chain that we influence. Responsibility is one of the cornerstones of our strategy, and we believe that good environmental practice is good business practice.

We will comply with all legal and regulatory requirements governing environmental management, implement environmental management practices internally and monitor compliance to them.

Our Health and Safety Policy

We recognize the paramount importance of the health, safety, and welfare of all employees and non-company personnel in the successful conduct of our business. We are therefore committed to the prevention of injury and ill-health and strive for continual improvement in our health and safety management and performance, through setting clear objectives, including the monitoring and measurement of key performance indicators.

British American Tobacco believes in the active participation of each employee and others as appropriate, in promoting, achieving, and maintaining the highest standards of health and safety, in so far as it is reasonably practicable.

Framework for Corporate Social Investment

We are committed to giving back to the communities in which we operate. We also encourage our employees to play an active role both in their local and business communities. Our Corporate Social Investment Policy is supported by the BAT Group Strategic Framework for corporate and social initiatives (CSI), which sets out the Group's CSI strategy and how local operating companies are to develop, deliver and monitor community investment programmes within three themes:

*Sustainable Agriculture * Environment *Empowerment and Civic Life

Supplier Code of Conduct

The BAT Supplier Code of Conduct sets out the minimum standards group companies expect of suppliers. Our ultimate goal is to drive the continuous improvement of standards within our supply chain and as such, we are committed to working with such suppliers over time to help them achieve adherence with the requirements of this Code.

Policies / Principles	Summary Areas Covered	Key Stakeholder
BAT Standards of Business Conduc	Anti-bribery and corruption, conflicts of interest, and entertainment and gifts. Respect in the workplace, including promoting equality and diversity, preventing harassment and bullying, and safeguarding employee wellbeing. Respect for human rights, including prevention of child labour and exploitation of labour, and respect for freedom of association. Political contributions and charitable contributions. Financial integrity, accurate accounting and record-keeping, and information security. Anti-illicit trade, competition and anti-trust, and sanctions compliance. Whistleblowing.	Employees and contractors, Governments and regulators, local communities and society
Health and Safety Policy	Health, safety and welfare of all employees, other members of our workforce and third-party personnel.	Employees and contractors, suppliers, business partners, farmers, local communities and society
Environmental Policy	Our commitments to carrying out our business in an environmentally responsible and sustainable way, including agricultural, manufacturing and distribution operations.	Employees and contractors, suppliers, business partners, farmers, local communities and society
Employment Principles	Employment practices, including commitments to diversity, reasonable working hours, family friendly policies, employee wellbeing, talent, performance and equal opportunities, and fair, clear and competitive remuneration and benefits.	Group employees
Supplier Code of Conduct	Standards required of Suppliers of BAT operating Companies worldwide, including business integrity, anti-bribery and corruption, environmental sustainability and respect for human rights (covering equal opportunities and fair treatment, health and safety, prevention of harassment and bullying, child labour, and exploitation of labour, and freedom of association).	Suppliers and business partners, employees and contractors, local communities and society
Strategic Framework for corporate social investment	Sets our BAT's Group strategy and framework for Corporate Social Investment	NGOs and development agencies, local communities and society
International Marketing Principles	Provides a consistent and responsible approach to marketing our products	Employees, suppliers, agents and third-parties

For more information on our policies and principles, please visit our website www.carrerasltd.com.


Notice Of Annual General
elected a Director of the Company."
Directors:
5. To approve and ratify dividends:

Our
ETHOS

WE ARE BOLD

WE ARE FAST

WE ARE EMPOWERED

WE ARE RESPONSIBLE

WE ARE DIVERSE

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

As a responsible and transparent listed company, the Board of Directors provides oversight for CARRERAS Limited ("CL" or "the Company"), and considers good corporate governance practices an important feature for effective operations.

GOVERNANCE STATEMENT:

(a) CL is committed to maintaining the highest level of transparency, accountability, and integrity in all its operations and will ensure the maintenance of high ethical standards by all members and employees of the Company which are in tandem with its vision & mission "to achieve and maintain leadership of the Jamaican Tobacco industry in order to create long term shareholder value".

(b) Each Director is required to act honestly and in good faith and to ensure that the Company carries out its activities within its prescribed mandate or objectives. Additionally, the Directors have collective responsibility for all strategic decisions made by the Board of Directors.

THE BOARD'S MANDATE:

The Board of Directors is collectively responsible for the success of the Company. The Board remains committed to providing entrepreneurial leadership of CL within a framework of prudent and effective controls which enables risks to be assessed and managed. The Board is responsible for:

(a) overseeing the achievement of CL's strategic aims as determined by the Board;

(b) ensuring that the necessary financial, human and other resources are in place for CL to meet its objectives;

(c) reviewing management performance and holding them accountable for outcomes; and

(d) upholding the company's values and standards and ensuring that its obligations to the Company's shareholders and other stakeholders are understood and met.

To better assist the Board as a whole in discharging its duty, the following committees of the Board have been established to govern areas of its operations:

* Corporate Governance Committee
* Audit Committee
* Nomination & Compensation Committee

General Comportment:

The Board shall use its best efforts to ensure that:

(a) its members can act critically and independently of one another;

(b) each Director can assess the broad outline of the Company's overall policy;

(c) each Director's expertise is fully utilized in the performance of his or her role as a Director;

(d) the Board competencies match the competency profile of the Company; and

(e) the Board has adequate executive and independent non-executive Directors.

Independent Board member:

An independent non-executive Director is someone who satisfies criteria agreed by the Board, and includes the following:

(a) a Director who has not within the last three years been an employee of the Company or a related company;

(b) a Director who has not within the last three years had a material business relationship with the Company either directly or as a shareholder, director or senior employee of a body that has a relationship with the Company either as a supplier, a customer or competitor of the Company;

(c) a Director who has not within the last three years received additional remuneration from the Company (apart from a Director's compensation) nor participated in the Company's performance-related pay scheme;

(d) a Director whose spouse, child(ren) or dependent(s) are not advisors, Directors or senior employees of the Company; and

(e) a Director who does not represent a significant shareholder (defined to mean a person beneficially holding more than 5% of the issued securities of the issuer).

Appointment of Directors:

There is a formal, rigorous, and transparent procedure for the appointment of new Directors to the Board. Appointments to the Board are made on merit and against objective criteria. Care is also taken to ensure that appointees have enough time available to devote to the job. This is particularly important in the case of Chairmanship.

INDUCTION PROGRAMME, ONGOING TRAINING AND EDUCATION:

Director Induction Programme:

(a) Upon appointment, each Director shall participate in an induction programme that covers the Company's strategy, general financial and legal affairs, financial and regulatory reporting by the Board, any specific aspects unique to CL and its activities, and the responsibilities and expectations of a Director.

(b) The training of Directors is critical to ensure the maintenance of good governance. The Board, through the Corporate Governance Committee, will recommend such ongoing training for Directors as is necessary for them to maintain the knowledge and expertise required to better understand the operations of CL and to properly discharge their roles and functions as Directors. The cost of such training shall be included in the budget for the year.

RESPONSIBILITIES OF THE BOARD

There is a clear division of responsibilities at the head of the Company between the running of the Board and the executive responsibility for the running of the Company's business. No one individual has unfettered powers of decision.

Chairman of the Board:

The Chairman of the Board is responsible for the leadership of the Board ensuring its effectiveness on all aspects of its role and setting its agenda, and is the principal contact for the Managing Director who shall meet regularly with the Chairman.

The Chairman of the Board is also responsible for maintaining effective communication protocols with shareholders and stakeholders as required.

The Chairman ensures that:

Directors, when appointed, participate in an induction programme and as needed, additional education or training programmes;

(a) Directors receive all information necessary for them to perform their duties;

(b) Directors receive accurate, timely and clear information;

(c) Directors have sufficient time for consultation and decision-making;

(d) Orderly succession planning for Directors and senior management;

(e) Committees function properly and according to their respective Terms of Reference;

(f) The performance of the overall Board and individual Directors are evaluated at least once every year;

(g) The Board establishes and maintains the agreed protocols for communication with the Company's management;

(h) The Board establishes operating procedures for its meetings;

(i) The Board fulfils its duties to all key stakeholders and promotes sustainability;

(j) The agendas of Board meetings are in order and that minutes are kept of such meetings; and
(k) Internal disputes and conflicts of interest concerning individual Directors are addressed and resolved.

DIRECTORS:

The Directors shall act in the best interests of the Company and its business as a whole, taking into consideration the interests of the Company's shareholders, employees and the wider community. Directors shall perform their duties independent of any particular interest in the Company and should not support one interest without regard to the other interests involved.

COMPANY SECRETARY:

The Secretary is the Secretary of the Board and its Committees and assists the Board in the execution of critical administrative and governance functions which demand a high degree of compliance and ethical conduct.

The Company Secretary plays a key role in assisting all Directors and Committees to obtain the information they need to carry out their roles effectively. The Secretary is responsible for ensuring that Board processes and procedures are appropriately followed and that they support effective decision making and governance in accordance with the Companies Act and any other rules and guidelines applicable to the Company.

ANNUAL EVALUATION:

Board & Directors Evaluation:

The Board will conduct an annual performance evaluation of each Director, the Board on a whole and the Chairman. The evaluation process will be conducted in accordance with procedures established by the Board, on the recommendation of the Corporate Governance Committee, and shall evaluate performance in line with the Company's set goals and objectives and may also include setting out the goals and objectives of the Company for the upcoming year.

One of the principal objectives of the evaluation is to ensure that (i) individual Directors have a clear sense of how they are performing as directors (ii) the Board as a whole understands its strengths, weaknesses, areas where it does well and areas which require attention, and gains an insight into how well they are performing in helping the Company to achieve its goals and objectives, and (iii) the Chairman has data points to assist in determining how well or otherwise the Board is functioning and what, if any, changes may need to be made in respect of the functioning and/or structure of the Board and its meetings in the interests of improving the governance of the Company.

Managing Director & Company Secretary Evaluation:

The performance of the Managing Director and the Company Secretary are to be evaluated annually by the Board led by the Chairman.

SUPERVISION OF FINANCIAL REPORTING:

General Supervision Responsibilities:

(a) The Board, in consultation with the Audit Committee, supervises compliance with written procedures for the preparation and publication of the annual report, audited financial statements and quarterly unaudited financial statements and any other financial information.

(b) The Board, through the Audit Committee, also supervises the internal control and audit mechanisms for external financial reporting.

Recommendations by External Auditor:

The Board shall carefully consider and, if accepted, put into effect any recommendation by the external auditor. This will include recommendations made by the external auditor on the Company's internal controls, as expressed in the 'management letter.'

Reports to the Board:

The Audit Committee shall report its dealings with the external auditor to the Board on an annual basis, including its assessment of the external auditor's independence.

Assessment of External Auditor:

At least once every three years, the Audit Committee shall conduct a thorough assessment of the functioning of the external auditor in the various entities and capacities in which the external auditor acts. The main conclusions of this assessment shall be communicated to the Board so it may assess the nomination for the reappointment of the external auditor.

Board Committees

Committee Chairmen

(a) The Board Committee Chairmen are responsible for the leadership of the respective Board committees and that each respective Board committee executes on their respective charters and mandates, as approved by the Board. The Board Committee Chairmen are also responsible for:

(b) fixing the agenda for the relevant Board committee meetings and to ensure that all relevant matters are tabled for consideration (as requested by the members of that committee, the wider Board, or otherwise);

(c) reporting to the Board at each Board meeting; and

(d) reporting to the shareholders.

CORPORATE GOVERNANCE COMMITTEE (CGC)

Relationship with the Board and other committees

The role of the CGC and its relationship with the Board and other committees is as set out in the Charter approved by the Board and its terms of reference and to the extent that the CGC undertakes tasks on behalf of the Board, the results are reported to, and considered by, the Board. The CGC is charged with a review of the Board, its committees, and their respective functions on an annual basis and to ensure that they execute their responsibilities efficiently and with transparency and accountability.

Authority & Responsibilites

The Committee shall support the Board in the administration and exercise of the Board's management of the Company by carrying out the following:

Corporate Governance Principles

- Developing, recommending, and reviewing corporate governance principles applicable to the Board.
- Ensuring that the Board and its committees are in compliance with all regulatory composition requirements, which shall include requirements for director independence.
- Reviewing, no less than once annually, the adequacy of the charters of the Board and its various subcommittees and submit to the Board any suitable recommendations in relation to the amendment of same.
- Reviewing, no less than once annually, the Company's Articles of Incorporation and overall corporate governance policy and practices and submit to the Board any suitable recommendations in relation to the amendment of same.
- Preparing the annual Corporate Governance Statement for inclusion in the Company's Annual Report to its shareholders.
- Ensuring that material information regarding the Company's operations is disclosed in a timely manner to the public and regulatory entities.
- Keeping abreast of the latest regulatory requirements and issues, trends and guidance in corporate governance and updating the Board on corporate governance issues, where necessary.

Evaluation of Board & its Committees – Structure, Composition and Function

- Ensuring that the Board is structured and selected to ensure effectiveness, independence, and protection of stakeholders' interests through appropriate selection and operating processes.
- Establishing and facilitating an effective process for the annual evaluation of the Board and its committees, which shall include the development of self-audit checklists which take into account their respective mandates and the level of contribution of individual directors. The Committee shall report to the Board the results of its annual evaluations and based on those results, may make recommendations in respect of the structure and effectiveness of the Board and any of its committees.
- Overseeing the development and implementation of a Board induction process for new directors and a programme of continuing director development and training, as needed.
- Considering possible conflicts of interests of directors and making relevant proposals to the Board in relation to its findings.

- Reviewing any change in status and professional affiliation of current directors, which shall include fulfilment of independence requirements, and making relevant proposals to the Board in relation to its findings.

Meetings of the CGC

The Chairman of the CGC, in consultation with the Company Secretary, decides the frequency and timing of its meetings, but having regard to the Terms of Reference applicable to the CGC.

The members of the CGC during the 2022/2023 financial year were Mr. Patrick McDonald (Chairman), Mr. Patrick Smith, Mr. Juan Carlos Restrepo Piedrahita* and Mr. Raoul Glynn**. Mr. Raoul Glynn (in his capacity as Managing Director to September 30, 2022), Mr. Franklin Murillo (Managing Director from October 1, 2022) and Ms. Verona Williamson (Finance Director & Company Secretary) were permanent invitees to the meetings.

* Mr. Juan Carlos Restrepo Piedrahita, resigned as a member of the Board and the CGC during the year.

** Mr. Raoul Glynn was appointed as a member of the committee during the year.

The key activities include:

1. Review of the Charter of the Board and the Terms of References (TORs) for the Committees to ensure that their composition, structure, policies, and processes are in keeping with best practice standards and to ensure adherence to the relevant legal and regulatory framework. The TORs for the Audit and Nominations and Compensations Committees were found to be “fit for purpose” while some proposed amendments to the CGC’s TOR were agreed to be recommended to the Board for adoption in the 2023/2024 financial year.

2. Interactive Directors’ Training session covering a wide range of topics in relation to corporate governance and product knowledge. The corporate governance training, led by external consultants, covered areas relating to duties of Boards – legal and ethical responsibilities; the Board’s role in governing strategy and the ESG/sustainability agenda; and the practices and habits of an effective Board. Approximately 86% of all Directors participated in training sessions.

3. The Board’s annual Self Evaluation exercise facilitated by an independent external consultant was completed during financial year. The evaluation measures the performance and effectiveness of the Board, its committees, the Chairman, Company Secretary and the Executive and Non-Executive Directors, and was carried out by the administering of questionnaires to the directors, which aimed to measure their views on the functioning of the Board collectively, and included a self-assessment of their own performance, and their assessment of the performance of their fellow directors and the Chair. The responses were collated, interpreted, and analysed externally by our consultant and the findings shared with the Chairman of the Corporate Governance Committee for discussion with the Chairman of the Board to determine what, if any, action needs to be taken in response to the findings. Each director was also given a summary and analysis of their individual assessment. The findings have been used to inform (i) the structure of the agenda for Board meetings and (ii) identification of possible ways in which the Board’s contribution to the Company can be strengthened, among other things.

Looking Forward

The CGC shall continue to ensure that the Company is aligned with corporate governance best practices and that it continues its sterling reputation as a leader in this area. More specifically, in the 2023-2024 financial year the CGC will undertake a thorough review of the Company's Board charter and as at the date of this report, work has already begun on this project.

AUDIT COMMITTEE

Relationship with the Board

The Audit Committee provides an independent financial review function to ensure that the Company adheres to its governance mandate in the specific areas of accounting policies, internal controls, risk management, financial compliance systems and procedures as well as financial reporting practices.

The role of the Audit Committee is decided by the Board, and to the extent that the Audit Committee undertakes tasks on behalf of the Board, the results are reported to, and considered by, the Board. In doing so it identifies any matters in respect of which it considers that action or improvement is needed and make recommendations as to the steps to be taken.

The Board has established formal and transparent arrangements for considering how they should apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the Company's auditors.

Specific Responsibilites & Duties

(a) To monitor the integrity of the financial statements of the Company;

(b) Reviewing any formal announcements relating to the Company's financial performance and any significant financial reporting judgements contained in them;

(c) To review the Company's internal financial controls and risk management systems and processes;

(d) To monitor and review the effectiveness of the Company's internal audit function;

(e) To make recommendations to the Board to be put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor and to approve the remuneration and terms of engagement of the external auditor;

(f) To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements;

(g) To develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

(h) To review arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Audit Committee's objective should be to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

The Audit Committee comprises of four members who are non-executive directors, the majority of whom are identified by the Board as independent directors, including the Chairman of the Audit Committee.

Meetings of the Audit Committee

The Chairman of the Audit Committee, in consultation with the Company Secretary, decides the frequency and timing of its meetings having regard to the provisions of the Committee's terms of reference.

Four (4) meetings are held during the year to coincide with key dates within the financial reporting and audit cycle. The Company's external audit lead partner is invited regularly to attend the meetings.

The Audit Committee met with the external auditors, without management, to discuss matters relating to its remit and any issues arising from the audit.

The membership of the Audit committee during the 2022/2023 financial year are Mr. Paul Hanworth (Chairman), Mr. Patrick Smith, Mr. Patrick McDonald, and Mrs. Nirala Singh. Mr. Raoul Glynn (Managing Director to September 30, 2022), Mr. Franklin Murillo (Managing Director from October 1, 2022) and Ms. Verona Williamson (Finance Director & Company Secretary) were permanent invitees to the meetings.

Key activities for financial year included:

- Reviewed, and after consultation with management and external auditors, recommended to the Board, unaudited quarterly financial statements and the 2023 audited annual financial statements for its approval and release to stockholders.

Recommended to the Board for approval:

- Dividend payments
- Related Party Transactions

Reporting to the Board periodically on the ranking of Key Business Risks, including risk mitigation and management measures in respect of such risks.

The Committee considered the following in making its recommendations:

- Reliability and integrity of the accounting principles and practices, financial statements and other financial reporting;
- Internal audit functions of the Company;
- Risk management functions and processes of the Company;
- Qualifications, independence and performance of the external auditors of the Company;

- System of internal controls and procedures established by management and review of their effectiveness;

- The Company's compliance with legal and regulatory requirements.

NOMINATION AND COMPENSATION COMMITTEE

Relationship with the Board

The Nomination & Compensation Committee (NCC) of CARRERAS Limited has the responsibility of determining the framework and policy on terms of engagement including the appointment and specific remuneration of each executive director and each member of the Senior Management Team ["Leadership Team"] of the Company, including entitlements where applicable under the share incentive schemes and the pensions schemes and any compensation payments. Additionally, the NCC will recommend board appointments and review fees payable to non-executive Directors and make the necessary recommendation to the Board as required. The NCC shall also collaborate and work closely with the Company's Corporate Governance Committee on related governance matters.

Directors' Compensation

Fees are determined with reference to the level of work required by members to discharge Board and/or Sub-committee duties. The fee structure is reviewed every two years to ensure the adequacy of amounts, given our industry and size, compared to general market. Fees are not paid to non-executive Director appointments within the BAT Group. A fixed annual amount is agreed for the Chairman and members of the Board and sub-committees on the assumption of there being a fixed number of meetings in the year. If additional meetings are held, payment is made for those additional meetings on a per meeting basis, using the implied 'per meeting' fee determined by dividing the fixed annual fee by the fixed number of meetings. The total fees paid to non-executive Directors for the 2022/23 financial year was $14.19m, the details of which can be seen in note 17 of the enclosed financial statements.

Nomination and Succession

i. Develop and annually review the competency profile for the board of directors and submit recommendations to the Board for addressing any gaps identified.

ii. Ensure that the Board is structured, and Directors selected to foster effectiveness, independence, and protection of stakeholder's interests through an appropriate selection and operating processes.

iii. Make recommendations to the Board on suitable candidates for appointment as board directors including executive directors.

iv. Make recommendations to the board in specific regard to:

    (a) the re-appointment of any Non-executive Director at the conclusion of their specified term of office after reviewing the Director's performance;

    (b) the re-election by shareholders of any director under the retirement or by rotation provisions in the Company's Articles of Incorporation; and

    (c) the continuation in office of any Director at any time.

v. Develop and annually review a succession plan for Directors, the Chairman, and the Managing Director.

The quorum for a meeting is two (2) members with at least one being an independent non-executive director.

The membership of the NCC during the 2022/2023 financial year are Mr. Patrick Smith (Chairman), Mr. Patrick McDonald, Mr. Laurent Meffre* and Mrs. Nirala Singh**. Mr. Raoul Glynn (Managing Director to September 30, 2022) and Mr. Franklin Murillo (Managing Director from October 1, 2022) were permanent invitees to the meetings.

* Mr. Laurent Meffre, resigned as a member of the Board and the NCC during the year.
** Mrs. Nirala Singh was appointed as a member of the committee during the year.

Key activities during the financial year

i. After the resignations of the Legal and External Affairs Manager and Human Resource Business Partner, the NCC reviewed and made recommendations for suitably qualified interim and permanent replacements of these key management positions.

ii. At the end of his assignment, Mr. Raoul Glynn, past Managing Director, returned to the BAT Group. The NCC, having reviewed applicable experiences and qualifications for candidates, made a recommendation to the Board for appointment of the new Managing Director.

iii. On the temporary assignment of the Marketing Deployment Manager to a company within the BAT Group, the NCC reviewed and made recommendations for the interim replacement of this key management position.

iv. The Committee ratified the staff bonus payment for 2022 and offered its congratulations to the management and staff for delivering a good year's results.

v. The Committee ratified the salary increases which were implemented on April 1, 2023, based on the annual compensation and benefit survey results.

Please note that our Corporate Governance guidelines are available on our website at www.carrerasltd.com.

The table below provides details on the Directors' attendance at Board and Committee Meetings:

Name of Director	Board	Audit Committee	Nomination & Compensation Committee	Corporate Governance Committee
Patrick Smith	10	4	6	1
Paul Hanworth	10	4	n/a	n/a
Patrick McDonald	10	4	6	1
Raoul Glynn	10	4	4	1
Laurent Meffre *	6	n/a	3	n/a
Juan Carlos Restrepo Piedrahita *	5	n/a	n/a	0
Nirala Singh	8	4	0	n/a
Franklin Murillo **	3	1	2	1
Verona Williamson **	5	4	n/a	1

* *Mr. Laurent Meffre resigned September 30, 2022*
Mr. Juan Carlos Restrepo Piedrahita resigned August 9, 2022

** *Ms. Verona Williamson was appointed August 9, 2022*
Mr. Franklin Murillo was appointed October 1, 2022

Number of meetings held during the Financial Year

Board	10
Audit Committee	4
Nomination and Compensation Committee	6
Corporate Governance Committee	1

RISK MANAGEMENT

RISK MANAGEMENT

The effective management of risks is crucial to the fulfillment of CARRERAS Limited's Mission and Vision. Our risk management framework supports our strategy for maintaining a long-term sustainable business. Risks are managed on an enterprise-wide basis across core business processes, starting at the strategic planning level, through to execution, evaluation, and continuous monitoring.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. During the year, the Directors carried out a robust assessment of the key risks and uncertainties facing the Group, including those that threaten its business model, future performance, solvency, or liquidity.

In relation to capital management, the Group's objectives are to safeguard its ability to continue as a going concern to provide returns for shareholders. Shareholder value is created only when the returns achieved exceed the returns required to compensate for the risks taken. The Board monitors the return on capital, defined as net profit divided by shareholders' equity. For the 2022/2023 financial year, the return on capital was 178% (2021/2022 - 195%).

The Board of Directors believes that its policy to maintain a strong capital base to preserve investor, creditor, and market confidence and to sustain the future development of the business will continue into the foreseeable future.

RISK MANAGEMENT APPROACH

The Risk Management Committee (RMC), which is comprised of the senior management team has responsibility for identifying, assessing, managing, and monitoring risks likely to face the Group and implement effective mitigating controls to manage these risks. Clear accountability is attached to each risk through the risk owner. The deliberations of RMC meetings are reported to the Board of Directors through the Audit Committee of the Board.

Carreras believes that its risk appetite and tolerance limits are the foundation of its risk management framework, which ultimately establishes the risk culture for the Group.

KEY BUSINESS RISKS

Currently there are several risks that are identified by the RMC as significant enough to be monitored. These risks, along with management's mitigation measures are assessed at least on a quarterly basis.
Based on the Group's risk appetite and risk tolerance, the Group actively manages key business risks covering External Environment, Regulatory, People and Processes, and Operational.

Below are some of the key risks that the Directors believe to be the most important after assessment of the likelihood and potential impact on the business. Not all these risks are within the control of the Group and other factors besides those listed may affect the Group's performance. Some risks may be unknown at the present and other risks, currently regarded as less material could become material in the future.

REGULATORY RISKS

Regulatory risk is the exposure to, the enactment of, or proposals for tobacco regulation that significantly impairs the Group's ability to communicate with consumers, differentiate our products in the marketplace or launch future products and poses a risk to the Group's long-term sustainability. Particularly, this could lead to an adverse impact on the ability to compete within the legal tobacco industry, including the traditional cigarettes and the modern, e-cigarette industry, as well as to increase volumes in the illicit.

Regulatory risk also speaks to the Group's exposure to unexpected and/or significant excise increases or changes to the structure thereof. Excise increases for the three consecutive years 2015 to 2017 proved to be significant and excessive and have resulted in transfer of volumes from the legal industry to the illicit trade in cigarettes. This was particularly so in 2017 when a 21.4% increase in tobacco excise was implemented. Not only did the industry experience a reduction in sales volumes, but the Government lost well needed revenues compared to their intake in 2016.
CARRERAS ensures that there is a robust stakeholder engagement and litigation strategy for balanced regulations and continuously monitors marketing plans to ensure compliance with internal self-regulations and local legislation.

BUSINESS EXECUTION RISKS

Business execution risk results from factors which impede the Company's ability to operate effectively. One such risk arises from the illicit trade as, with affordability being a major issue for the Jamaican cigarette consumer, illicit cigarettes may become more attractive, as they have not been subjected to the requisite taxes and are sold at significantly lower prices than legitimate brands. In addition, illicit cigarettes are generally sold in informal establishments and in contravention of regulatory requirements. This results in lower volumes and profits for legitimate participants, while undermining the investments in trade marketing and distribution execution.

A further risk emanates from an increase in crime, leading to increased volatility on routes plied. Although Jamaica saw a 19% decline in the total number of serious crimes during the period January to April 2023 compared to the prior year, the risk of attacks on our staff members may lead to loss of life, the loss of physical assets, limited access to sections of the market and disruption to normal business processes and operations. Sustained crime and violence will threaten business sustainability.

CARRERAS ensure that a robust Anti-Illicit Trade strategy is in place and active engagements with key external stakeholder, cross-industry, and multi-sector cooperation. We also ensure that security risk assessments are conducted, our sales vehicles are equipped with security features, and that other security measures are in place as appropriate.

CREDIT RISK

Credit risk is the risk of loss arising from a counterparty to a financial contract failing to discharge its obligations, and arises principally from the group's receivables from customers, cash, and investment securities. The Group has a significant concentration of credit risk with large credit customers with material balances both individually and in aggregate.

CARRERAS ensures that there is continuous engagement with large customers, on-going assessment of recoverability of balances which may be impacted by changes in the economic and business environment, expansion of the distribution network, Credit Risk Insurance, and processes and programs to enable faster debt recovery/collections by working closely with large customers.

INFORMATION TECHNOLOGY AND CYBER SECURITY RISKS

With the evolution of technology, the risk of data and information technology systems disruptions, including compromise by cyber threat, has increased tremendously. There is a constant exposure for cybercrime due to the economy's reliance on technology for everyday tasks.

The Group monitors this risk with a view to reduce the risk of external or internal cyber-attack originating from malicious outsider/insider or via accidental/unintentional insider and ensures compliance with IT security standards, promotion of awareness through trainings/sharing information with employees and the development of Business Continuity Plans.

INTERNAL AUDIT REVIEW

Creating value for shareholders while achieving sustainable growth is at the pinnacle of our commitments. To support this vision, the Internal Audit Unit is tasked with the responsibility for the prevention, detection, and correction of internal control failures. Under the guidance of the Audit Committee, the Internal Audit Unit continuously monitors the environment in which the Group operates to:

- Identify emerging risk(s)
- Devise and Implement mitigation plans
- Assess the effectiveness of existing controls

In monitoring the effectiveness of the control mechanisms of the Group, the Internal Audit Unit addresses each risk factor on two (2) main levels, the Above Market Approach, and the Operational & Compliance Approach.

ABOVE MARKET APPROACH

The Above Market approach encompasses procedures aimed at achieving the overall strategic objectives of the Group. This highlights the process of developing and cascading operating procedures and the measurement of these procedures through means such as, Key Performance Indicators (KPIs) and Auditing techniques. The auditing tools used under this approach are the General Management Accountability (GMA) Audits and Control Navigator (CN).

GMA AUDIT REVIEW

The Internal Audit unit employs a direct review strategy of each business unit through a GMA Audit review, where each business unit is thoroughly reviewed for control deficiencies or areas for improvement. This exercise is conducted to ensure that the Group's current ways of doing business is robust enough to safeguard its assets in a changing business environment. Some of the control processes that fall within the scope of the GMA review includes:

- Order to Cash
- Understanding the Trade Landscape
- Manage Security
- Tackle Illicit Trade
- Manage Regulatory Agenda
- Record to Report
- Procure to Pay Process
- Supply Chain

These GMA Audits are conducted on a random basis with the most recent carried out in 2019.

CONTROL NAVIGATOR

On an annual basis, the Internal Audit Unit executes a comprehensive evaluation of each business unit, with the aim of assessing the control environment, using Control Navigator (CN), a self-assessment auditing tool. The main objective of the CN tool is to provide the Senior Management with reasonable assurance that the Business is operating within an appropriately controlled environment.

This tool requires each business unit to provide feedback on their level of compliance with the established operating procedures as it relates to the Financial, Operational and Compliance aspects of the Group. The Internal Audit Unit reviews supporting documented evidence to determine the accuracy of the feedback received. Examples of the key control processes that fall within the scope of Control Navigator (CN) include:

- Governance, Risk and Compliance
- Legal and External Affairs
- Corporate Strategy
- Corporate Finance
- Forecast to Stock
- Human Resources
- Information Technology
- Market to Cash
- Procurement
- Record to Report
- Requisition to Pay

OPERATIONAL AND COMPLIANCE APPROACH

The operational and compliance approach to risk management is geared towards the mitigation of business risks that exist within the Group's revenue stream and to ensure compliance with both internal and external requirements. This approach to risk management results in annual audit plans being developed with a more commercial perspective and executed by the Internal Audit Unit.

Our sales force forms part of the Group's overall commercial risk management and therefore, the Internal Audit Unit designs and executes procedures to ensure compliance by the respective personnel. These procedures are analytical in nature and include:

- Review the End of Day paperwork to ensure compliance with all sales force policies and procedures
- Review daily transaction for inconsistencies

- Obtain explanation for excessive voids on transactions
- Review transactions that were processed manually

Additionally, to ensure compliance with established procedures by the sales force, the Internal Audit Unit also conducts Credit Audit Reviews. A Credit Audit Review process will entail members of the Internal Audit Unit visiting credit customers with the aim of gathering direct feedback on transactions to ensure the appropriateness of customer information captured in our financial and other systems.

All trade and promotional activities also fall within the purview of the Internal Audit Unit and as such, the processes involved in the execution of these activities are also reviewed to ensure compliance with set guidelines and to ensure that the overall objectives are met.

The Internal Audit Unit adopts several other auditing techniques to ensure compliance with established controls. Some of these techniques are outlined below:

Control	Procedures	Frequency
Stock Counts	This involves counting physical stock on a scheduled and unscheduled basis to ensure proper inventory management records	**Monthly**
Key Controls checklist	The review of all supporting documents surrounding any inventory movement from the bonded warehouse to ensure compliance with customs regulations. An assessment of the Order to Cash processes to ensure compliance with the company's policies and procedures.	**Monthly**
Authorized Economic Operator Requirements	The monitoring of all controls covered under the AEO program to ensure compliance and recertification.	**Bi-Annually**
Ad Hoc Investigation	Provides support to any business unit that requires clarification on a possible compliance issue.	**As needed**


TRADE PROFIT MARGIN (%)
2022 34.8
0.8pp
2021 35.6
2022 83.91
9.0%
2021 77.01
NET PROFIT (J$ BILLIONS)
2022 4.07
8.8%
2021 3.74
STOCKHOLDERS' RETURN ON EQUITY (%)
2022 195.2
17.2pp
2021 178.0

TEN YEAR FINANCIAL REVIEW

(all figures expressed in thousands of dollars except where otherwise noted)

FINANCIAL YEAR	Mar 2022/23	Mar 2021/22	Mar 2020/21	Mar 2019/20	Mar YE 2018/19
PROFIT & LOSS SUMMARY					
GROSS OPERATING REVENUE	16,225,315	15,754,978	13,971,292	14,126,523	12,906,497
'TRADING PROFIT / PROFIT FROM OPERATIONS SINCE 2019/20	4,866,219	5,482,684	4,976,511	4,737,849	4,499,362
'INCOME FROM NON ROUTINE TRANSACTIONS	-	-	-	-	-
'TOTAL TRADING PROFIT	**4,866,219**	**5,482,684**	**4,976,511**	**4,737,849**	**4,499,362**
INVESTMENT & INTEREST INCOME	60,560	17,237	40,288	66,794	67,467
OPERATING PROFIT	4,926,779	5,499,921	5,016,798	4,804,642	4,566,829
EMPLOYEE BENEFIT (INCOME)/ LOSS	(70,300)	(71,300)	(56,900)	(44,700)	(50,900)
PROFIT BEFORE TAXATION	4,856,479	5,428,621	4,959,898	4,759,942	4,515,929
PROFIT AFTER TAXATION	3,635,715	4,073,279	3,738,277	3,583,183	3,406,902
PROFIT ATTRIBUTABLE TO STOCKHOLDERS	**3,635,715**	**4,073,279**	**3,738,277**	**3,583,183**	**3,406,849**
BALANCE SHEET SUMMARY					
FIXED ASSETS	706,058	761,313	709,072	598,894	383,017
SHARE CAPITAL	121,360	121,360	121,360	121,360	121,360
RESERVES	1,921,154	1,965,146	1,979,182	1,651,136	1,214,144
STOCKHOLDERS' EQUITY	2,042,514	2,086,506	2,100,542	1,772,496	1,335,504
FINANCIAL RATIOS					
'TRADING PROFIT MARGIN	30.0%	34.8%	35.6%	33.5%	34.9%
'PROFIT BEFORE TAX/OPERATING REVENUE	30.0%	34.9%	35.9%	34.0%	35.4%
STOCKHOLDERS' RETURN ON EQUITY	178.0%	195.2%	178.0%	202.2%	255.1%
EARNINGS PER STOCK UNIT (from normal operations)	74.9¢	83.9¢	77.01¢	73.8¢	70.2¢
EARNINGS PER STOCK UNIT (from non-routine transactions)	-	-	-	-	-
P/E RATIO	10.9	10.7	11.3	8.96	13.3
DISTRIBUTION - PER STOCK UNIT	78.0¢	85.0¢	70.0¢	64.0¢	85.0¢
OTHER DATA					
SHARE CAPITAL					
STOCK UNITS IN ISSUE ('000)	4,854,400	4,854,400	4,854,400	4,854,400	4,854,400
CLOSING STOCK PRICE ($) - PERIOD END	8.19	8.94	8.68	6.61	9.43
DIVIDEND PAID	3,786,432	4,126,240	3,398,081	3,106,816	4,126,240
DEPRECIATION CHARGED	187,400	144,000	170,865	136,457	88,156
EXCHANGE GAIN / (LOSS)	(33,577)	17,831	20,709	57,607	(16,705)
WEIGHTED AVERAGE BUYING EXCHANGE RATES:	149.9642	152.8316	143.1730	132.5275	123.5735

Mar YE 2017/18	Mar YE 2016/17	Mar YE 2015/16	Mar YE 2014/15	Mar YE 2013/14
PROFIT & LOSS SUMMARY				
12,550,132	13,509,228	11,980,138	11,208,369	10,342,006
4,587,300	4,933,927	3,736,050	3,804,121	3,199,787
-	-	-	-	**1,787,365**
4,587,300	**4,933,927**	**3,736,050**	**3,804,121**	**4,987,152**
89,326	108,262	176,612	146,141	174,719
4,676,626	5,042,189	3,912,662	3,950,262	5,161,871
(39,300)	(32,300)	(9,100)	(11,900)	22,600
4,637,326	5,009,889	3,903,562	3,938,362	5,184,471
3,484,630	3,806,322	3,011,333	2,942,960	4,003,175
3,484,596	**3,806,233**	**3,011,191**	**2,942,914**	**3,999,992**
BALANCE SHEET SUMMARY				
337,251	300,150	236,485	248,256	204,632
121,360	121,360	121,360	121,360	121,360
1,920,034	2,006,755	1,654,302	3,050,396	4,073,129
2,041,394	2,128,115	1,775,662	3,171,756	4,194,489
FINANCIAL RATIOS				
36.6%	36.5%	31.2%	33.9%	30.9%
37.3%	37.3%	32.7%	35.2%	32.6%
170.7%	178.9%	169.6%	92.8%	95.4%
71.8¢	78.4¢	62.0¢	60.6¢	54.7¢
-	-	-	-	27.6¢
14.8	9.4	10.7	6.6	4.3
74.0¢	71.0¢	89.4¢	80.9¢	70.4¢
OTHER DATA				
4,854,400	485,440	485,440	485,440	485,440
10.61	7.40	66.15	39.97	35.51
3,592,256	3,446,624	4,342,104	3,930,709	3,418,898
77,084	57,407	62,506	65,887	50,556
(7,632)	52,202	30,692	45,591	88,953
124.6545	127.7664	122.0421	115.0435	109.5744

CARRERAS

A BETTER TOMORROW


QUIT NOW
SAVE MONEY
Warning: The Chief Medical Officer war
HISTORY IN THE MAKING
... OUR STORY


60
CARRERAS
LONGER IS MORE
CRAVEN "A"
SMOKING IS DANGEROUS TO HEALTH
HISTORY IN THE MAKING ... OUR STORY

LEADERSHIP TEAM

DESIGNATION: Managing Director

SKILLS & EXPERIENCE: was appointed Managing Director of CARRERAS Limited effective October 1, 2022. He first joined the BAT group as an Executive in 2005. He has years of experience mainly in Trade Marketing & Distribution which included responsibility for the Caribbean Island markets in 2009. In 2014, he was appointed the Country Manager for Costa Rica where he ensured growth contributing to the success of the Caribbean and Central American Area. Some of his other numerous assignments within BAT are his appointment as Head of Trade/Activation Marketing and Distribution for the Caribbean and Central Regions in 2017 and appointment as Partnership/ Multi-Category Manager for Latin America North and the Caribbean in 2018. With this appointment, he is returning to the Caribbean after a very successful stint as Brand Deployment and Activation for the next generation of electronic devices, across Iberia markets that include Spain, Canary Islands, Portugal, Andorra, and Gibraltar.

QUALIFICATIONS: Business Administration Degree, Universidad Latina, Costa Rica

DESIGNATION: Head of Trade

SKILLS & EXPERIENCE: In January 2021, Andre Pryce was appointed Head of Trade for CARRERAS Limited, Jamaica. His experience in marketing spans over eighteen years, 15 of which were in significant roles within the BAT Group, such as Key Accounts Manager, Route to Market Manager, Customer Development Manager, Business Development Manager and Territory Manager covering 31 different end markets within Caribbean, Central America and South America. Commencing his BAT journey as Trade Representative in 2007 he consistently moved up the ranks and has always distinguished himself with exemplary performance in both local and regional roles.

Andre has a knack for delivering business results, leading change, and developing talent. In March 2017 he was seconded to BAT Caribbean and Central American (BATCCA) Area Office, in Costa Rica. There he served as Customer Development Manager with responsibilities for 30 BATCCA markets. In 2018 he moved to Bogota, Colombia as Business Development Manager where he functioned as a key player in the transition of BAT's Area Office Headquarters. In July 2019, he was promoted to Territory Manager for Carisma Marketing Services, with general management responsibilities for 19 end markets in English, French and Dutch speaking Caribbean Islands. Since his return to Jamaica, he has successfully led the team to achieving their highest sales target within the last 5 years among other stellar achievements and records.

COMMITTEE: Director, Demerara Tobacco Company, Guyana; Participant- Audit Committee. He also served as Board Chairman for Pesticides Control Authority in Jamaica.

QUALIFICATIONS:
M.B.A.; Marketing (Distinction), B.A. Literatures in English, both from the University of the West Indies, Mona.

DESIGNATION: Finance Director & Company Secretary

SKILLS & EXPERIENCE: Verona was appointed Company Secretary and Finance Director of CARRERAS Limited on March 1, 2022, and April 1, 2022, respectively. Verona initially joined the Company as Senior Finance Analyst in 2014 and in 2017, was seconded to The West Indian Tobacco Company Limited, in Trinidad & Tobago, as the Finance Business Partner – Operations. Verona returned to Jamaica in 2018 and assumed the role of Commercial Finance Manager which she held until her departure in 2019. In June 2020, Verona re-joined CARRERAS as Finance Planning Manager. In April 2021, she was assumed the position of Corporate Finance Manager for the WITCO Exports Unit, with responsibility for the financial management of 21 markets of the English, French and Dutch speaking Caribbean.

Verona has over 16 years' experience in Auditing and Accounting. She is a Chartered Accountant and a Fellow of the Institute of Chartered Accountants of Jamaica, as well as the UK based, Association of Chartered Certified Accountants.

QUALIFICATIONS: Association of Chartered Certified Accounts (ACCA) and Bachelor of Science in Management Studies and Accounts from the University of the West Indies, Mona Campus

COMMITTEES: Invitee - Audit Committee and Corporate Governance Committee

DESIGNATION: Human Resource Business Partner

SKILLS & EXPERIENCE: Daidrey Miller was appointed Human Resources Business Partner of CARRERAS Limited on August 15, 2022. She is a Human Resource Generalist who has close to eighteen years experience in the discipline with over thirteen being at the senior level. She has led the Human Resource Portfolio in industries such as Manufacturing and Production, Information Technology as well as Retail and Micro-Finance. Her experience encompasses private and public companies operating in heavily unionized environments with organizations who maintain a presence in the Caribbean, Latin America and the United States. She has hands on experience with Change Management, Divestment Exercises and the execution of HR functions within a centralized capacity.

QUALIFICATIONS: Bachelors of Science Degree in International Relations and Political Science from the University of the West Indies, Mona Campus and a Diploma in Human Resource Management from the University of the Commonwealth Caribbean.

MANAGING DIRECTOR'S OVERVIEW

During the 2022-2023 fiscal year, CARRERAS Limited successfully managed to continue the Company's longstanding sixty-year tradition of excellent performance by delivering profitability, strong returns to our shareholders, continued business growth to our customers and high-quality products to our consumers.

Although we operate in an environment with increasingly competitive industry dynamics, our well-thought-out and robust set of strategies behind our brand portfolio, route to market and activation, together with persistent engagement, has yielded the right results to ensure we cater to the evolving needs of our consumers and maintain a sustainable path to growth.

I am truly honoured to work alongside our dedicated directors, leadership team and staff to continue to steer the Company towards A Better Tomorrow.

SUSTAINABLE FINANCIAL PERFORMANCE

Building upon what we learnt during the pandemic and bearing in mind the direction we wish to take CARRERAS in the future, we invested in several areas to enhance the capabilities that will allow us to achieve our short- and long-term goals. This includes a one-off investment in a customer management software system, expected to yield greater efficiencies and savings in the upcoming years.

The Company recorded J$16.2 billion in Revenue, a 3% increase compared to the same period last year, mainly driven by volume increase and improved portfolio mix. We maintained a flat gross margin compared to the prior financial year.

Profit after tax for the year was J$3.6 billion, and our Earnings per Share was 74.9¢. Our share price closed at $8.19, and the dividend paid amounted to $3.8 billion for the year.

MARKETING

Executing our strategic consumer focus while developing with our business partners and customers, the marketing team continues to drive exciting campaigns which ensure effective investment in our established brands, thereby maintaining an optimum level of market leadership.

We continue to invest in innovation through Matterhorn, which has resulted in double-digit volume growth, positioning the brand firmly within the aspirational premium segment. After some apprehension from Craven 'A' consumers due to a format change to Super King Size, the consumers have started to recognize that "longer is more", resulting in brand stabilization during the latter part of the year. Most recently, we launched the Craven 'A' "Bring Di Vybz" campaign to re-engage our consumers with the brand. This innovative approach was highly successful in maintaining consumer satisfaction and strengthening the Company's platform within the market.

Over the past sixty years, CARRERAS has established a strong position and leadership in traditional factory-manufactured cigarettes. As we advance, our ambition will be to establish our strength in the total nicotine market. As a result, during the year, we invested in extending the Craven 'A' line to a Roll Your Own Grabba. We are confident consumers will embrace our brand as a high-quality, 'roll your own' alternative. During this new financial year, CARRERAS will take that next step to provide other new nicotine innovations in line with our Company's transformation aligned to "A Better Tomorrow".

PEOPLE

People are the most important asset to us, so we continue to invest in attracting and retaining the best talent in our organization. As such, we concentrate our efforts on creating the best environment for the execution of our team goals. For this reason, we maintain a robust talent pipeline to ensure that we have the right people in suitable spaces and empower them to make the right decisions.

ESG

At CARRERAS, we undeniably believe in serving Jamaica and the communities surrounding us. Our targeted social investments demonstrated our strong focus on giving back to Jamaica during the year. Our Company's strong Environmental, Social and Governance (ESG) initiatives seek to empower individuals economically or through education. For the reporting period, we recognized sixty years of our flagship ESG initiative, the CARRERAS Scholarship programme. In celebration of this longstanding programme that supports the aspirations of students at the tertiary level, we were immensely proud to award ninety (90) scholarships in 2022 valued at approximately $20 million.

We also heeded the call of the Private Sector Organization (PSOJ) and the Jamaica Constabulary Force (JCF) to join other private sector companies and invest in Project STAR, a social transformation and renewal of marginalized communities in Jamaica. We believe in their FAHWUD movement and have high hopes that our investment, combined with others, will yield positive results.

OUTLOOK

The future is evident as we work toward executing innovative and effective strategies. We will continue to protect our legacy and be a true partner in the growth and development of our country. We are optimistic about what the future holds, and we look forward to continued growth through our Ethos of being BOLD, FAST, EMPOWERED, DIVERSE and RESPONSIBLE.

I extend a heartfelt thank you to our board of directors, dedicated team members, consumers, business partners and shareholders for their commitment and unwavering support as we continue to move towards continued growth and success in taking CARRERAS to the next level.

Franklin Murillo
Managing Director

CARRERAS
A BETTER TOMORROW

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING ENVIRONMENT

Economic Overview

As COVID-19 dissipated globally, resulting in eased restrictions and supply chain improvement, the global fight against inflation through aggressive monetary policies, the continued conflict in Ukraine, and tensions between major economies continue to pose a risk to the global supply chain. These continue to be closely monitored by management to assess the potential impacts on cost of production inputs and logistics which may result in increases to cost of sales.

According to the latest IMF report, global growth is projected to slow from 3.4% in 2022 to 2.8% in 2023 and 3% in 2024. Global inflation is also projected to slow to 7% in 2023 and 4.1% in 2024. Although inflation is receding, it remains a concern both globally and locally. Management, through its risk management framework, continuously assesses prevailing conditions and possible impacts to ensure the business remains a sufficiently robust agenda to deliver on our mandate of "A Better Tomorrow."

During 2022 the Jamaican economy showed several positive signs of recovery. According to data from the Statistical Institute of Jamaica (STATIN), preliminary estimates show the economy grew by 5.2% in 2022. Growth was led by the Services and Goods Producing Industries of 6.3% and 2.1% respectively, predominantly driven by the "Hotel and Restaurants" sector which grew by 48.1%. The Ministry of Finance of Jamaica has projected a growth rate of 1.6% for FY2023/24 with medium term expectations of real GDP growth to revert to the 1.0% to 2.0% range and a debt to GDP ratio 74.2% at March 2024, an improvement of over 5% over the prior period.

Unemployment

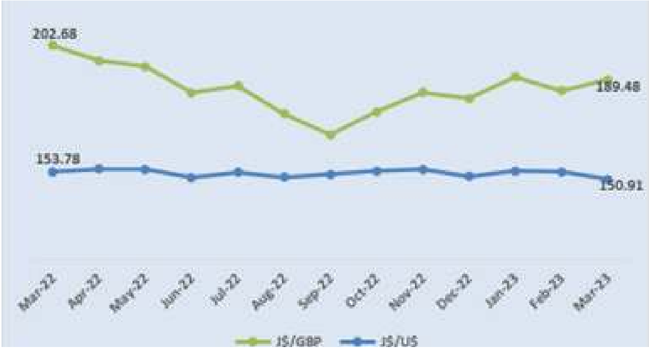
Based on the latest labor survey Jamaica's unemployment declined to 6.6% for July 2022, compared to 8.5% in July 2021, further evidencing the recovery in economic activity. A total of 1,268,000 persons were employed during the period, an increase of 53,000, which bodes well for the level of disposable income.

Inflation, Exchange Rate and Net International Reserves

While Jamaica's 12-month point-to-point inflation rate of 6.2% at March 2023 includes several periods where it was seen on a downward trajectory, the inflation rate remains above the Bank of Jamaica's (BOJ) 4.0% - 6.0% target range. Assuming no negative exogenous factors, BOJ's current expectation is that the 2023 annual inflation rate will fall within their target range by the December 2023 quarter end. This augurs well for our business, as further inflation declines would be expected to have a positive impact on the costs of inputs for the business and the value we deliver to our shareholders.

At the end of March 2023, the Jamaican dollar realized strong gains in trading against the United Stated (US) dollar and the pound sterling. The BOJ's weighted average selling rate closed at $150.91 for one US dollar relative to J$153.78 at the end of March 2022, an appreciation of 1.9% versus the 8% depreciation seen in the prior financial year. This was driven by relatively stable remittance inflows and supported by interventions by BOJ through B-FXITT, supplying a total of US$596 million over the financial year.

The Net International Reserves (NIR) also remained at healthy levels - as at March 2023, BOJ reported US$4.1 billion compared to US$3.7 billion for the previous period - sufficient to cover approximately 26 weeks of imports of goods and services.



Foreign currency Trading

Point-to-point inflation rateses.

Outlook

While a return of the Jamaican economy to pre-pandemic growth levels is expected in 2023, significant risks remain from continued geopolitical tensions between global powers, the conflict in Ukraine, and tight monetary policies. Accordingly, the International Monetary Fund (IMF) is projecting real GDP growth for the Jamaican economy at 2.2% in 2023 and 2.0% in 2024, while inflation is expected to return to the Central Bank's 4% to 6% target range by the end of December 2023 primarily due to lower commodity prices.

Although Jamaica received a Fitch Rating of "B+ with a positive outlook" which is a revised outlook from stable to positive, consumer and business confidence showed wavering results. Management remains optimistic that, given the possible effect of global and local external factors on the business, the strategic initiatives deployed during 2022 will continue to deliver increased value to our customers, shareholders, and other stakeholders for 2023.

Sources
International Monetary Fund
Bank of Jamaica
Statistical Institute of Jamaica


PERFORMANCE
HIGHLIGHTS
Operating Revenue
2023: $16.23B
2022: $15.75B
Total Assets
2023: $5.50B
2022: $5.23B
Net Profits
2023: $3.64B
2022: $4.07B
Market Capitalization
2023: $39.76B
2022: $43.40B
Current Ratio
2023: 1.5
2022: 1.6
Earnings per Stock Unit
2023: 75¢
2022: 84¢
Return on Equity
2023: 178.0
2022: 195.2
Share Price
2023: $8.19
2022: $8.94

FINANCIAL PERFORMANCE

Overview

CARRERAS Limited returned creditable financial results for the year ended March 31, 2023, generating operating revenues of $16.23 billion, a 3% over the prior year level of $15.75 billion, driven by volume growth as our brands continue to strengthen their position as market leaders. Profit for the year totaled $3.64 billion, an 11% decline compared to prior year results of $4.07 billion, caused partly by increased input costs absorbed by the company and partly from the investment in a new customer management system. We anticipate that this system investment will modernize our customer service functions and bring even greater efficiencies to our distribution structure. Administrative, distribution and marketing expenses totaled $2.76 billion (2022: $2.33 billion), an increase of 18% compared to prior year, partly resulting from this investment.

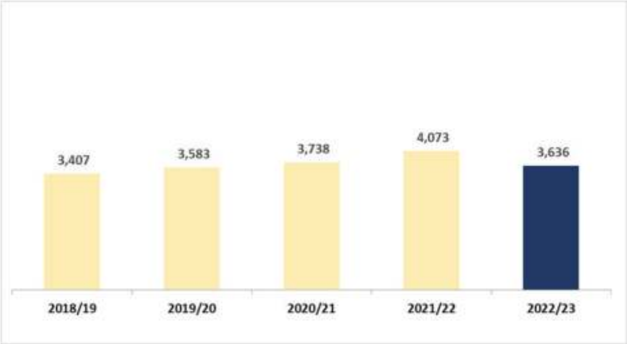
Macro-economic challenges continued to have an adverse impact on the cost of key inputs and logistics, which were absorbed by the company rather than passed on to the consumer in 2022/23. Management remains committed to increasing efficiencies, containing costs, and growing shareholder returns.

Dividends per share were $0.78 for 2023 (2022: $0.85), an 8% decrease, with total dividend payments of $3.79 billion (2022: $4.12 billion) and an increased dividend payout ratio of 1.04 (2022: 1.01). Dividend yield was 9.5%, flat compared to prior financial year (2022: 9.5%) while earnings per share were $0.75 (2022: $0.84). As of March 31, 2023, the Company's share price was $8.19 (2022: $8.94) per share, an 8% decrease compared to prior financial year.

Total assets of $5.5 billion as of March 31, 2023, represented an increase of 5% or $273 million compared to the previous financial year. A strengthening of our cash and cash equivalents holdings and increases in accounts receivables accounted for this increase. Total liabilities increased versus prior financial year by $317 million or 10%, reflecting increases in our accounts payable. A revised working capital management strategy was implemented during the year with the use of a corporate credit card to settle specific obligations, which allows us to achieve increased efficiencies in the management of cash and cash flows. Total equity remains comparable to prior financial year as the Company continues to distribute dividends in line with its dividend policy.

CARRERAS
A BETTER TOMORROW

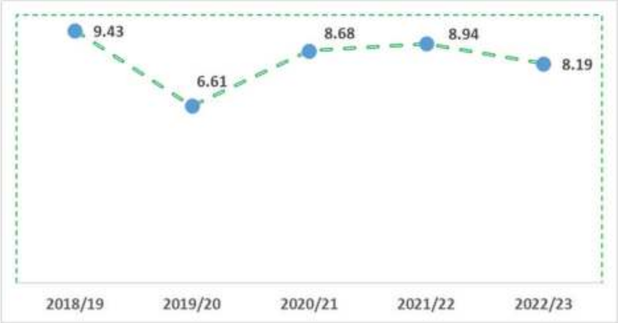
Profit for the year ($'million)



5-Year Compound Annual Growth Rate: 1.64% (2022: 3.97%)

Profit for the year amounted to $3.64 billion (2022: $4.07 billion), an 11% decline compared to the prior financial year. A 6% increase in cost of goods sold reflects both improved volumes and higher input and logistics costs, which were not passed on to consumers in the form of a price increase. Administrative, distribution and marketing expenses increased by 18% due principally to the continued investment in our brands and the strategic one-off investment in our new customer management system.

Share Price ($)



5-Year Compound Annual Growth Rate: -3.46% (2022: -4.19%)

The Company's share price closed at $8.19 as of March 31, 2023 (2021/22: $8.94), a decrease of 8% compared to the prior financial year. Price earning (P/E) ratio was 10.9, an increase from the prior financial year result of 10.7 reflecting the sustained confidence of investors in the Company.

At the end of the financial year, the Company's market capitalization was $39.76 billion, a decrease of 8% compared to the prior financial year level of $43.40 billion. The number of outstanding shares was unchanged.

Dividends

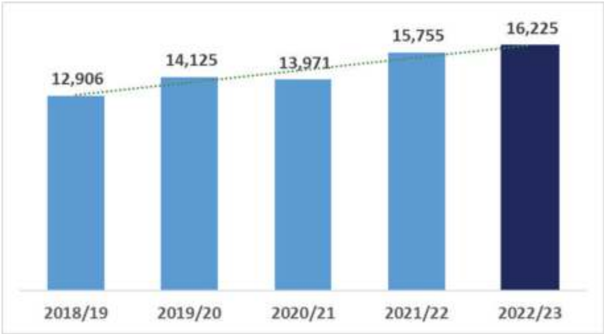
For the financial year 2022/23, CARRERAS Limited distributed $3.79 billion (2021: $4.12 billion) in dividends. This represented a distribution of $0.78 per share (2022: $0.85), an 8% decrease versus prior financial year.

On May 26, 2023, the Board of Directors declared an additional interim dividend payment of $0.21 per share which represents $1.02 billion in dividend distribution. This has not been recognized as a liability in the financial statements as at March 31, 2023, as it was declared after the balance sheet date.

Dividend per share (cents)

Profit and Loss Analysis

Operating Revenue
($'million)

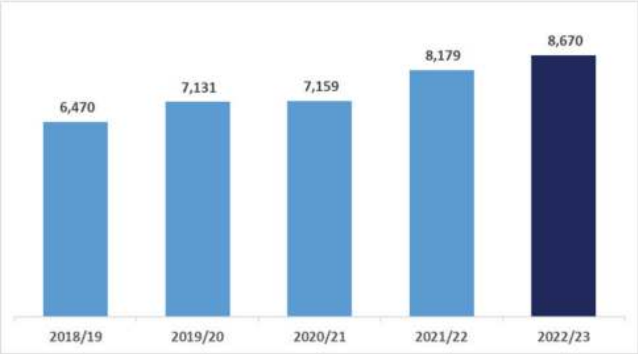


5-year Compound Annual Growth Rate: 5.89% (2022: 5.85%)

CARRERAS Limited delivered $16.23 billion in operating revenue for the financial year ending March 31, 2023. This represents an increase of $470 million or 3% increase versus prior financial year and a 5-year CAGR of 5.89%, driven solely by volume growth. This speaks to the strength and resilience of our brands as we seek to satisfy the consumption moments of our adult consumers.

As we entered the post-pandemic period, we were able to increase our face-to-face engagements with customers and further improved our market presence. We also solidified our distribution network with our key wholesaler partners, helping ensure a strong trade presence, particularly in areas where the illicit trade is rampant.

Cost of Goods Sold
($'million)



5-Year Compound Annual Growth Rate: 7.59% (2022: 6.96%)

Cost of goods sold consists of three main components namely, Special Consumption Tax (SCT), Customs Administrative Fee (CAF) and production and importation costs. Both SCT and CAF are costs established by Government agencies. Production and importation costs are particularly sensitive to raw material and energy prices, both of which increased in 2023. Cost of goods sold for the financial year was $8.67 billion, representing a $491 million or 6% increase over prior financial year. While sales volume growth was the main driver of this increase, higher production, importation, and distribution costs were incurred and absorbed by the company.

Overheads
($'million)

Total overheads amounted to $2.76 billion (2022: $2.33 billion), an 18% increase when compared to prior financial year. Overhead costs include a strategic one-off investment of $231 million for new customer management software implemented during the year which is projected to bring increased future efficiencies and savings to our distribution structure.

Administrative costs were $1.38 billion (2022: $1.26 billion) an increase of $123 million compared to the prior financial period. Distribution and marketing expenses totaled $1.26 billion (2022: $0.98 billion) and include the investment costs for the new customer management system. Management remains committed to employing strategies aimed at cost containment and cost cutting to generate improved efficiencies and increase shareholder return.

Other Operating Income

The main components of other operating income are interest income, foreign exchange gains/losses and miscellaneous income. Other operating income was lower by $125 million over the comparative period, despite a $43 million growth in interest income which grew as the Company took advantage of higher interest rates being offered in the market. Foreign exchange losses (gains in previous financial year) were caused by the appreciation of the Jamaican dollar against the United States dollar. Miscellaneous income also decreased due to one-off income received in the prior year.

Income Tax

Income tax for the period totaled $1.22 billion, a 10% decrease over the same period last year and consistent with the year-on-year decrease in profit before tax of 10%. The effective tax rate for the financial period is 25.14%, a marginal increase over last year's 24.97%.

Financial Position

For the financial year ended March 31, 2023, the Company's financial position remained strong. Cash provided by operations amounted to $4.13 billion compared to $3.78 billion for the prior financial year. This increase of $350 million allowed the Company to continue to distribute dividends to our shareholders. Cash and cash equivalents was $1.93 billion, an increase of $228 million or 13%.

Total assets of $5.50 billion (2022: $5.23 billion) increased due to higher cash and cash equivalents and accounts receivable and a lower non-current asset position. Our current ratio remains strong at 1.5 times (2022: 1.6 times) and reflect the adequacy of balances to meet our obligations to stakeholders.

Accounts receivable, which increased by $818 million or 56% compared to the prior financial year, was driven primarily by increases in trade receivables. Trade receivables totaled $2.02 billion and increased by $870 million or 75% reflecting the increased utilization of credit caused by trade demand. Our trade receivables aging reflected 82% of our trade portfolio as current (not past due) which is generally comparable to 88% for the comparative period. The allowance for impairment losses was 1.3% (2022: 0.4%) of total trade receivables.

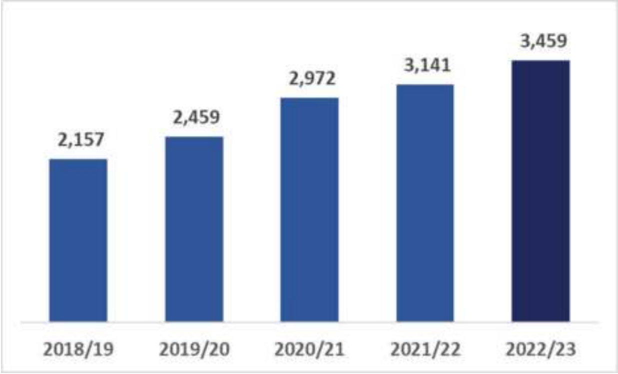
Our credit management policies and procedures are monitored by the Management and Board of Directors. These policies ensure that the Company is driving volumes while managing our credit exposure appropriately.

Credit Risk
($'million)

Credit Risk is the risk of a loss arising from a counterparty to a financial contract to discharge its obligations and arises principally from the Group's receivables from customers, cash, and investment securities. As of March 31, 2023, the Company's credit risk resulting from trade receivables and cash and cash equivalents totaled $4.20 billion (2022: $3.16 billion), an increase of 33% when compared to the prior financial year.

With effect from October 1, 2018, the Company has been party to a Credit Risk Insurance Policy, under a Financial Interest Clause, through its ultimate parent, British American Tobacco PLC. Management ensures that the credit and investment policies that are in place are adequate to address counterparty risks. These are rigorously monitored by both the Management and the Board of Directors.

Total Liabilities
($'million)




60
1962
YEARS
2022
CARRERAS
A BETTER TOMORROW

TRADE MARKETING AND DISTRIBUTION

Recognizing our amazing Sales Team at our SLA in July 2022.

Trade Environment

Undoubtedly, 2022 should always evoke in our collective memory, a journey back to normalcy. In more ways than one, it has been a year of transition and transformation. Certainly, we welcomed the transition from a period loaded with unparalleled levels of volatility and mobility restriction to a more predictable and unrestrictive marketplace. We welcomed the opportunities that were afforded us, including but not limited, to us to once again being able to engage with our customers and consumers.

On the other hand, with the end of mobility restrictions after the pandemic, the size of the illicit tobacco market appears to be growing again. Despite this grave challenge we continue to make strides in ensuring we deliver satisfaction to adult consumers who decide to consume our brands. 2022 was yet another year that served as a testament to our resolve. Your team CARRERAS was able to navigate the rough waters that permeate the marketing environment whilst not compromising on our principle of being responsible.

We remain extremely grateful for the very strong business relationship we have with our customers. We are equally thankful and humbled by the way our field force and support staff continue to demonstrate collective strength so we could deliver the value promised to our shareholders. Most importantly, we are most appreciative of our loyal consumers, for allowing us to be able to continue delivering satisfaction to their deserving palates.

Volume Performance

The trade marketing and distribution team continue to evolve. This evolution is evidenced in our results; 4% growth in volumes year over year. This represented the second consecutive year of delivering volumes of over 400 million sticks of cigarettes. All our brands delivered expected results. This outstanding performance was made possible through the enhancement and transformation of our brands portfolio, the unwavering loyalty of our consumers and the support of our retailers. We are encouraged by consumers acceptance to changes made to Craven “A” with the introduction of Craven “A” Super King Size and the continued volume growth in Matterhorn.

Sales person of the Year 2022 Jodian Brown.

The year's growth is another testament of the grit and resilience of your team. We are cognizant that this sales performance would not have been possible without the hard work and dedication of our agile and empowered Sales force, and the collaboration with our customers to ensure that our brands remained a priority. In tandem with our optimized route to market strategy; focused on safety, scale and sustainability, the winning mindset of the staff not only helped us to get closer to the consumer, but to make 2022 another record year. With this performance we continue to be the category leader within a category that is bedeviled by illicitly traded cigarettes.

Illicit Threat

The presence of illicit cigarettes in the market continues to be the greatest threat to safety and sustainability of our industry. Illicit products impact safe and regulated consumption while eroding tax revenue and possibly reducing legitimate avenues of employment. In a bid to tackle this menace we continue to ensure we expand our distribution reach to ensure we give consumers the best chance of accessing legitimate products. We continue to count on the authorities and other relevant stakeholders support to put measures in place to mitigate against the risks and impact of the illicit trade.

Route to Market Improvements

We continue to optimize our route to market strategy to accelerate volume growth, expand our reach while preserving the safety of our staff and ensuring business sustainability. We are conscious that our success cannot be guaranteed by us doing it alone, we depend heavily on the advocacy, partnership and relationship with the trade. This ingrained mindset of ours continues to yield tangible results and mutual benefits, as evidence with our now 2 years old trade partnership venture, MIDAS. We used data and analytics to devise increasingly efficient distribution methods to reach sections of the marketplace we were previously unable to access sustainably. This helped to promote volume growth, increase point of sales reach and importantly provide consumers, particularly in inner-city spaces reliable, consistent access to our high-quality products.

Retail Sales Classification (RCS8)

We continue to invest in technology to improve our efficiency and effectiveness. In 2022 we launched our Retail Sales Classification sales system (RCS8) to great effect and resounding results. We are now better at Customer Management, Inventory Management, Data Management and mining. These are just a few of the benefits we have unlocked, this far from this world class, user friendly system.

Our mission is to drive a superior, relevant and streamlined product portfolio built on technical expertise, consumer understanding and environmental awareness. We remain steadfast to our ethos of being BOLD, FAST, EMPOWERED, DIVERSE and RESPONSIBLE whilst we deliver value to our shareholders, customers and consumers.

Our Head of Trade celebrating the RCS8 launch.

BRAND MARKETING

An example of one of our many impactful Matterhorn Activations.

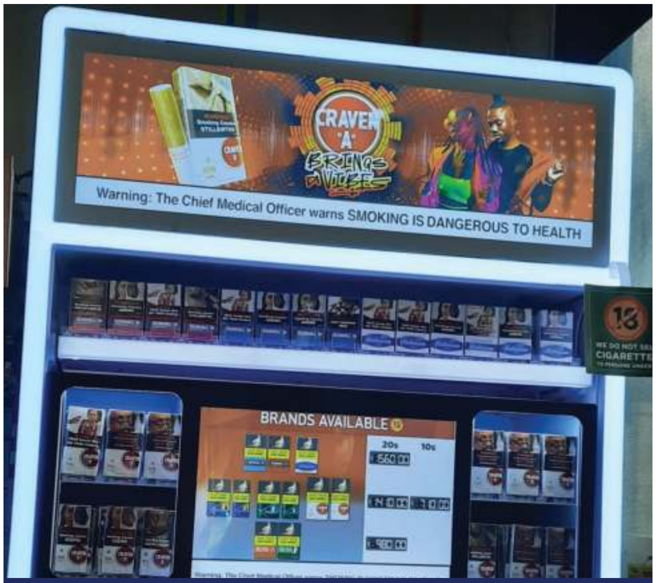
INTRODUCTION:

During the Financial year 2022/2023 CARRERAS was able to deliver a volume growth of approximately 4% driven mainly by the growth in Matterhorn brand family and increased wins from duty not paid.

Our focus this year was on revitalizing the consumer experience and reinforcing our commitment to delivering superior value. In line with this objective, we embarked on a significant transformation journey for one of our local beauties Craven "A". This key initiative involved upgrading the brand by offering consumers enhanced value through a longer stick, at the same price. While initial challenges were encountered, the brand has successfully stabilized, and we closed the year in a healthy position allowing us to be well-poised for growth in the future. We also entered a new category with Grabba. This transformation initiative aimed to strengthen our market position and address evolving consumer demands.

STABILIZATION EFFORTS:

The introduction of the upgraded Craven "A" initially faced some challenges and resulted in a brand volume decline of 3.6% vs prior year. As with any change, consumers required time to adapt and there were expressions of initial resistance by some of our loyal consumers. However, the team worked assiduously to stymie this decline through a robust and comprehensive marketing campaign geared towards educating consumers and retailers that they were getting More for the same price through the "Longer is More" campaign and more recently appealing more to the emotional connection to consumers through the "Brings DI Vibez" campaign. Additionally, we actively sought feedback from our customers and made necessary adjustments to ensure their concerns were addressed. The successful stabilization of the upgraded brand, coupled with the growth in overall volumes, positioned us for further expansion in the coming year. We have laid a strong foundation to capitalize on the increased consumer acceptance and leverage our brand's enhanced value proposition.



One of our dispensers displaying product.

MATTERHORN – FRESHNESS & STIMULATION GROWTH AGENDA:

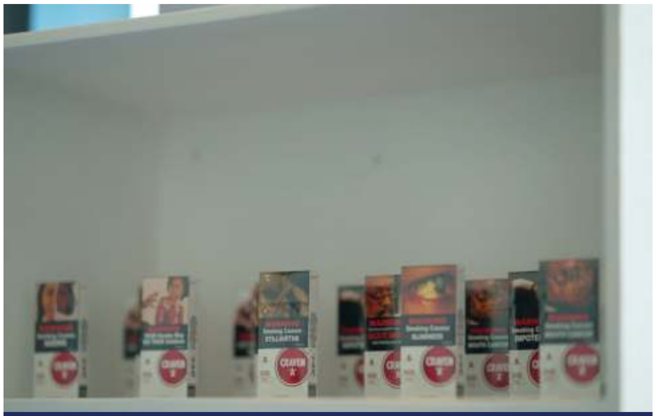
While experiencing the initial fall-out, our menthol local offer, Matterhorn, which offers innovation to consumers in the form of capsules, managed to capitalize on this decline. Matterhorn grew by over 17% and this commendable growth both from switching dynamics from Craven "A", as well as a greater appreciation of consumers for the freshness and stimulation products. This appreciation was fostered through increased education campaigns surrounding capsules and the versatility of the consumer's smoking experience. By effectively engaging and activating with consumers at events, entertainment spaces, and points of sale, we have been able to meet the demands of this specific consumer segment and introduce innovation to new consumers.

PALL MALL AND COMBATTING ILLICIT TRADE AND ULTRA LOW-PRICED COMPETITION:

Route to market efforts combined with focused activations paved the way for Pall Mall to experience an almost 25% growth versus prior year. The Pall Mall family continues to also act as a catcher brand when affordability challenges plague consumers, and the brand has been instrumental in making slight inroads into the fight in the illicit trade spaces. It remains a legal brand that delivers consistent quality at an affordable price.

CRAVEN "A" GRABBA:

The Transformation journey continued with Craven "A" Grabba which we launched as a pilot in November 2023 after several prior attempts in the category, however, this time was different. We have been able to develop a product which appeals to a specific and more sophisticated grabba consumer, at a competitive price point to both the retailer and consumer. We are still reviewing the packaging and format possibilities but we do believe that this recipe is one that can offer incremental volumes and value.



Craven "A" product on display.

CONCLUSION

As we continue our growth agenda, we are mindful of the need to bring our brands closer to our retail partners and our consumers. We remain vigilant to the changing environment and will continue to adapt and adjust as consumers' needs and priorities simultaneously change.

LEGAL AND EXTERNAL AFFAIRS

The Regulatory Environment (Tobacco Control Act) Regulations

In 2020, the Minister of Health, tabled for Parliament's consideration, the Tobacco Control Act (Bill) 2020. The referenced Bill, which purports to satisfy Jamaica's obligations under the WHO FCTC introduced prohibitions on, inter alia, tobacco sales, advertising, promotions and sponsorships, display bans, and ban on investment in the Tobacco Industry. While governments are best placed to make public health policy, we know the tobacco business and are, therefore, well placed to evaluate proposed policies that would regulate the tobacco industry. The Company is not opposed to regulation. CARRERAS, in its review and assessment of the Bill has identified, and is advocating for changes which are deemed disproportionate and unconstitutional in any free and democratic society.

In light of the resumption of sessions, we continue to take every opportunity to remind the Joint Select Committee of the essential provisions that could benefit from amendments. We also note that there continues to be misalignment in many provisions to the Constitution of Jamaica and the Charter of Fundamental Rights and Freedoms. We remain concerned by this, and once again, outline ways in which it can be addressed.

In general, the legitimate public purpose does not clearly underlie the prohibitions set out in the Bill. The objectives of the Bill are overstated and so the analysis has been compromised. The Charter of Fundamental Rights and Freedoms (Chapter III of the Constitution of Jamaica) guarantees the rights of persons in Jamaica, and explicitly sets out the exclusive justificatory criteria against which limitations on those rights and freedoms may be measured. It is declared in section 13(2) that all persons in Jamaica are entitled to preserve for themselves and future generations the fundamental rights and freedoms to which they are entitled by virtue of their inherent dignity as persons and as citizens of a free and democratic society.

Section 13(2) provides:
"Save only as may be demonstrably justified in a free and democratic society, Parliament shall pass no law and no organ of the State shall take any action which abrogates, abridges or infringes those rights.".
Certain provisions of the Bill infringe the rights to freedom of expression and to receive and disseminate information. The issue, therefore, is whether those provisions are "demonstrably justified in a free and democratic society". The test set out in R. v Oakes [1987] LRC (Const) 477 requires that the Government, having the burden of proof, proves that:

Section 13(2) provides: "

(a) the objective of the legislation in question is sufficiently important;

(b) there is a causal connection between the infringement and the objective on the basis of reason or logic;

(c) only the minimal impairment necessary to achieve the objective is being imposed; and

(d) there is proportionality between the effects of the legislation and the limitation.

We have made several calls for the Government to justify this extreme limitation and note from the sessions that members of the Joint Select Committee also question the need for such extreme measures. The Government needs to prove that the provisions of the Bill that infringe constitutional rights are connected causally to the objective, which includes protecting the health of each person in Jamaica by restricting the use of tobacco and relevant products. Furthermore, even if there is such a connection, the minimal impairment requirement demands that the law falls within a range of reasonable alternatives, otherwise the measures would not be demonstrably justified. Also, the effects of the legislation must be proportionate to the limitation, so it should not be that the potential benefit of the legislation is minuscule, while the detriment to the curtailed rights is significant. The Government has failed to satisfy this test and has not justified these provisions to stakeholders.

We wish to, once again, take this opportunity to reiterate some of our specific concerns regarding the areas of this bill we believe to be unconstitutional and disproportionate.

1. Disruption of relationships with key business partners – a dangerous precedent

We take issue specifically with some of the provisions in the Fourth Schedule that restrict business relations with our wholesale and retail outlets in the form of prohibiting us from offering incentives, promoting discounted products, retailer incentive programmes etc. In our view, there are less trade restrictive alternatives which are proportionate, effective, and feasible.

The wholesale and retail business models are predicated on the ability of business owners to negotiate the price of product as well as the margins they collect from sales. There is no precedent for this prohibition with any other category of retail item and it is dangerous to set one now. All fast-moving consumer goods (FMCGs) utilize these models to drive business and to prevent one category from utilizing it is discriminatory.

Part VII of the draft tobacco bill introduces provisions with the intent of banning tobacco advertising, promotion. While Carreras agrees to the need for proportionate restrictions on advertising, for instance to ensure that minors cannot be targeted by tobacco advertising, we are opposed to the introduction of the proposed measures, as it appears to prohibit all forms of tobacco product advertising and promotion and ban the display of tobacco products in retail outlets.

We believe that the Schedule as currently drafted is unnecessary and unwarranted to meet the stated objective of meeting Jamaica's obligations under the World Health Organisation ("WHO") Framework Convention on Tobacco Control ("FCTC") or the public health objective of reducing smoking, and would be likely to lead to unintended adverse consequences.

2. Reference to relevant products – different products with different risk profiles

The reference to "relevant products" after tobacco products would appear to suggest that the Act would also cover products that are not tobacco products, such as electronic nicotine delivery systems (ENDS). CARRERAS believes that this reference should be eliminated as such products fall outside the remit of tobacco control measures.

Given the fundamental differences in product characteristics (i.e. they contain no tobacco, do not rely on combustion and do not generate smoke) and the lower risk profile of the product category. Nicotine products that do not contain tobac co, such as ENDS, should either be excluded from the Act altogether or, if they are included, they should not be subject to the same provisions as those that apply to tobacco products, meaning that a discrete set of provisions would need to be drawn up.

Regulating ENDS with the same regulations for tobacco products would send an incorrect message. This would give the incorrect impression that both product categories have the same risk profile. Moreover, subjecting electronic delivery system to the same restrictive regulations would prevent the significant potential public health benefits that this product category may offer from materializing. Public

Health England backs vaping as being 95% less risky than cigarettes based on today's best estimates. Only good quality products supported by appropriate regulation can drive harm reduction, and without them tobacco harm reduction will never be a reality.

3. Display ban and the growth of the illicit trade

Part VI of the draft tobacco bill introduces a ban on the display of tobacco products. CARRERAS believes that this clause is disproportionate; it prohibits the display of tobacco products for sale. The effect of this clause is to treat the product as an illegal product.

Display bans would increase the illicit tobacco trade by driving legal tobacco sales 'under the counter'. In particular, display bans would incentivize illicit trade by:

i Impeding the ability of enforcement agencies to identify illegal stock;

ii. Preventing adult smokers from distinguishing between counterfeit and genuine tobacco products before making a purchase;

iii. Making it easier for unscrupulous retailers to mix illicit 'under-the-counter' tobacco products with legitimate stock; and

iv. Blurring the distinction between legitimate and illicit products, which would all be 'under cover', making it harder to reinforce public appreciation that smuggling, counterfeit and piracy are crimes. Display bans disproportionately penalize small retailers and specialist tobacconists. Small retailers, who derive a large portion of their revenue from tobacco products, would be less likely to be able to bear the costs of compliance involved in re-fitting their stores. Small retailers would also be more likely to lose sales to larger stores, as the display of products helps counter the incorrect assumption that larger stores have a bigger range of products available. Specialist tobacconists, whose business is reliant on their ability to stock a wide range of tobacco products, will be at a particular disadvantage compared to other retailers.

We note the intention to conclude the deliberations of the Joint Select Committee on the Bill shortly entitled the Tobacco Control Act, 2020 ("the Bill") and continue to recommend that it not be concluded until the Bill is reexamined carefully, and the aforementioned be truly taken into consideration.

AIT & Engagement Manager, Olivia Bertrand.

EVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Group picture of our 2022 CARERRAS scholars at the Awards ceremony.

2022 CARRERAS SCHOLARSHIP PROGRAMME & AWARDS CEREMONY

The annual CARRERAS Scholarship programme has been a staple of the Evironmental, Social and Governance (ESG) mandate for over 50 years. The scholarship disbursements which date back to 1967, are geared towards empowering tertiary students who are both academically gifted and in need of financial assistance.

They are presented annually to students pursuing various fields of study at recognized tertiary-level institutions across Jamaica, including teachers' colleges, community colleges, and universities.

The students must be Jamaican citizens, 18 years and older, who have achieved at least a B average or 3.0 GPA in the previous academic year.

The scholarships are valued between One hundred Thousand Jamaican Dollars ($100,000) and One Million Jamaican Dollars ($1,000,000) and range in category namely SEEK Scholarship, Teachers' Colleges Scholarship, Community Colleges Scholarship, Hope Scholarship, Visual and Performing Arts Scholarship, University Bursary and CARRERAS Special Award.

THE CARRERAS SEEK SCHOLARSHIP is the premium scholarship category as it offers up to One Million Jamaican Dollars to each successful applicant. The scholarship is awarded to students pursuing studies in Liberal Arts, Humanities and Sciences. In the past year, we are pleased to have awarded 13 students with a 2022 CARRERAS SEEK scholarship.

Thirteen students received the CARRERAS TEACHERS' COLLEGES SCHOLARSHIP in 2022. This award is also valued at One Hundred Thousand Dollars Jamaican Dollars. It is offered to teachers in training at numerous colleges across the island such as the Church Teachers' College, Mico University College, Sam Sharpe Teachers' College and Shortwood Teachers' College.

The CARRERAS COMMUNITY COLLEGES SCHOLARSHIP as the name suggests, is awarded to students of community colleges such as the Excelsior Community College, College of Agriculture, Science, and Education, Brown's Town Community College, Montego Bay Community College and GC Foster College of Sports and Education. Each recipient also received One Hundred Thousand Jamaican Dollars. There were12 recipients of this award in 2022.

THE HOPE SCHOLARSHIP is awarded annually to children of police officers who died in the line of duty. The 2022 recipients of the award are enrolled at the University of the West Indies and University of Technology. Each recipient was also granted One

Hundred Thousand Dollars Jamaican Dollars towards their tuition. 10 students were bestowed with this award in 2022.

The CARRERAS VISUAL AND PERFORMING ARTS SCHOLARSHIP is only open to students pursuing studies at the Edna Manley College of the Visual and Performing Arts, the premier arts college in the English-speaking Caribbean. Each awardee receives One Hundred Thousand Dollars Jamaican Dollars. There was only one recipient of this award in 2022.

Twelve (12) students were awarded the CARRERAS UNIVERSITY BURSARY in 2022. The award was mostly awarded to students of the University of the West Indies, University of Technology and University of the Commonwealth Caribbean in 2022. Each student received One Hundred Thousand Jamaican Dollars towards their tuition.

The CARRERAS SPECIAL AWARD is a new scholarship category that was established in 2022. This award was specifically created to commemorate our 60th anniversary. Since the 1960s, the CARRERAS Scholarship programme has been our flagship ESG initiative and we wanted to contribute more in this milestone year. For the very first time, 28 students received this award.

As CARRERAS commemorated its 60th anniversary, a record 90 scholarships valued at approximately $20 million Jamaican dollars were issued to exceptional students who are pursuing various areas of study at 17 tertiary institutions across Jamaica.

On Saturday, January 28, 2023, the Company hosted a Scholarship Award Ceremony and Brunch to honour its outstanding scholarship recipients who had amassed an excellent academic and extra-curricular record over the past academic year.

The annual CARRERAS Scholarship disbursements date back to 1967. However, the 2022 allocation of 90 scholarships is the highest recipient count in recent times.

Franklin Murillo, the Company's newly-installed Managing Director, attributes the historic move in part to CARRERAS' inaugural implementation of an online applications portal which allowed the publicly-traded industry leader in nearly doubling 2021's 56-beneficiary tally.
"For the first time in our organisation's history, candidates for the CARRERAS scholarships were able to complete and submit their applications electronically on the Company's website", he said. Over 1,500 applications were received on the online site.

However, the future of the CARRERAS scholarship programme is uncertain due to the possibility of a sponsorship embargo if certain provisions of the proposed Tobacco Control Act, 2020 are passed into law. Despite the dim prospects, Murillo says "the Company is keen to continue its self-sponsored scholarship programme while it still legally able to do so". He maintained that "there is no greater satisfaction to us than giving back and helping those who need it most".

Presentation to SEEK Scholar Azailiah Smith by Managing Director.

Speaking with one of our distinguished guests, Mr. Hugh Graham.

The LEX team strike a pose after another successful awards ceremony.

SIX DECADES OF CARRERAS SCHOLARSHIPS: WHERE ARE THEY NOW?

Outstanding CARRERAS Scholarship recipients excel in their professions

Mr. Giovanni Dennis **Dr. Sharma Taylor**

Since its inception, the annual CARRERAS Scholarship programme has undeniably had a lasting and positive impact on the lives of these recipients who have been granted the opportunity to complete their tertiary education.

Two such recipients are Giovanni Dennis and Dr. Sharma Taylor. Giovanni Dennis was a 2011 CARRERAS Regional Scholar for the County of Surrey. He received Two Hundred Thousand Jamaican Dollars ($200,000) towards his BA in Media and Communication degree at the Caribbean Institute of Media and Communication (CARIMAC) at the University of the West Indies, Mona Campus.

When asked about how he felt about being a Regional recipient, the award-winning Journalist said, "The scholarship was extremely beneficial, it was a year that I needed the help, it was a year that I was living on hall and needed assistance with my tuition and it was such a timely scholarship. When I saw it, it was just per chance that I saw the advertisement and decided to apply, just to try it out, in my mind, little me from Country, going up against all these bright students from top schools, and I was fortunate to have been awarded a scholarship and I am eternally grateful to CARRERAS for that".

Fast forward to 2018, he received the prestigious Prime Minister's Youth Award for Journalism and a coveted Chevening Scholarship to pursue a Master of Arts degree in Broadcast Journalism at City University of London.

In the same year, he was the recipient of the Caribbean Broadcasting Union Awards for the Best Television News Item, Best Radio Documentary, Best Climate Change Report (theme award) and Special Mention Certificate – Best News Item. He also received the Best Television Documentary and Best Radio News Item in 2019.

Today, Giovanni is fulfilling his lifelong dream of being a News anchor for Television Jamaica (TVJ). He was awarded the Press Association of Jamaica's 2022 Journalist of the Year Award and the 2022 President's Award for Investigative Journalism, Excellence in Reporting on the Environment, and the Hector Bernard/Theodore Sealy Award for News in the television category.

Another scholarship recipient who has amassed numerous outstanding academic and professional achievements since receiving her CARRERAS Scholarship is Dr. Sharma Taylor.

Dr. Taylor was a 2006 recipient of a Postgraduate Carreras Scholarship recipient valued at Ten Thousand US Dollars ($10,000 USD). She says "CARRERAS was instrumental in me being able to complete my Masters Degree in Law at UWI Cave Hill remotely. The scholarship was critical. So, CARRERAS always has a special place in my heart."

Today She is a Vice-President, General Counsel, and Corporate Secretary at Sagicor Group Jamaica.

She gives direction and general advice on legal, governance and corporate secretarial matters and guides Sagicor's legal strategy as well as the ongoing development and monitoring of the governance framework. She is responsible for ensuring effective oversight and management of legal risk.

Sharma holds a Doctor of Philosophy Degree (Ph.D) in Law from Victoria University of Wellington in New Zealand, obtained on a Commonwealth Scholarship, a Master's Degree in Corporate and Commercial Law (LL.M) that was obtained on the CARRERAS Post-Graduate Scholarship and a Bachelor's Degree in Law (LL.B) with First Class Honours from the University of the West Indies. She is also a graduate of the Harvard's Manage Mentor Executive Leadership Program.

She enjoys teaching and has lectured at numerous tertiary institutions across Jamaica such as the Paralegal Training Institute, the University College of the Caribbean, the UWI Distance Education Centre and the Norman Manley Law School.

But over the years, Dr. Taylor has been able to marry and excel at two of her passions- Literature and Law. She is an award-winning author who is one of 26 writers who have been shortlisted for the globally acclaimed Commonwealth Short Story Prize.
Her debut novel, 'What a Mother's Love Don't Teach You', was inspired by the first submission for which she was shortlisted. Her book was published by Virago Press and is available in bookstores across the Commonwealth and on Amazon. She now dreams of publishing a collection of short stories, including those shortlisted for the Commonwealth Short Story Prize.

Giovanni and Dr. Taylor are just two of the countless CARRERAS scholarship recipients over the years, whose lives and work demonstrate the true impact and importance of scholarships such as the annual Carreras Scholarship. As a result of the financial assistance they received, they were able to maximize their innate potential and evolve into their best selves.

According to Managing Director Franklin Murillo, the Company is extremely proud of their many accomplishments over the years. "Their achievements have been stellar, and I am sure their journey is not yet complete. This is just the beginning of bigger and greater things, and we look forward to what is to come", he says.

CARRERAS
A BETTER TOMORROW

CARRERAS employees and their families supporting our tree planting initiative.

CARRERAS LIMITED SUPPORTS GOVERNMENT'S 3 MILLION TREES IN 3 YEARS INITIATIVE

CARRERAS Limited joined hands in support of government's national tree planting initiative-'Three Million Trees in Three Years' on Labour Day 2022.

Under a one-year partnership with the Forestry Department, CARRERAS Limited planted 900 fruit and ornamental trees in the areas of Rae Town to Rockfort in Kingston.

Over 40 CARRERAS staff members and their families came out on Labour Day to plant the first set of seedlings along the Michael Manley Boulevard adjacent to the Rae Town Fishing Village.

Members of the Forestry Department assisted CARRERAS staff with planting the trees on the day and vowed to provide further assistance in the maintenance of the trees throughout the period of the partnership.

A number of the seedlings were also distributed to residents within Rae Town and neighbouring communities.

Outgoing Managing Director, Raoul Glynn said he was truly delighted with the turn out and support of the staff in executing the project. He says, "this is one of the most fitting ways to give back this year as both our Company and Jamaica celebrate their 60th anniversary".

He says, "not only does the initiative assist us in executing our ESG mandate, it also allows us to play our part in helping government prioritize the protection and sustainability of our environment."

The tree planting initiative will aid in the fight against climate change, build resilience and contribute to sustainable development and food security within the neighborhood.

The project also supports Goal 1 and Goal 4 of Jamaica's National Vision 2030 plan: "Jamaicans are empowered to reach their fullest potential" and "Jamaica has a healthy natural environment".

"The benefits of planting trees are insurmountable. It is our hope that more companies and business will come aboard the National Tree Planting initiative so that we can all help to create a better environment and a better tomorrow for all", says Glynn.

The government's 'Three Million Trees in Three Years' initiative was launched in 2019 by Prime Minister Andrew Holness and is geared towards planting three million timber and ornamental trees over the next three years.

It also aims to expand forested areas, including public and private forests; improve the resilience of our coasts, hillsides and plains while also improving the beauty of our parks, urban centres, urban spaces, and major thoroughfares

Brand new CARRERAS E-vehicles on display.

E-VEHICLES UPDATE

Through our partnership with JAMECO, CARRERAS has been operating 5 fully electric BYD T3 panel commercial units since September 2022.

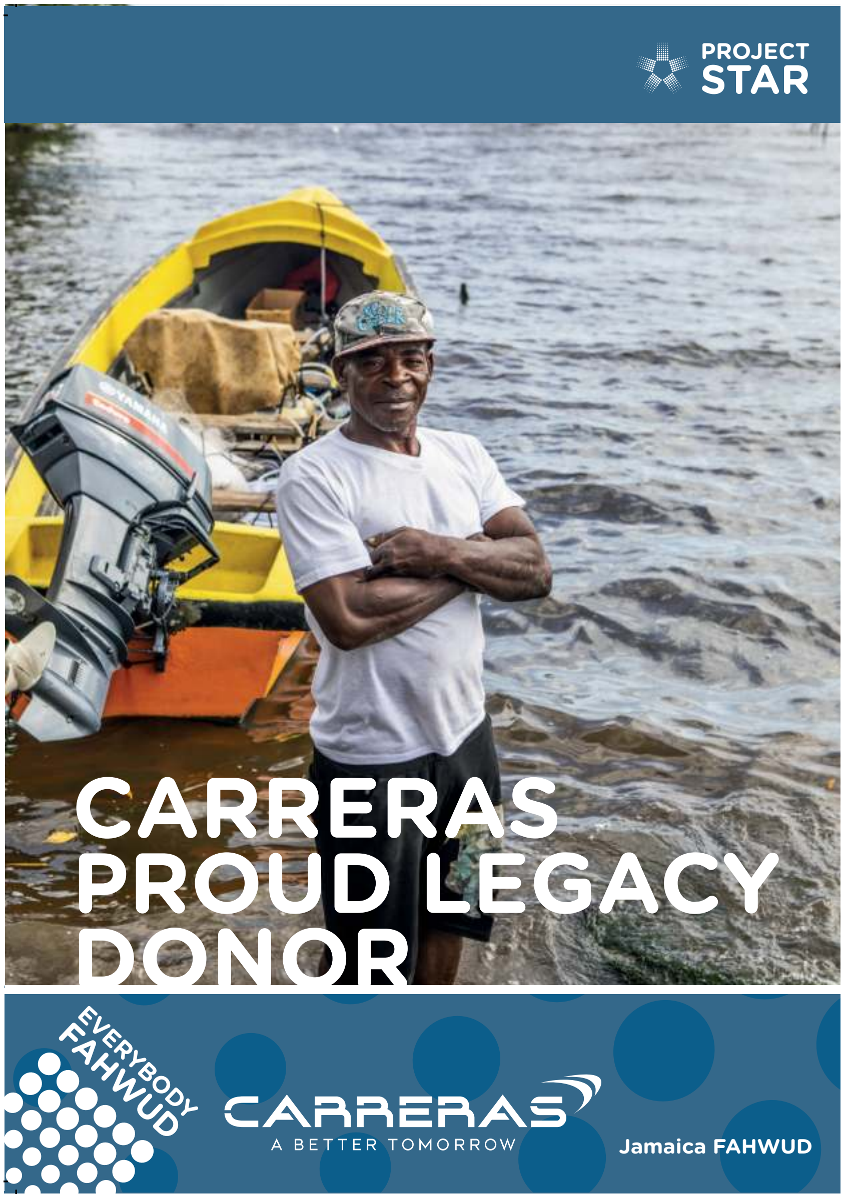
An analysis done on the operation of the vehicles for the period showed:

- A net savings of 1.3M JMD
- Zero carbon emissions
- 300% improvement in carrying capacity

The vehicles have mostly been deployed on our Kingston metropolitan and rural areas, including various communities in the parish of St. Catherine such as Guys Hill and Lluidas Vale. The vehicles have also been deployed in some sections of Clarendon.

So far, we are pleased with the performance and driving experience of the vehicles. We expect to increase our Kingston fleet by another 5 units in 2023.

In the interim, CARRERAS has introduced 7 (gas/ electric) Hybrid vehicles to our fleet since February 2023. So far, these vehicles are performing better than expected in terms of fuel efficiency, achieving 60% vs a 30% projected efficiency rate and is expected to yield an actual savings of $1.5M JMD in 2023 which is higher than what was initially projected.



PROJECT STAR SYNOPSIS

Project STAR (Social Transformation and Renewal) is a social and economic transformation initiative created by the Private Sector Organisation of Jamaica (PSOJ) in partnership with the Jamaica Constabulary Force (JCF) and driven by communities to bring about societal transformation through targeted interventions in under-resourced areas of Jamaica.

Under the programme, organizers of Project STAR consult and collaborate with community stakeholders to identify needs, then work with partners - public, private, NGOs, multilaterals, individuals at home and diaspora - to connect communities with the resources and services agreed in consultation.

Managing director, Franklin Murillo, said his organisation has a rich legacy of nation-building and that over the past 60 years it has been their mandate to give back to communities in which they operate.

As such, we were drawn to get onboard with Project STAR from the beginning. We see our involvement as an integral part of creating 'A Better Tomorrow" for Jamaica," he explained.

Murillo noted that citizens are eager to share their needs and work together to realise their goals.
As a result, we are looking forward to the continued improvement of communities across Jamaica, including raising the overall spirit and camaraderie of the people," he added.

HUMAN RESOURCES

CARRERAS continues to reinforce and build on our agenda of talent management, heightened team morale, communication, and employee engagement.

We are steadfast in our vision of a Great Place to Work fueled by an organization of empowered, motivated and purpose driven people to deliver steady and consistent business results, promoting a fit for growth resolution and increasing shareholder confidence and values.

Strategic Leadership Agenda

Our Strategic Leadership Agenda (SLA) continues to be the pillar through which we transfer our global objectives into the daily strategy of our CARRERAS team. In July 2022, the entire staff compliment contributed to this tactical integration through group competitions and recommendations.

Women's Day & Networking Activities

The leadership of CARRERAS is committed to diversity through the escalation of our women into leadership positions. This is a vision which is maintained within the group, and we are proud of the fact that we currently have 53% of our women in leadership roles.

It is critical that we build on this momentum through the enrichment of those who have already escalated to leadership positions and continue to shape our women on the rise so that they may progress.

A part of the strategy towards maintaining and achieving this vision involves a very active Women's Network which facilitates Lunch & Learn sessions on a quarterly basis. We support, inspire, and direct this vision with the involvement of our women in leadership who facilitate these engagements.

CARRERAS
A BETTER TOMORROW

Women's Network Brunch in September 2022 with our guest speaker then Director Nirala Singh.

Team work makes the dream work.

Employee Well Being

The health and well being of our valued team members remains a critical aspect of our DNA within CARRERAS. In November 2022, to observe World Diabetes Day we collaborated with the team at Courts Optical to provide eye examinations, blood pressure as well as glucose testing for our employees across our locations.

Talent Agenda

We maintain our agenda of delivering a robust talent pipeline from which key roles can be filled using internal talent as well as succession coverage for senior and business critical roles. We continue to grow and develop these identified resources and tailor our recruitment strategy to recognize talent with the capabilities to matriculate into more senior roles. For the year 2023 and beyond CARRERAS will continue to strengthen our foundations as it relates to recruiting, retaining, and retraining top talent as we look forward to a better future and support our vision of A Better Tomorrow.

We continue to strengthen our partnerships through the importing and exporting of Caribbean talent through overseas assignments and filling vacancies with internal talent. To this end, we are proud to have filled over (20) vacancies with internal candidates via lateral moves or promotions within the period April 2022 to present. Additionally, we secured a Short-Term Assignment overseas for Dwaine Williams, former Marketing and Deployment Manager who now serves as Head of Trade for West Indian Tobacco Company (WITCO). We will continue to seek such opportunities for our people in the coming year to even include opportunities outside of the Caribbean region.

Our drive to bring critical skills and experiences into the organization through externally sourced talent remains and we continue to build our recruitment strategy to source the best within the market. We proudly continue to increase our work force as we expand into new categories to update our product offerings and business viability.

Celebration Event

On Saturday March 11, 2023, the Carreras team was treated to an event filled with fun, relaxation, and acknowledgement. In order to recognize the stellar performance achieved in the prior year as well as to reinforce the expectations of the year to come the entire complement gathered at the Bamboo Blu Beach Club in Ocho Rios.

Staff from all locations had the opportunity to bond with each other as well as members of the leadership team whilst celebrating a phenomenal year.

CARRERAS staff having a celebratory moment at the Bamboo Blu Beach in Mammee Bay, St. Ann.

Staff from the Depot of the Year being awarded for their stellar performance.

Group photo of CARRERAS staff after planting trees.

Remembering Wesley Trench

On February 11, 2023, the CARRERAS staff and leadership were plunged into mourning with the untimely and tragic passing of one of our valued team members Wesley Trench. Wesley joined the organization in September of 2020 as Sales Distribution Representative and was promoted to the position of Trade Marketing Representative on May 1, 2022. He was a diligent, committed, and energetic team member whose memories will always be treasured by the CARRERAS family.

CARRERAS staff celebrating the launch of RCS8.

60 YEARS 1962 2022

CARRERAS

A BETTER TOMORROW

CARRERAS
A BETTER TOMORROW

CARRERAS

A BETTER TOMORROW

MARCH 31, 2023

FINANCIAL STATEMENTS

CONTENTS

CARRERAS
A BETTER TOMORROW

KPMG
Chartered Accountants
P.O. Box 436
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922 6640
firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
CARRERAS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Carreras Limited ("the company") comprising the separate financial statements of the company and the consolidated financial statements of the company and its subsidiaries ("the group"), set out on pages 100 to 143, which comprise the group's and company's statement of financial position as at March 31, 2023, the group's and company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as at March 31, 2023, and of the group's and company's financial performance and cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARRERAS LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of defined benefit pension asset and other retirement benefit obligations

See notes 2(c), 9 and 21(n) to the financial statements

Key audit matter	How the matter was addressed in our audit
The group operates a defined benefit pension plan that provides retirement benefits to the members. The group also provides medical and life benefits for its pensioners. The valuation of these benefits depends on a number of factors and assumptions. The key assumptions include life expectancy, discount rates, inflation, and future increases in salaries, pensions and medical benefits premium. Due to the complexity of the calculations, management appointed an external actuarial expert to measuring the employee benefit asset and obligations at the reporting date. The use of significant assumptions increases the risk that management's estimate can be materially misstated.	Our audit procedures in response to this matter, included: • Evaluating the independence and objectivity of the appointed actuarial expert. • Testing the design and implementation of controls over the preparation of the estimate and assessing the effectiveness of the control environment. • Using our own actuarial specialist to assist in determining that the actuarial valuation was performed in accordance with the requirements of IAS 19 Employee Benefits and assessing key assumptions used by the actuary, including inflation and discount rates, by comparing them to information from independent sources • Testing employee data and assets information provided by management to the actuarial expert. • Assessing whether disclosures in the financial statements are appropriate in respect of the group's employee benefit arrangements.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARRERAS LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Standards and the Jamaican Companies Act, 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.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARRERAS LIMITED

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 98 to 99, forms part of our auditors' report.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is W. Gihan C. de Mel.

KPMG

Chartered Accountants
Kingston, Jamaica

May 30, 2023

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARRERAS LIMITED

Appendix to the Independent Auditors' report

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARRERAS LIMITED

Appendix to the Independent Auditors' report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Group Statement of Profit or Loss and Other Comprehensive Income
Year ended March 31, 2023

	Notes	2023 $'000	2022 $'000
Operating revenue	3	16,225,315	15,754,978
Cost of goods sold	4	(8,670,561)	(8,179,374)
Gross margin		7,554,754	7,575,604
Other operating income	5	58,651	183,908
		7,613,405	7,759,512
Administrative, distribution and marketing expenses	6	(2,715,440)	(2,315,702)
Lease interest expense	11	(19,418)	(18,370)
Impairment loss (recognised)/reversed on trade receivables	18(i)	(22,068)	3,181
		(2,756,926)	(2,330,891)
Profit before income tax		4,856,479	5,428,621
Income tax	7(a)	(1,220,764)	(1,355,342)
Profit for the year		3,635,715	4,073,279
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Change in effect of asset ceiling	9(i)(f)	(1,091,500)	235,300
Remeasurement loss on plan assets	9(i)(f)	(383,300)	(279,500)
Remeasurement gain on obligation	9(i)(f),9(ii)(d)	1,617,100	96,100
Income tax on other comprehensive income	15(b)	(35,575)	(12,975)
Other comprehensive income, net of tax		106,725	38,925
Total comprehensive income for the year		3,742,440	4,112,204
Profit attributable to:			
Stockholders' interests in parent	8	3,635,715	4,073,279
Total comprehensive income attributable to:			
Stockholders' interests in parent		3,742,440	4,112,204
Basic/Diluted Earnings per ordinary stock unit	8	74.90¢	83.91¢

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

CARRERAS
A BETTER TOMORROW

Group Statement of Financial Position
March 31, 2023

	Notes	2023 $'000	2022 $'000
Assets			
Deferred tax asset	15	84,235	89,923
Employee benefits asset	9(i)(a)	44,400	83,600
Property, plant and equipment	10	474,440	533,443
Right-of-use assets	11	231,618	227,870
Non-current assets		834,693	934,836
Cash and cash equivalents	12	1,926,039	1,698,031
Accounts receivable	13	2,278,937	1,460,978
Income tax recoverable		2,535	2,535
Inventories	21(e)	459,310	1,131,647
Current assets		4,666,821	4,293,191
Total assets		5,501,514	5,228,027
Equity			
Share capital	14	121,360	121,360
Unappropriated profits		1,921,154	1,965,146
Total equity		2,042,514	2,086,506
Liabilities			
Lease liabilities	11	233,801	225,348
Employee benefits obligation	9(ii)(a)	203,900	325,600
Non-current liabilities		437,701	550,948
Accounts payable	16	2,104,120	1,518,708
Current portion of lease liabilities	11	34,597	33,000
Income tax payable		882,582	1,038,865
Current liabilities		3,021,299	2,590,573
Total liabilities		3,459,000	3,141,521
Total equity and liabilities		5,501,514	5,228,027

The financial statements on pages 100 to 143, were approved for issue by the Board of Directors on May 26, 2023, and signed on its behalf by:

____________________ Director
Paul Hanworth

____________________ Director
Franklin Murillo

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

Group Statement of Changes in Equity
Year ended March 31, 2023

	Share capital (note 14) $'000	Unappropriated profits $'000	Total $'000
Balances at March 31, 2021	121,360	1,979,182	2,100,542
Profit for the year	-	4,073,279	4,073,279
Other comprehensive loss:			
Remeasurement of employee benefit assets and obligation, net of taxes	-	38,925	38,925
Total comprehensive income for the year	-	4,112,204	4,112,204
Transactions with owners			
Dividends and distributions (note 19)	-	(4,126,240)	(4,126,240)
Balances at March 31, 2022	121,360	1,965,146	2,086,506
Profit for the year	-	3,635,715	3,635,715
Other comprehensive loss:			
Remeasurement of employee benefit assets and obligation, net of taxes	-	106,725	106,725
Total comprehensive income for the year	-	3,742,440	3,742,440
Transactions with owners			
Dividends and distributions (note 19)	-	(3,786,432)	(3,786,432)
Balances at March 31, 2023	**121,360**	**1,921,154**	**2,042,514**

The accompanying notes form an integral part of the financial statements

Group Statement of Cash Flows
Year ended March 31, 2023

	Notes	2023 $'000	2022 $'000
Cash flows from operating activities			
Profit for the year		3,635,715	4,073,279
Adjustments for:			
Depreciation	10,11	187,400	144,000
Employee benefits		59,800	60,300
Income tax expense	7(a)	1,220,764	1,355,342
Foreign exchange loss/(gain)	5	33,577	(17,831)
Gain on disposal of property, plant and equipment	5	(811)	(8,805)
Unclaimed dividend write back	5	(25,669)	(36,267)
Lease adjustments		2,044	-
Interest expense	11	19,418	18,370
Interest income earned	5	(60,560)	(17,237)
		5,071,678	5,571,151
Changes in:			
Accounts receivable		(813,231)	(116,382)
Inventories		672,337	(540,806)
Accounts payable		611,081	88,871
Cash generated from operations		5,541,865	5,002,834
Income tax paid		(1,406,934)	(1,217,939)
Net cash provided by operating activities		4,134,931	3,784,895
Cash flows from investing activities			
Investment income received		55,832	30,409
Additions to property, plant and equipment	10	(88,591)	(200,462)
Proceeds of disposal of property, plant and equipment		6,150	13,026
Net cash used by investing activities		(26,609)	(157,027)
Cash flows from financing activities			
Payment of lease liabilities	11(d)	(60,305)	(49,581)
Dividends and distributions	19	(3,786,432)	(4,126,240)
Net cash used by financing activities		(3,846,737)	(4,175,821)
Net increase /(decrease) in cash and cash equivalents before effect of foreign exchange rate changes		261,585	(547,953)
Effect of exchange rate changes on cash and cash equivalents		(33,577)	17,831
Cash and cash equivalents at beginning of year		1,698,031	2,228,153
Cash and cash equivalents at end of year	12	1,926,039	1,698,031

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

Company Statement of Profit or Loss and Other Comprehensive Income
Year ended March 31, 2023

	Notes	2023 $'000	2022 $'000
Operating revenue	3	16,225,315	15,754,978
Cost of goods sold	4	(8,670,561)	(8,179,374)
Gross margin		7,554,754	7,575,604
Other operating income	5	60,548	179,666
		7,615,302	7,755,270
Administrative, distribution and marketing expenses	6	(2,715,398)	(2,315,674)
Lease interest expense	11	(19,418)	(18,370)
Impairment loss(recognised)/reversed on trade receivables	18(i)	(22,068)	3,181
Profit before income tax		4,858,418	5,424,407
Income tax	7(d)	(1,220,764)	(1,355,342)
Profit for the year		3,637,654	4,069,065
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Change in effect of pension asset ceiling	9(i)(f)	(1,091,500)	235,300
Remeasurement loss on pension assets	9(i)(f)	(383,300)	(279,500)
Remeasurement gain on pension obligation	9(i)(f),9(ii)(d)	1,617,100	96,100
Income tax on other comprehensive gain	15(b)	(35,575)	(12,975)
Other comprehensive income, net of tax		106,725	38,925
Total comprehensive income for the year		3,744,379	4,107,990

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

Company Statement of Financial Position
March 31, 2023

	Notes	2023 $'000	2022 $'000
Assets			
Deferred tax asset	15	84,235	89,923
Employee benefits asset	9(i)(a)	44,400	83,600
Property, plant and equipment	10	474,440	533,443
Right-of-use assets	11	231,618	227,870
Investment in subsidiaries	20	15,549	15,549
Non-current assets		850,242	950,385
Cash and cash equivalents	12	1,826,018	1,596,071
Accounts receivable	13	2,279,080	1,461,121
Inventories	21(e)	459,310	1,131,647
Current assets		4,564,408	4,188,839
Total assets		5,414,650	5,139,224
Equity			
Share capital	14	121,360	121,360
Unappropriated profits		1,834,310	1,876,363
Total equity		1,955,670	1,997,723
Liabilities			
Lease liabilities	11	233,801	225,348
Employee benefits obligation	9(ii)(a)	203,900	325,600
Non-current liabilities		437,701	550,948
Accounts payable	16	2,104,120	1,518,708
Current portion of lease liabilities	11	34,597	33,000
Income tax payable		882,562	1,038,845
Current liabilities		3,021,279	2,590,553
Total liabilities		3,458,980	3,141,501
Total equity and liabilities		5,414,650	5,139,224

The financial statements on pages 100 to 143, were approved for issue by the Board of Directors on May 26, 2023, and signed on its behalf by:

_______________ Director
Paul Hanworth

_______________ Director
Franklin Murillo

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

Company Statement of Changes in Equity
Year ended March 31, 2023

	Share capital (note 14) $'000	Unappropriated profits $'000	Total $'000
Balances at March 31, 2021	121,360	1,894,613	2,015,973
Profit for the year	-	4,069,065	4,069,065
Other comprehensive loss:			
Remeasurement of employee benefit asset and obligation, net of taxes	-	38,925	38,925
Total comprehensive income for the year	-	4,107,990	4,107,990
Transactions with owners			
Dividends paid (note 19)	-	(4,126,240)	(4,126,240)
Balances at March 31, 2022	121,360	1,876,363	1,997,723
Profit for the year	-	3,637,654	3,637,654
Other comprehensive loss:			
Remeasurement of employee benefit asset and obligation, net of taxes	-	106,725	106,725
Total comprehensive income for the year	-	3,744,379	3,744,379
Transactions with owners			
Dividends paid (note 19)	-	(3,786,432)	(3,786,432)
Balances at March 31, 2023	**121,360**	**1,834,310**	**1,955,670**

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

Company Statement of Cash Flows
Year ended March 31, 2023

	Notes	2023 $'000	2022 $'000
Cash flows from operating activities			
Profit for the year		3,637,654	4,069,065
Adjustments for:			
Depreciation	10,11	187,400	144,000
Employee benefits		59,800	60,300
Gain on disposal of property, plant and equipment	5	(811)	(8,805)
Unclaimed dividend write back	5	(25,669)	(36,267)
Lease adjustments		2,044	-
Foreign exchange gain	5	31,667	(13,614)
Income tax expense	7(d)	1,220,764	1,355,342
Interest expense	11	19,418	18,370
Interest income earned	5	(60,565)	(17,212)
		5,071,702	5,571,179
Changes in:			
Accounts receivable		(813,231)	(116,382)
Inventories		672,337	(540,806)
Accounts payable		611,081	88,871
Cash generated from operations		5,541,889	5,002,862
Income tax paid		(1,406,934)	(1,217,878)
Net cash provided by operating activities		4,134,955	3,784,984
Cash flows from investing activities			
Investment income received		55,837	30,384
Additions to property, plant and equipment	10	(88,591)	(200,462)
Proceeds from disposal of property, plant and equipment		6,150	13,026
Net cash used by investing activities		(26, 604)	(157,052)
Cash flows from financing activities			
Payment of lease liabilities	11(d)	(60,305)	(49,581)
Dividends and distribution paid	19	(3,786,432)	(4,126,240)
Net cash used by financing activities		(3,846,737)	(4,175,821)
Net increase/(decrease) in cash and cash equivalents before effect of foreign exchange rate changes		261,614	(547,889)
Effect of exchange rate changes on cash and cash equivalents		(31,667)	13,614
Cash and cash equivalents at beginning of year		1,596,071	2,130,346
Cash and cash equivalents at end of year	12	1,826,018	1,596,071

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

Notes to the Financial Statements
March 31, 2023

1. **Identification and principal activity**

Carreras Limited ("the company") is incorporated and domiciled in Jamaica and is listed on the Jamaica Stock Exchange. It is a 50.4% subsidiary of Rothmans Holdings (Caricom) Limited, which is incorporated in St. Lucia. The ultimate parent company is British American Tobacco plc, incorporated in the United Kingdom and listed on the London Stock Exchange. The principal activities of the company are the marketing and distribution of cigarettes.

The address of the principal place of business and the registered office of the company is 13A Ripon Road, Kingston 5, Jamaica.

2. **Statement of compliance and basis of preparation**

(a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Standards) and their interpretations issued by the International Accounting Standards Board, and comply with the provisions of the Jamaican Companies Act.

A summary of significant accounting policies is included in note 21.

(b) Basis of measurement and functional currency:

The financial statements are presented on the historical cost basis unless otherwise indicated in other accounting policies. The financial statements are presented in thousands of Jamaica dollars ($'000), which is the functional currency of the company, unless otherwise stated.

(c) Accounting estimates and judgements:

The preparation of the financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of, and disclosures related to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. The estimates and associated assumptions are based on historical experience and/or various other factors that are believed to be reasonable under the circumstances. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty:

- Employee benefits [see notes 9 and 21(n)]:

  The amounts recognised in the statement of financial position and statement of profit or loss and other comprehensive income for pension and other post-employment benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post-employment obligations and the expected rate of increase in medical costs for post-employment medical benefits.

  Any changes in these assumptions would impact the amounts recorded in the financial statements for these obligations.

CARRERAS A BETTER TOMORROW

Notes to the Financial Statements (Continued)
March 31, 2023

3. Operating revenue

Operating revenue for the group and the company represents the invoiced value of products and services sold and includes special consumption tax aggregating $7,184,184,000 (2022: $6,901,245,000).

4. Cost of goods sold

Cost of goods sold includes cost of raw materials and other related costs and taxes. Inventory write-off recognised in profit or loss is $1,051,000 (2022: $858,000).

5. Other operating income

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Interest income	60,560	17,237	60,565	17,212
Exchange loss	(33,577)	17,831	(31,667)	13,614
Gain on disposal of property, plant and equipment	811	8,805	811	8,805
Unclaimed dividends written back (note 16)	25,669	36,267	25,669	36,267
Miscellaneous income	5,188	103,768	5,170	103,768
	58,651	183,908	60,548	179,666

6. Expense by Nature:

(a) Administrative Expenses:

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Staff costs	342,490	381,517	342,490	381,517
Directors' fees	14,190	9,737	14,109	9,737
Depreciation	110,581	72,491	110,581	72,491
Auditors' remuneration	9,900	9,900	9,900	9,900
Occupancy costs	38,592	41,094	38,592	41,094
Transportation, travel and entertainment	50,297	21,433	50,297	21,433
Legal, professional and consultancy fees	95,982	70,102	95,982	70,102
Technical and advisory fees	184,153	199,192	184,153	199,192
Business support services	145,222	174,230	145,222	174,230
Shared service centre	128,661	42,671	128,661	42,671
Information technology	162,549	144,389	162,549	144,389
Bank charges	46,898	34,642	46,898	34,642
Other expenses	49,762	55,423	49,799	55,395
	1,379,277	1,256,821	1,379,233	1,256,793

6. Expense by Nature continued:

(b) Administrative Expenses:

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Carry forward	1,379,277	1,256,821	1,379,233	1,256,793

(c) Distribution expenses:

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Staff costs	502,012	495,690	502,012	495,690
Depreciation	76,819	71,509	76,819	71,509
Occupancy costs	37,964	34,324	37,964	34,324
Transportation and travel	128,401	119,619	128,401	119,619
Security	102,083	95,034	102,083	95,034
Customer management software	231,821	-	231,821	-
Other expenses	47,911	44,576	47,913	44,576
	1,127,011	860,752	1,127,013	860,752

(d) Marketing expenses:

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Sponsorship	107,096	111,911	107,096	111,911
Promotions	22,938	9,892	22,938	9,892
Product development	8,818	5,026	8,818	5,026
	138,852	126,829	138,852	126,829

		The Group		The Company	
(e)	Employee benefits expense9(i)(e),9(ii)(c)	70,300	71,300	70,300	71,300
	Total administrative, distribution and marketing expenses	2,715,440	2,315,702	2,715,398	2,315,674

7. Income tax

The Group:

(a) Income tax is computed at 25% of the profit for the year, as adjusted for taxation purposes, and is made up as follows:

	2023	2022
	$'000	$'000
Current:		
Provision for charge on current year's profit	1,250,651	1,366,623
Deferred:		
Origination and reversal of temporary differences [note 15(b)]	(29,887)	(11,281)
Income tax expense for the year	1,220,764	1,355,342

7. Income tax (continued)

The Group (continued):

(b) Reconciliation of actual tax charge and effective tax rate:

	2023 $'000	2022 $'000
Profit before income tax	4,856,479	5,428,621
Computed "expected" tax charge at 25%	1,214,120	1,357,155
Taxation difference between profit for financial statements and tax reporting purposes on:		
Tax exempt income	(6,417)	(11,443)
Non-deductible expenses	13,061	9,630
Actual tax charge	1,220,764	1,355,342
Effective tax rate	25.14%	24.97%

(c) At March 31, 2023, taxation losses in subsidiaries, subject to agreement by Tax Administration Jamaica, amounted to approximately $777,748,000 (2022: $777,748,000). These losses may be carried forward indefinitely. The amount that can be utilised in any one assessment year is restricted to 50% of chargeable income (before utilising any prior year losses) of that assessment year.

The Company:

(d) Income tax is computed at 25% of the profit for the year, as adjusted for taxation purposes, and is made up as follows:

	2023 $'000	2022 $'000
Current:		
Provision for charge on current year's profit	1,250,651	1,366,623
Deferred:		
Origination and reversal of temporary differences [note 15(b)]	(29,887)	(11,281)
Income tax expense for the year	1,220,764	1,355,342

(e) Reconciliation of actual tax charge and effective tax rate:

	2023 $'000	2022 $'000
Profit before income tax	4,858,418	5,424,407
Computed "expected" tax charge at 25%	1,214,605	1,356,101
Taxation difference between profit for financial statements and tax reporting purposes on:		
Tax exempt income	(6,417)	(11,443)
Non-deductible expenses	12,576	10,684
Actual tax charge	1,220,764	1,355,342
Effective tax rate	25.13%	24.99%

8. Earnings per ordinary stock unit

Earnings per ordinary stock unit is calculated by dividing the profit for the year attributable to stockholders by the number of ordinary stock units in issue as follows:

	2023	2022
Profit for the year attributable to stockholders	$3,635,715,000	$4,073,279,000
Ordinary stock units in issue	4,854,400,000	4,854,400,000
Earnings per stock unit	74.90 ¢	83.91¢

The company does not have any arrangement that will dilute the earnings per share reported.

9. Employee benefits

The Carreras Group Limited Superannuation Scheme ("the old scheme") was discontinued with effect from December 31, 2006 and is being wound up in accordance with the rules, applicable legislation and subject to the oversight of the Financial Services Commission ("FSC"). Benefit improvements have been agreed for the pensioners, deferred pensioners and active members of the old scheme.

A replacement fund, the Carreras Limited Superannuation Fund ("the new fund") was established with effect from January 1, 2007. The new fund is divided into two sections – a defined benefit (DB) section and a defined contribution (DC) section. The employees who were members of the old scheme are now participating in the DB section of the new fund whilst the individuals employed after December 31, 2006, are participating in the DC section of the new fund.

The liabilities in respect of current pensioners and deferred pensioners, who opted to transfer the value of their pension entitlement in the old scheme to the DB section of the new fund to provide for all future pension payments, have been transferred to the DB section. The liabilities in respect of the active members who became members of the new fund and opted to transfer the total or a part of their past service to the new fund have also been transferred.

Retired employees from the respective funds are entiled to receive an annual pension payment.

Under the DB section, at normal retirement age of 60, the pension payable is equal to 2% of the employee's pensionable earnings during the year prior to retirement or termination of service, multiplied by the number of years of pensionable service (including service credited to the member on transfer from the Scheme). However, the maximum pension is 75% of the member's final earnings after 37½ years of service.

The amounts recognised are computed as follows:

	The Group and the Company	
	2023	2022
	$'000	$'000
Pension benefits	(44,400)	(83,600)
Post employment health and group life insurance benefit	203,900	325,600

Notes to the Financial Statements (Continued)
March 31, 2023

9. Employee benefits (continued)

The amounts recognised are computed as follows:

(i) Pension benefits:

(a) Asset recognised in the statement of financial position:

	The Group and the Company	
	2023	2022
	$'000	$'000
Present value of funded obligations	2,277,300	3,666,000
Fair value of plan assets	(6,081,600)	(6,220,300)
Present value of net obligations	(3,804,300)	(2,554,300)
Unrecognised amount due to asset ceiling	3,759,900	2,470,700
Asset recognised in statement of financial position	(44,400)	(83,600)

(b) Movements in the net asset recognised in the statement of financial position:

	The Group and the Company	
	2023	2022
	$'000	$'000
Net asset at beginning of the year	(83,600)	(92,500)
Contributions paid	(1,000)	(1,200)
Expense recognised in the statement of profit or loss and other comprehensive income	40,200	10,100
Net asset at end of the year	(44,400)	(83,600)

(c) Movements in present value of funded obligation:

	The Group and the Company	
	2023	2022
	$'000	$'000
Balance at start of year	3,666,000	3,632,200
Current service cost	8,300	9,900
Interest cost	285,000	300,300
Re-measurements -		
Loss from change in financial assumptions	(1,458,300)	(58,000)
Members' contributions	500	600
Benefits paid	(224,200)	(219,000)
Balance at end of year	2,277,300	3,666,000

9. Employee benefits (continued)

(i) Pension benefits (continued):

(d) Movements in plan assets:

	The Group and the Company	
	2023	2022
	$'000	$'000
Fair value of plan assets at beginning of the year	6,220,300	6,218,700
Interest income on plan assets	487,900	518,500
Contributions paid	2,500	3,000
Benefits paid	(224,200)	(219,000)
Administrative expenses	(21,600)	(21,400)
Remeasurement loss on assets	(383,300)	(279,500)
Fair value of plan assets at end of the year	6,081,600	6,220,300
Plan assets consist of the following:		
Equities	2,339,000	2,546,600
Pooled pension investments	593,300	617,900
Real property	818,800	729,800
Resale agreements	7,600	84,000
Government and corporate bonds	2,138,200	2,133,500
Net current assets	121,400	108,500
Pooled Money Market Fund	15,800	-
Certificates of deposit	47,500	-
	6,081,600	6,220,300

(e) Expense recognised in profit for the year:

	The Group and the Company	
	2023	2022
	$'000	$'000
Current service costs	7,300	8,700
Interest cost on obligation	285,000	300,300
Interest income on assets	(487,900)	(518,500)
Interest on effect of asset ceiling	197,700	212,000
Administrative expenses	21,600	21,400
	23,700	23,900

(f) Remeasurements recognised in other comprehensive income:

	2023	2022
	$'000	$'000
Change in effect of asset ceiling	1,091,500	(235,300)
Remeasurement loss on plan assets	383,300	279,500
Remeasurement gain on obligation	(1,458,300)	(58,000)
	16,500	(13,800)

9. Employee benefits (continued)

The amounts recognised are computed as follows (continued):

(i) Pension benefits (continued):

(g) Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2023 %	2022 %
Discount rate	13.00	8.00
Future salary increases	6.50	6.00
Future pension increases	5.50	5.00

Assumptions regarding future mortality are based on GAM 94 Tables with ages reduced by five years (2022: five years).

At March 31, 2023, the weighted average duration of the defined benefit obligation (pension fund) was 10 years (2022: 14 years). In addition, the weighted average duration of the defined benefit obligation (medical and life) was 12 years (2022: 18 years).

(h) Sensitivity analysis of principal actuarial assumptions:

	The Group and the Company			
	One-half percentage point increase		One-half percentage point decrease	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Discount rate	(189,400)	(226,000)	166,100	252,600
Salary increases	3,700	5,500	(3,400)	(5,300)
Pension increases	221,500	246,700	(228,300)	(221,300)

(i) Plan assets include ordinary stock units issued by the company with a fair value of $281,836,000 (2022: $307,301,000).

(ii) Post employment health and group life insurance benefits:

(a) Liability recognised in the statement of financial position:

	The Group and the Company	
	2023 $'000	2022 $'000
Present value of future obligations, being liability recognised in statement of financial position	203,900	325,600

9. Employee benefits (continued)

The amounts recognised are computed as follows (continued):

(ii) Post employment health and group life insurance benefits (continued):

(b) Movements in the net liability recognised in the statement of financial position:

	The Group and the Company	
	2023	2022
	$'000	$'000
Net liability at the beginning of the year	325,600	326,100
Benefits paid	(9,500)	(9,800)
Income/(expense) recognised in the statement of profit or loss and other comprehensive income	(112,200)	9,300
Net liability at the end of the year	203,900	325,600

(c) Expense recognised in profit for the year:

	The Group and the Company	
	2023	2022
	$'000	$'000
Current service costs	19,400	18,500
Interest on obligation	27,200	28,900
	46,600	47,400

(d) Remeasurements recognised in other comprehensive income:

	The Group and the Company	
	2023	2022
	$'000	$'000
Remeasurement (gain)/loss on obligation	(158,800)	(38,100)

(e) Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2023	2022
	%	%
Discount rate	13.00	8.00
Annual increase in health-care cost	7.50	7.00
Salary increase	6.50	6.00

Actuarial assumptions regarding mortality, inflation, etc., follows the same basis on those outlined in note 9(i)(g).

Notes to the Financial Statements (Continued)
March 31, 2023

9. Employee benefits (continued)

The amounts recognised are computed as follows (continued):

(ii) Post employment health and group life insurance benefits (continued):

(f) Sensitivity analysis of principal actuarial assumptions:

	The Group and the Company			
	One percentage point increase		One percentage point decrease	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Discount rate	(20,500)	(25,900)	25,200	29,800
Health-care cost increases	24,700	26,200	(20,100)	(29,100)
Salary increases	6,200	3,500	5,600	3,300

Impact on post-employment obligation of a one year increase/decrease in life expectancy:

The post-employment obligation would increase by about $45,500,000 (2022: $104,700,000) or decrease by about $46,500,000 (2022: $105,000,000). In addition, the post-employment obligation (medical and life) would increase by about $4,800,000 (2022: $10,900,000) or decrease by about $4,800,000 (2022:$10,800,000).

(iii) Employee benefits expenses:

Expense recognised in profit for the year:

	The Group and the Company	
	2023	2022
	$'000	$'000
Salaries and related expenses	715,211	759,888
Statutory contributions	72,640	71,870
Contribution to defined contribution	30,902	31,200
Pension benefits note 9(i)(e)	23,700	23,900
Post employment health and group life note 9(ii)(c)	46,600	47,400
	889,053	934,258

Notes to the Financial Statements (Continued)
March 31, 2023

10. Property, plant and equipment

The Group and The Company:

	Freehold land, buildings and leaseholds $'000	Work-in-progress $'000	Motor vehicle $'000	Machinery, furniture, equipment $'000	Total $'000
Cost:					
March 31, 2021	264,309	28,299	373,423	300,910	966,941
Additions	7,185	180,192	13,016	69	200,462
Transfers	34,755	(160,658)	95,575	30,328	-
Disposals	-	(2,511)	(27,583)	-	(30,094)
March 31, 2022	306,249	45,322	454,431	331,307	1,137,309
Additions	2,059	42,889	42,444	1,199	88,591
Transfers	7,321	(62,305)	24,851	30,133	-
Disposals	(4,093)	-	(21,585)	-	(25,678)
March 31, 2023	311,536	25,906	500,141	362,639	1,200,222
Depreciation:					
March 31, 2021	110,551	-	199,704	213,665	523,920
Charge for the year	26,647	-	56,003	23,169	105,819
Eliminated on disposals	-	-	(25,873)	(-)	(25,873)
March 31, 2022	137,198	-	229,834	236,834	603,866
Charge for the year	28,258	-	84,229	29,768	142,255
Eliminated on disposals	(396)	-	(19,943)	(-)	(20,339)
March 31, 2023	165,060	-	294,120	266,602	725,782
Net book values:					
March 31, 2023	146,476	25,906	206,021	96,037	474,440
March 31, 2022	169,051	45,322	224,597	94,473	533,443

Freehold land, buildings and leaseholds for the group and the company include freehold land in the amount of $700 (2022: $700).

11. Leases

The Group and The Company:

The group and the company leases property and motor vehicles. The leases typically run for 3 to 10 years, with options to renew. Some leases may have options for periodic rate adjustments to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.. The group and the company has elected not to recognise right-of-use assets and lease liabilities for leases that are short- term and/or leases of low-value items.

11. Leases (continued)

The Group and The Company:

Information about leases for which the group is a lessee is presented below.

(a) Right-of-use assets

	Lease on Motor vehicle $'000	Leasehold land and buildings $'000	Total $'000
Cost			
Balance at March 31, 2021, 2022	-	370,371	370,371
Additions	50,937	-	50,937
Decommission	-	(6,829)	(6,829)
Balance at March 31, 2023	50,937	363,542	414,479
Depreciation			
Balances at March 31, 2021	-	104,320	104,320
Charge for the year	-	38,181	38,181
Balances at March 31, 2022	-	142,501	142,501
Charge for the year	8,490	36,655	45,145
Depeciation on decommission	-	(4,785)	(4,785)
Balance at March 31, 2023	8,490	174,371	182,861
Net book values:			
Balance at March 31, 2023	42,447	189,171	231,618
Balance at March 31, 2022	-	227,870	227,870

(b) Lease liabilities

Maturity analysis – contractual undiscounted cash flows:

	2023 $'000	2022 $'000
Less than one year	48,853	49,484
One to five years	209,257	211,129
More than five years	71,707	68,075
	329,817	328,688
Less: future interest	(61,419)	(70,340)
Total discounted lease liabilities at March 31	268,398	258,348
Less: current portion	(34,597)	(33,000)
Non-current	233,801	225,348

(c) Amounts recognised in profit or loss

	2023 $'000	2022 $'000
Interest on lease liabilities	19,418	18,370
Expenses relating to short-term leases	15,525	9,764

11. Leases (continued)

The Group and The Company:

(d) Amounts recognised in the statement of cash flows

	2023 $'000	2022 $'000
Total cash outflow for leases	60,305	49,581

(e) Extension options

Some property leases contain extension options exercisable by the group up to one year before the end of the non-cancellable contract period. Where deemed appropriate, the group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the group and not by the lessors. The group and the company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The group and the company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The group and the company have estimated that potential future lease payments, should it exercise extension options in these leases, would result in an increase in lease liability of Nil (2022: $33,140,000).

12. Cash and cash equivalents

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Demand and call deposits	1,926,039	1,698,031	1,826,018	1,596,071

The group and the company has given guarantees in the ordinary course of business under banking arrangements in favour of the Collector of Customs in the amount of $1,561,000,000 (2022: $1,286,000,000).

13. Accounts receivable

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Trade accounts receivable	2,017,573	1,146,693	2,017,573	1,146,693
Interest and other investment income receivable	6,155	1,427	6,155	1,427
Prepayments	193,236	174,161	193,236	174,161
Related parties(see also note 17)	59,737	30,013	59,737	30,013
General consumption tax recoverable	-	62,401	-	62,401
Other receivables and advances:				
Other	27,776	50,661	27,919	50,804
	2,304,477	1,465,356	2,304,620	1,465,499
Less: Allowance for impairment losses	(25,540)	(4,378)	(25,540)	(4,378)
	2,278,937	1,460,978	2,279,080	1,461,121

During the year, net bad debts recognised in profit or loss aggregated $22,068,097 (2022: $3,472,000) for the group and the company.

13. Accounts receivable (continued)

Allowances for doubtful accounts are determined upon origination of the trade accounts receivable based on a model that calculates the expected credit loss ("ECL") of the trade accounts receivable and are recognised over their term.

Under this ECL model, the group and the company uses accounts receivable based on days past due and determines an average rate of ECL, considering actual credit loss experience over the last 12 months and analysis of future delinquency, that is applied to the balance of the accounts receivable. A weighted average ECL rate is used as at March 31, 2023 to apply against the accounts receivable balance (see note 18).

14. Share capital

	2023 $'000	2022 $'000
Authorised:		
4,854,400,000 (2021: 4,854,400,000) ordinary shares of no par value		
Stated:		
Issued and fully paid:		
4,854,400,000 (2021: 4,854,400,000) stock units of no par value	121,360	121,360

Holders of these shares are entitled to dividend distributions as declared from time to time and are entitled to one vote per share at general meetings of the company.

15. Deferred tax asset/(liability)

(a) Deferred tax assets and liabilities are attributable to the following:

The Group and the Company :

	2023					
	Assets		Liabilities		Net	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Accounts payable	3,925	3,812	-	-	3,925	3,812
Property, plant and equipment	26,868	19,230	-	-	26,868	19,230
Leases, net	15,571	7,608	-	-	15,571	7,608
Employee benefits	50,975	81,400	(11,100)	(20,900)	39,875	60,500
Accounts receivable	-	853	(1,539)	(356)	(1,539)	497
Unrealised foreign exchange loss	-	-	(465)	(1,724)	(465)	(1,724)
Deferred tax asset/(liability)	97,339	112,903	(13,104)	(22,980)	(84,235)	89,923

(b) Movements in temporary differences during the year are as follows:

The Group and the Company:

	2023			
	Opening balance $'000	Recognised in OCI $'000	Recognised in profit or loss [note 7(d)] $'000	Closing balance $'000
Accounts payable	3,812	-	113	3,925
Property, plant and equipment	19,230	-	7,638	26,868
Employee benefits	60,500	(35,575)	14,950	39,875
Leases, net	7,608	-	7,963	15,571
Accounts receivable	497	-	(2,036)	(1,539)
Unrealised foreign exchange (loss)/gain	(1,724)	-	1,259	(465)
	89,923	(35,575)	29,887	84,235

15. Deferred tax asset/(liability) (continued)

(b) Movements in temporary differences during the year are as follows:

The Group and the Company:

	2022			
	Opening balance $'000	Recognised in OCI $'000	Recognised in profit or loss [note 7(d)] $'000	Closing balance $'000
Accounts payable	3,861	-	(49)	3,812
Property, plant and equipment	21,631	-	(2,401)	19,230
Employee benefits	58,400	(12,975)	15,075	60,500
Leases, net	5,877	-	1,731	7,608
Accounts receivable	(2,211)	-	2,708	497
Unrealised foreign exchange (loss)/gain	4,059	-	(5,783)	(1,724)
	91,617	(12,975)	11,281	89,923

(c) The group has not recognised a deferred tax asset arising in subsidiaries amounting to $194,370,000 (2022: $194,370,000) in respect of unutilised tax losses of subsidiaries because it is not probable that the subsidiaries will have sufficient taxable profits in the foreseeable future to realise this benefit [see note 7(c)].

16. Accounts payable

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Trade accounts payable	40,665	52,313	40,665	52,313
General consumption tax payable	106,426	-	106,426	-
Related parties (see also note 17)	177,074	227,083	177,074	227,083
Employee related	42,308	60,017	42,308	60,017
Unclaimed dividends*	469,612	456,527	469,612	456,527
Corporate credit card	926,241	451,814	926,241	451,814
Other	341,794	270,954	341,794	270,954
	2,104,120	1,518,708	2,104,120	1,518,708

*Article 117 of the Articles of Association provides that dividends declared after the date of adoption of this Article, which remain unclaimed after a period of twelve years from the date of declaration, shall be forfeited and revert to the company (see also note 5).

CARRERAS A BETTER TOMORROW

Notes to the Financial Statements (Continued)
March 31, 2023

17. Related party transactions and statutory disclosures

a) The financial statements include the following transactions with related parties in the ordinary course of business: within the profit and loss.

The Company:

	2023 $'000	2022 $'000
Royalties paid to fellow subsidiary	46,499	33,899
Purchases from fellow subsidiary – cigarettes	969,352	833,928
Technical fees paid to ultimate parent company	184,153	199,192
Technical fees and business support services paid to fellow subsidiary	262,950	174,230
IT support fees paid to fellow subsidiary	371,985	187,060
Pension schemes:		
Dividends	26,842	29,250
Directors' remuneration:		
Fees	14,190	9,787
Management remuneration	86,495	67,547
Key management personnel:		
Short-term employee benefits	147,533	189,463
Post-employment benefits	300	400

b) Due from related companies (note 13)

	2023 $'000	2022 $'000
Service recharges:		
Fellow subsidiaries:		
RAI Services Company	7,900	-
Imperial Tobacco Company Limited	678	678
The West Indian Tobacco Comapany Limited	24,994	-
British American Tobacco Colombia S.A.S.	5,677	5,677
British American Tobacco Exports Limited	10,564	23,658
Demerara Tobacco Company Limited	678	-
British American Tobacco Ltd	9,246	-
	59,737	30,013

c) Due to fellow subsidiaries (note 16)

	2023 $'000	2022 $'000
Inventory supplies:		
The West Indian Tobacco Comapany Limited	67,351	220,574
Tabacalera Hondureña S.A.	-	421
Recharges:		
BASS Americas S.	-	47
British American Tobacco Exports Limited	7,290	5,573
British-American Tobacco (Holdings) Limited	-	468
British American Tobacco Servicios, S.A. DE C.V. (IT support)	102,433	-
	177,074	227,083

All related party balances are unsecured, interest free and repayable within 12 months of the reporting date. No expected credit loss is recognised on balances due from related companies.

18. Financial instruments and risk management

The group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's and the company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the group's and the company's risk management framework. Senior management has responsibility for monitoring the group's risk management policies and report to delegates of the Board of Directors on its activities, on a monthly basis.

The risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies are reviewed on a regular basis and reflect changes in market conditions and the group's activities.

(i) Credit risk:

Credit risk is the risk of loss arising from a counterparty to a financial contract failing to discharge its obligations, and arises principally from the group's receivables from customers, cash and investment securities.

The maximum exposure to credit risk at the reporting date is represented by the carrying value of its financial assets.

Trade receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has established a credit policy under which each customer is analysed for creditworthiness prior to being offered a credit facility. Each customer is given a credit period which represents the maximum time allowed for having balances outstanding; these are reviewed monthly. Management has procedures in place to restrict customer orders if the customers have not cleared outstanding debts within the credit period. Customers that fail to meet the group's benchmark creditworthiness may transact business with the group on a cash basis.

The group's average credit period on the sale of goods is 28 days for certain established large (wholesale) customers and 7 days for other (retail) customers. Credit risk is monitored according to each customer's characteristics, such as whether it is an individual or company, its geographic location, industry, aging profile and financial history.

18. Financial instruments and risk management (continued)

(i) Credit risk (continued):

The group and company uses an allowance matrix to measure expected credit losses (ECLs) in respect of trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

The following table provides information about the exposure to credit risk and ECL for trade receivables as at March 31:

	The Group and the Company 2023			
Age categories	Weighted average loss rate	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Current (not past due)	0.28%	1,662,098	4,615	No
1 - 30 days	1.2%	47,055	576	No
31-60 days	2.48%	29,968	743	No
61-90 days	5.43%	185,301	10,070	No
91-180 days	10.83%	76,896	8,334	No
Over 180 days	7.39%	16,255	1,202	Yes
		2,017,573	25,540	

	The Group and the Company 2022			
Age categories	Weighted average loss rate	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Current (not past due)	0.11%	1,009,130	1,092	No
1 - 30 days	1.14%	133,073	1,513	No
31-60 days	12.13%	3,957	480	No
61-90 days	0%	-	-	No
91-180 days	66.67%	279	186	No
Over 180 days	78.74%	254	200	Yes
		1,146,693	3,472	

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	The Group and the Company 2023 $'000	2022 $'000
Balance at 1 April	3,472	7,558
Impairment loss recognised/(reversed)	22,068	(3,181)
Bad debts recovered	-	(905)
Balance at 31 March	25,540	3,472

18. Financial instruments and risk management (continued)

(i) Credit risk (continued):

Cash and cash equivalents

Management has an investment policy in place and the group's and the company's exposure to credit risk is monitored on an ongoing basis. Cash and cash equivalents are held with reputable financial institutions. Credit risk is considered to be low. The allowance for impairment is immaterial.

(ii) 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 holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(a) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

At the reporting date the interest profile of the company's and the group's interest-bearing financial instruments was:

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Fixed rate instruments:				
Cash and cash equivalents	1,065,244	809,022	965,348	706,617

(b) Foreign currency risk:

The group incurs foreign currency risk primarily on purchases that are denominated in a currency other than the Jamaica dollar. The principal foreign currency risks of the group, represented by balances in the respective currencies, are as follows:

The Group:

	2023		2022	
	US$ '000	GBP (£) '000	US$ '000	GBP (£) '000
Cash and cash equivalents	2,379	-	3,374	-
Related party receivables	113	-	92	30
Related party payables	(1,148)	-	(1,448)	(3)
Other payables	(18)	-	(42)	-
Exposure, net	1,326	-	1,976	27

18. Financial instruments and risk management (continued)

(ii) Market risk (continued):

(b) Foreign currency risk (continued):

The Company:

	2023		2022	
	US$ '000	GBP (£) '000	US$ '000	GBP (£) '000
Cash and cash equivalents	1,713	-	2,708	-
Related party receivables	113	-	92	30
Related party payables	(1,148)	-	(1,448)	(3)
Other payables	(18)	-	(42)	-
Exposure, net	660	-	1,310	27

Sensitivity analysis

Strengthening or weakening of the currencies against the Jamaica dollar would have increased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

The Group:

	2023 Increase/(decrease) in profit		2022 Increase/(decrease) in profit	
	4% Strengthening $'000	1% Weakening $'000	4% Strengthening $'000	2% Weakening $'000
US ($)	7,954	(1,989)	24,159	(6,039)
GBP (£)	-	-	428	(107)

The Company:

	2023 Increase/(decrease) in profit		2022 Increase/(decrease) in profit	
	4% Strengthening $'000	1% Weakening $'000	4% Strengthening $'000	2% Weakening $'000
US ($)	3,959	990	16,016	(4,004)
GBP (£)	-	-	428	(107)

Exchange rates, in terms of Jamaica dollars, were as follows:

	US$	£
At March 31, 2023:	149.9642	184.3452
At March 31, 2022:	152.8316	198.2163

18. Financial instruments and risk management (continued)

(iii) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity problems may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and ensuring the availability of funding through an adequate amount of committed facilities. The group manages its liquidity risk by maintaining a substantial portion of its financial assets in highly liquid assets.

The contractual outflows as at March 31, 2023 and 2022 for trade accounts payable, General Consumption Tax payable, due to related parties, employee related payables, unclaimed dividends and other payables are represented by their carrying amounts and will require settlement within 12 months of the reporting date.

(iv) Capital management:

The group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders. The Board of Directors monitors the return on capital, which the group defines as net operating income divided by total shareholders' equity.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the group's approach to capital management during the year. Also, the group is not exposed to any externally imposed capital requirements.

(v) Fair value disclosure:

Due to their short term nature, the amounts reflected in the financial statements for cash and cash equivalents, accounts receivable, related party balances, and accounts payable are considered to approximate to their fair values. Additionally, the cost of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realisation or discounts on settlement.

19. Dividends and distributions

	2023 $'000	2022 $'000
Declared and paid:		
First quarter ended June 30, 2022:		
Ordinary – 23¢ (2021: 25¢)	1,116,512	1,213,600
Second quarter ended September 30, 2022:		
Ordinary – 13¢ (2021: 16¢)	631,072	776,704
Third quarter ended December 31, 2022 :		
Ordinary – 19¢ (2021: 21¢)	922,336	1,019,424
Fourth quarter ended March 31, 2023:		
Ordinary – 23¢ (2022: 23¢)	1,116,512	1,116,512
Total dividends to stockholders	3,786,432	4,126,240

20. Investment in subsidiaries

This represents costs of investment in subsidiaries as at the reporting period.

The subsidiary companies, all of which are incorporated in Jamaica, are as follows:

Name of company	Principal activity	Percentage of ordinary shares held by Company 2023 %	Company 2022 %	Subsidiary 2023 %	Subsidiary 2022 %
Sans Souci Development Limited and its subsidiary,	Dormant	100.00	100.00	-	-
Sans Souci Limited	Dormant	-	-	100.00	100.00

21. Significant accounting policies

Certain new and amended standards and interpretations came into effect during the current financial year. The group has assessed them and has adopted those which are relevant to its financial statements. The adoption did not result in any changes to the amounts recognised or disclosed in these consolidated financial statements.

Set out below is an index of the significant accounting polices, the details of which are available on the pages that follows:

21. Significant accounting policies (continued)

(a) Basis of consolidation:

Subsidiaries are entities controlled by the company. Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidated financial statements combine the financial position of the company and its subsidiaries as at March 31, 2023 and their results of operations and cash flows for the year then ended, after eliminating significant intra-group amounts. The company and its subsidiaries are collectively referred to in the financial statements as "the Group".

(b) Cash and cash equivalents:

Cash comprises cash in hand and demand and call deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes. The amounts included are short-term fixed deposits.

(c) Accounts receivable:

Trade and other receivables are measured at amortised cost, less impairment losses [see note 21(o)].

(d) Accounts payable:

Accounts payable are measured at amortised cost.

A provision is recognised in the statement of financial position when the group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be estimated reliably. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(e) Inventories:

Inventories comprising finished products are measured at the lower of cost, determined principally on the weighted average cost basis, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

(f) Investment in subsidiaries:

The company's investment in subsidiaries is measured at cost less impairment.

Notes to the Financial Statements (Continued)
March 31, 2023

21. Significant accounting policies (continued)

(g) Related parties:

A related party is a person or company that is related to the entity which is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

(i) A person or a close member of that person's family is related to a reporting entity if that person:

(a) has control or joint control over the reporting entity;

(b) has significant influence over the reporting entity; or

(c) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(ii) An entity is related to a reporting entity if any of the following conditions applies:

(a) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(c) Both entities are joint ventures of the same third party.

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(e) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(f) The entity is controlled, or jointly controlled, by a person identified in (i).

(g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(ii) An entity is related to a reporting entity if any of the following conditions applies (continued):

(h) The entity or any member of a group of which it is a part, provides key management services to the entity.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

The company has related party relationships with its ultimate parent company, British American Tobacco plc (BAT) and other subsidiaries and affiliates of the BAT Group, its subsidiaries, directors and key management personnel and companies with common directors, and its pension schemes. "Key management personnel" comprises the group's leadership team which includes executive directors and specified senior officers.

21. Significant accounting policies (continued)

(h) Property, plant and equipment:

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied in the part will flow to the group and its cost can be reliably measured.

The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

With the exception of freehold land and work-in-progress, on which no depreciation is provided, property, plant and equipment are depreciated on the straight-line basis over the estimated useful lives of such assets, at the following annual rates:

Buildings	1.4% to 2.5%
Leasehold improvements	8% to 11%
Right-of-use-assets	9% to 14% and 63%
Machinery, furniture and equipment	3.3% to 33.3%
Motor vehicles	20% to 33.3%

The depreciation methods, useful lives and residual values are reassessed annually at each reporting date.

(i) Income tax:

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

(i) Current income tax:

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to income tax payable in respect of previous years.

(ii) Deferred income tax:

Deferred income tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates substantially enacted at the reporting date.

21. Significant accounting policies (continued)

(i) Income tax (continued):

(ii) Deferred income tax (continued):

Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit or loss

- Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and

- Taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

(j) Foreign currencies:

Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. The group's monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Jamaica dollars at the rates of exchange ruling at that date. Gains and losses arising from fluctuations in exchange rates are included in profit or loss.

(k) Revenue recognition:

Performance obligations and revenue recognition policies:

Revenue is measured based on the consideration specified in a contract with a customer. The group recognises revenue when it transfers control over a good or service to a customer.

Nature and timing of satisfaction of performance obligations, including significant payment terms

Revenue is recognised at a point in time in the amount of the price before tax on sales expected to be received by the group for the supply of goods, as contractual performance obligations are fulfilled,when the goods are delivered and have been accepted by the customers.

Invoices are usually payable within 7 to 45 days.

21. Significant accounting policies (continued)

(l) Other operating income:

Other operating income is mainly comprised of interest income, gains on disposal of property, plant and equipment and refund of pension surplus.

(m) Leases:

At inception of a contract, the group 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 group uses the definition of a lease in IFRS 16.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the group by the end of the lease term or the cost of the right-of-use asset reflects that the group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the scheduled lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

The group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencementdate;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain to terminate early.

21. Significant accounting policies (continued)

(m) Leases (continued):

i. As a lessee (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, if the group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(n) Employee benefits:

Employee benefits comprising pensions and other post-employment assets and obligations included in these financial statements have been actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuations are conducted in accordance with IAS 19, and the financial statements reflect the group's and the company's post-employment benefits assets and obligations as computed by the actuary.

(i) Pension assets:

The company and its subsidiaries are participating employers in a pension scheme, the assets of which are held separately from those of the group, and remain under the full control of the appointed trustees.

The group's net obligation in respect of its defined benefit pension scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of any scheme assets is deducted. To the extent that the obligation is less than the fair value of scheme assets, the asset recognised is restricted to the discounted value of unconditional future benefits available to the group in the form of any future refunds from the scheme or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements. The discount rate applied is the yield at the reporting date on long-term government instruments that have maturity dates approximating the terms of the group's obligation. The calculation is performed by a qualified actuary using the projected unit credit method.

21. Significant accounting policies (continued)

(n) Employee benefits (continued):

(i) Pension assets (continued):

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The company determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Obligations for contributions to defined contribution pension schemes are recognised as an expense in profit or loss as incurred.

(ii) Other post-retirement health and group life insurance benefits:

The group provides post-retirement health care and group life insurance benefits, which are not entitlements, to certain of its retirees. These benefits are usually conditional upon the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans and the present value of future benefits at the reporting date is shown as an obligation on the statement of financial position.

Actuarial gains and losses are recognised in a manner similar to the defined benefit pension plan.

(iii) Other employee benefits:

Employee leave entitlements are recognised as they accrue to employees. A provision is made for the estimated liability for vacation and sick leave, as a result of services rendered by employees up to the reporting date.

(o) Impairment:

Financial assets

The group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The company measures loss allowances at an amount equal to lifetime ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

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 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 such as inflation, GDP, unemployment and foreign exchange.

21. Significant accounting policies (continued)

(o) Impairment (continued):

Financial assets (continued)

The company assumes that the credit risk on financial assets has increased significantly if it is more than 90 days past due.

The company recognises loss allowances for ECLs and considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to action such as realising security if any is held; or

- the financial asset is more than 180 days past due.

Life-time ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised costs are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

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

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is the case when the company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

21. Significant accounting policies (continued)

(o) Impairment (continued):

Financial assets (continued)

Write-off (continued)

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.

Non- financial assets

The carrying amount of the group and company's non-financial assets (other than inventories and deferred tax asset) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

(p) Determination of profit or loss:

Profit is determined as the difference between the revenues from the goods and services rendered and the costs and other charges incurred during the year. Profits on transactions are taken in the year in which they are realised. A transaction is realised at the moment of delivery. Losses are taken in the year in which they are realised or determinable.

(q) Segment reporting:

A segment is a distinguishable component of the group that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The group's activities are limited to the distribution of cigarettes to Jamaican consumers, operating in a single segment. As such no additional segment information is provided.

(r) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of these financial statements, financial assets have been determined to include cash and cash equivalents and accounts receivable. Similarly, financial liabilities mainly comprise accounts payable.

21. Significant accounting policies (continued)

(r) Financial instruments (continued):

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

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.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Amortised cost represents the net present value ("NPV") of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents
- Trade and other receivables

Due to their short-term nature, the group initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

21. Significant accounting policies (continued)

(r) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Financial assets – Business Model assessment (continued)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

The group's objective is to hold financial assets to collect contractual cash flows. In assessing whether the contractual cash flows are solely payments of principal and interest, the group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial liabilities

All financial liabilities are recognised initially at fair value and in the case of borrowings, plus directly attributable transaction costs. The group's financial liabilities, which mainly comprise accounts payables is recognised initially at fair value.

Financial assets and liabilities – Subsequent measurement and gains and losses

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in the individual policy statements associated with each item.

(iii) Derecognition

Financial assets

The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the asset.

The group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

21. Significant accounting policies (continued)

(r) Financial instruments (continued):

(iii) Derecognition (continued)

Financial liabilities

The group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(s) Fair value:

Definition of fair value:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument.

Determination of fair value:

The group's financial instruments lack an available trading market. The fair value of all financial instruments included in current assets and current liabilities are considered to approximate their carrying values, due to their short-term nature. The fair values of amounts due from and due to subsidiary companies are assumed to approximate carrying values.

(t) Dividends and distributions:

Dividends and distributions are recognised in the period in which they are declared.

22. New and amended standards issued but not yet effective

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year and which the group has not early-adopted. The group has assessed them with respect to its operations and has determined that the following are relevant:

- Amendments to IAS 1 Presentation of Financial Statements are effective for annual periods beginning on or after January 1, 2023 and may be applied earlier. The amendments help companies provide useful accounting policy disclosures.

  The key amendments to IAS 1 include:

  - requiring companies to disclose their *material* accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

22. New and amended standards issued but not yet effective (continued):

- Amendments to IAS 1 Presentation of Financial Statements (continued)

  The key amendments to IAS 1 include (continued):

  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments are consistent with the refined definition of material:

  "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

  The group is assessing the impact that this amendment will have on its 2024 financial statements.

- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after January 1, 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

  Under existing IAS 1 requirements, entities classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Instead of the requirement for a right of deferral to be "unconditional", the standard requires that a right to defer settlement must have "substance" and exist at the end of the reporting date. An entity classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting date. It has also been clarified that a right to defer exists only if the entity is in compliance with conditions specified in the loan agreement at the reporting date, even if the lender does not test compliance until a later date.

  The group is assessing the impact that this amendment will have on its 2024 financial statements

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy

  Developing an accounting estimate includes both:

  - selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 *Financial Instruments*; and
  - choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

  The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

  The group is assessing the impact that this amendment will have on its 2024 financial statements.

22. New and amended standards issued but not yet effective (continued):

- Amendments to IAS 12 *Income Taxes* are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

  The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

  For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

  For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

  The group is assessing the impact that this amendment will have on its 2024 financial statements

NOTES

CARRERAS LIMITED
ANNUAL GENERAL MEETING

Form of Proxy

I/We...

of...

being a Member/Members of Carreras Limited hereby appoint

....

of ....

or failing him/her...

of...

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on **Thursday, September 14, 2023** at **2:00 p.m**

and at any adjournment thereof.

SIGNED this................day of...2023.

SIGNATURE OF SHAREHOLDER ....

RESOLUTIONS	FOR	AGAINST
1		
2		
3		
4 (a) (i)		
4 (a) (ii)		
4 (b)		
5		
6		

Place stamp here $100

NOTE:

1. Where a proxy is appointed by a corporate member, this form should be executed under seal. A Proxy need not be a member of the Company.
2. To be valid, the form of proxy must be completed and deposited with the Registrar and Transfer Office: Sagicor Bank Jamaica Limited, Group Legal Trust & Corporate Services, 28 – 48 Barbados Avenue, Kingston 5 not less than 48 hours (excluding non-business days) before the time fixed for holding the Meeting.
3. The form of proxy should bear stamp duty of $100.00. The stamp duty may be paid by adhesive stamps which should be affixed to this Form.