



CARRERAS
A BETTER TOMORROW



2025 ANNUAL REPORT

FORWARD
FOCUSED... FUTURE READY



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Notice of Annual General Meeting

Notice is hereby given that the Sixty-Third Annual General Meeting of the Stockholders of CARRERAS LIMITED will be held at the AC Hotel, 38-42 Lady Musgrave Road, Kingston, on Thursday, June 11, 2026 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 December 31, 2025.

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 December 31, 2025, be and are hereby adopted."

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

To consider and (if thought fit) pass the following Resolution: "THAT KPMG, Chartered Accountants, having signified their willingness to serve, continue in office as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

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 December 31, 2025, for emoluments received by the Non-Executive Directors for their services as Directors be and is hereby approved."

4. To elect Directors

- (a) Mr. Patrick Smith and Mr. Paul Hanworth 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. Patrick Smith be and is hereby re-elected a Director of the Company."
- ii. "THAT Mr. Paul Hanworth be and is hereby re-elected a Director of the Company."

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.

- (b) Mr Ivan Hurtado and Mr Andrey Kornilov were appointed as Directors of the Company by the Board since the last Annual General Meeting, having been appointed to fill casual vacancies, and, being eligible, now offer themselves for election.

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

- i. "THAT Mr. Ivan Hurtado be and is hereby elected a Director of the Company."
- ii. "THAT Mr. Andrey Kornilov 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 \$0.54 paid on March 11, 2025; \$0.26 paid on June 18, 2025; \$0.34; paid on September 16, 2025; and \$0.35 paid on December 18, 2025, making a total of \$1.49 for the year, be and are hereby ratified."

By Order of the Board



Imega Breese McNab
Company Secretary
Registered Office: 8 Automotive Parkway, Kingston.
April 21, 2026

To be valid, the form of proxy must be completed and deposited with the Registrar and Transfer Office: Sagcor 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.

BUILDING ON OUR LEGACY
Strong Legacy and Values

Overview of Carreras

Carreras Limited is a Jamaica-based, publicly listed company and the leading marketer and distributor of cigarettes and nicotine products in the country. Established in 1962 and headquartered in Kingston, the company operates within the consumer goods sector, with a primary focus on nicotine. It is majority-owned by British American Tobacco, which positions Carreras as part of a global network while maintaining a strong local presence through its listing on the Jamaica Stock Exchange.

The company's core business revolves around the importation, marketing, and distribution of a wide portfolio of cigarette and nicotine products across Jamaica. Carreras' brand portfolio includes internationally recognized names such as Craven A, Dunhill, Rothmans, Pall Mall, and Matterhorn, along with reduced-risk products like Vuse vapour devices. The company primarily functions as a distribution and brand management entity, leveraging global supply chains and the marketing expertise of its parent company.

Carreras' relationship with British American Tobacco provides access to international research, innovation, and a well established supply network. This connection also supports strong corporate governance practices and allows the company to align with global strategic priorities, including growth, operational efficiency, regulatory compliance, and organizational performance. These pillars guide the company's approach to maintaining market leadership in a competitive and highly regulated industry.

Historically, Carreras has evolved significantly since its origins, which trace back to earlier tobacco operations in Jamaica linked to its UK parent. While the company once diversified into sectors such as tourism, manufacturing, and printing, it has since streamlined its operations to focus primarily on its core nicotine business. This strategic shift has enabled greater efficiency and a clearer market position.

Within Jamaica, Carreras plays an important economic role through employment, tax contributions, and the payment of substantial excise duties on tobacco products. At the same time, it operates within a challenging environment shaped by strict government regulation, increasing public health awareness, and the ongoing issue of illicit trade. Despite these pressures, the company continues to maintain a strong presence and position within the local market.



Renderings of Carreras' New Business Hub at Automotive Parkway, Ferry.

OUR APPROACH

Vision

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

Strategy

To create shareholder value, deliver profit growth and long-term business sustainability. The four pillars of this strategy are Growth, Productivity, Sustainability and 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. We continue to develop and utilize innovative, differentiated products and offer our consumers added value from our brands.

Productivity

The Company's overall approach to productivity is the effective utilization of our global resources to increase profits and generate funds for reinvesting.

Sustainability

We will continue to balance our commercial objectives to ensure a sustainable business that meets the expectations of stakeholders.

Winning Organization

To achieve our vision, we employ the right people and make Carreras a great place to work.

OUR VALUES



TRULY
INCLUSIVE

Truly inclusive

We embrace diversity and celebrate our differences

We are curious and safeguard the right to say what you think

We debate constructively yet progress together



DO THE
RIGHT
THING

Do the right thing

We act with integrity to achieve results

We care about our impact on society and our planet

We are thoughtful in our decision making



LOVE
OUR
CONSUMER

Love our consumer

We understand the consumer better than anyone

We are obsessed with innovation and our brands

We have the courage to test, fail fast, and learn to improve



PASSION
TO WIN

Passion to win

We equally Value "How" and "What", and go the extra mile for success

We prioritise effectively and act like owners of our business

We own our purpose with determination and resilience



EMPOWERED
THROUGH
TRUST

Empowered through trust

We start with trust and believe in each other

We ensure decisions are made at the right level

We understand that empowerment comes with accountability



STRONGER
TOGETHER

Stronger together

We pull together as one team, through good and bad

We collaborate beyond borders and functions

We help each other grow and succeed

Our Policies and Principles

Our Marketing Principles

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

1. Our marketing will be responsible, accurate and not misleading
2. Our marketing will be directed at adult consumers
3. 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 of Business Conduct (SoBC) set out the high standards of integrity that British American Tobacco (BAT) expects everyone working for or on behalf of BAT to follow. The SoBC is a mandatory global policy and provides practical guidance to support employees in making appropriate decisions and judgments in the course of their work. The SoBC is underpinned by a safe and trusting culture where people feel able to Speak Up and raise concerns in confidence, without fear of retaliation.

The SoBC covers key conduct and compliance areas and, in the 2025 update (effective 1 April 2025), strengthens and clarifies expectations in several topics. Updates include reinforcing that encouraging others to commit wrongdoing is a breach (Speak Up), requiring disclosure of both actual and perceived conflicts of interest, clarifying that approving improper gifts or payments (or encouraging others to do so) is a breach (Anti-Bribery and Corruption), updating governance and approvals for exceptional travel support to Public Officials (Lobbying and Engagement), clarifying that external legal advice for political contributions must be in writing, strengthening requirements to protect BAT records and IT systems (including in areas such as cybersecurity and responsible use of data and AI), reinforcing zero tolerance for conduct intended to breach, circumvent, or evade sanctions (and updating related definitions), expanding the scope from "illicit tobacco trade" to "illicit trade", and updating guidance under Anti-Tax Evasion and Anti-Money Laundering (including cash payment restrictions, and monitoring illicit product flows as well as illicit money flows). The SoBC topics are summarised below:

1. Speak Up;
2. Our People and Social & Environment (including Respect in the Workplace, Human Rights, Health, Safety and, Welfare, and Environment);
3. Personal and Business Integrity (including Conflicts of Interest, Anti-Bribery and Corruption, and Gifts and Entertainment);
4. External Stakeholders (including Lobbying and Engagement, Political Contributions, and Community Investments);
5. Corporate Assets and Financial Integrity (including Accurate Books and Records, Protection of Corporate Assets, Cybersecurity/Confidentiality/Information Security, and

Data Privacy, Ethics and Artificial Intelligence);
6. National and International Trade (including Competition and Antitrust, Sanctions and Export Controls, Anti-Illicit Trade, and Anti-Tax Evasion and Anti-Money Laundering).

Each employee is expected to know, understand and follow the SoBC (and any applicable local equivalent), as appropriate to their role. As part of the annual employee sign-off process, employees complete annual SoBC acknowledgement and related training, either through the SoBC e-learning portal and/or through presentations and briefings provided by their respective line managers.

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 our Standards of Business Conduct (SoBC) supports a sustainable business that meets the expectations of our consumers, employees, investors and society as a whole.

Throughout the year, BAT deployed initiatives to help employees and business units identify and mitigate risks across key SoBC compliance areas. A core control in this framework is the mandatory Third Party Anti-Financial Crime Procedure (the Procedure), which supports prevention and detection of financial crime risks such as bribery and corruption, money laundering, sanctions breaches (including attempts to circumvent or evade sanctions), tax evasion and associated facilitation offences, and risks connected to illicit trade.

The Procedure sets out Group-wide minimum mandatory steps for our dealings with third parties. It requires employees to identify and escalate information suggesting a third-party relationship may create risk for BAT ("red flags"), and, where required, to complete risk assessments and implement risk-based mitigations when relationships are created (onboarding) and when they are 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:

1. Sustainable Agriculture
2. Environment
3. Empowerment and Civic Life

Supplier Code of Conduct

The BAT Supplier Code of Conduct sets out the minimum standards BAT expects of suppliers and other third parties working in our supply chain. It covers areas including business integrity (e.g., anti-bribery and corruption and conflicts of interest), labour and human rights, health and safety, and environmental management. Our goal is to drive continuous improvement across our supply chain, and we are committed to working with suppliers over time to support adherence with the Code's requirements.

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



What's New

The SoBC outlines key conduct and compliance standards and, in its 2025 update (effective 1 April 2025), further strengthens and clarifies expectations across several areas. Key enhancements include reinforcing that encouraging others to engage in wrongdoing constitutes a breach under Speak Up; requiring disclosure of both actual and perceived conflicts of interest; and confirming that approving or encouraging improper gifts or payments is a violation under Anti-Bribery and Corruption.

The update also introduces revised governance and approval requirements for exceptional travel support provided to Public Officials under Lobbying and Engagement, and clarifies that any external legal advice related to political contributions must be documented in writing. In addition, it strengthens obligations to safeguard BAT records and IT systems, with particular emphasis on cybersecurity and the responsible use of data and AI.

Policies/Principles	Summary Areas Covered	Key Stakeholder
BAT Standards of Business Conduct	Speak Up (raising concerns and non-retaliation). Our People and Social & Environment (respect in the workplace, human rights, health and safety, and environment). Personal and Business Integrity (conflicts of interest, anti-bribery and corruption, and gifts and entertainment). External Stakeholders (lobbying and engagement, political contributions, and community investments). Corporate Assets and Financial Integrity (accurate books and records, protection of corporate assets, cybersecurity/confidentiality/information security, and data privacy, ethics and artificial intelligence). National and International Trade (competition and antitrust, sanctions and export controls, anti-illicit trade, and anti-tax evasion and anti-money laundering).	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
Responsible Marketing Principles	Provides a consistent and responsible approach to marketing our products.	Employees, suppliers, agents and third-parties

LEADERSHIP THAT INSPIRES
Leading with Compassion and Care

Chairman's Message

2025 was a defining year for our Company, one that challenged Jamaica, tested our resilience, and ultimately reinforced the strength of our people and our operations. Hurricane Melissa, the most powerful storm on record to impact Jamaica, brought unprecedented destruction to several parishes and created immense hardship for thousands of families. As we witnessed the profound human toll and stood alongside our people and communities in their moment of greatest need, Carreras delivered another year of disciplined performance and maintained its position as one of the country's most stable and responsible corporate citizens.

2025 will be remembered as a year defined by operational excellence, strong commercial performance, and, most importantly, a deepened commitment to our employees, our communities, and our nation.

In the immediate aftermath of the Hurricane, we activated our business continuity plan to ensure our operations were secured, our supply chain stabilized, while providing targeted relief support to affected communities and employees. We provided direct relief supplies, facilitated recovery assistance, and implemented comprehensive measures to safeguard our people while maintaining business continuity. Our actions during this period underscored the values that guide us and reinforced our ongoing commitment to national development.

Notwithstanding the challenges posed by the external environment, our core business remained robust, supported by disciplined execution and a continued focus on consumer value. We successfully launched four (4) new products, each strengthening our portfolio and reinforcing our leadership position in the market. Our commitment to responsible value creation remained at the core of our decision making, balancing growth with governance excellence and social impact.

The regulatory landscape remained a critical priority area for the business. During the year, we maintained our longstanding commitment to constructive and proactive engagement with policymakers, advocating for balanced, evidence based regulatory and fiscal frameworks. We also sustained our leadership role in the national fight against illicit trade, to include our participation in the first Anti Illicit Trade Forum, an important platform for collaboration across public and private sector. These engagements form part of the company's broader responsibility to help safeguard government revenues, protect consumers, and ensure a level playing field.

In 2025, Carreras continued to evolve. Our e mobility initiatives, recycling programmes, safety performance, and workplace enhancements reflect our ongoing priority to create a modern, future ready organization.

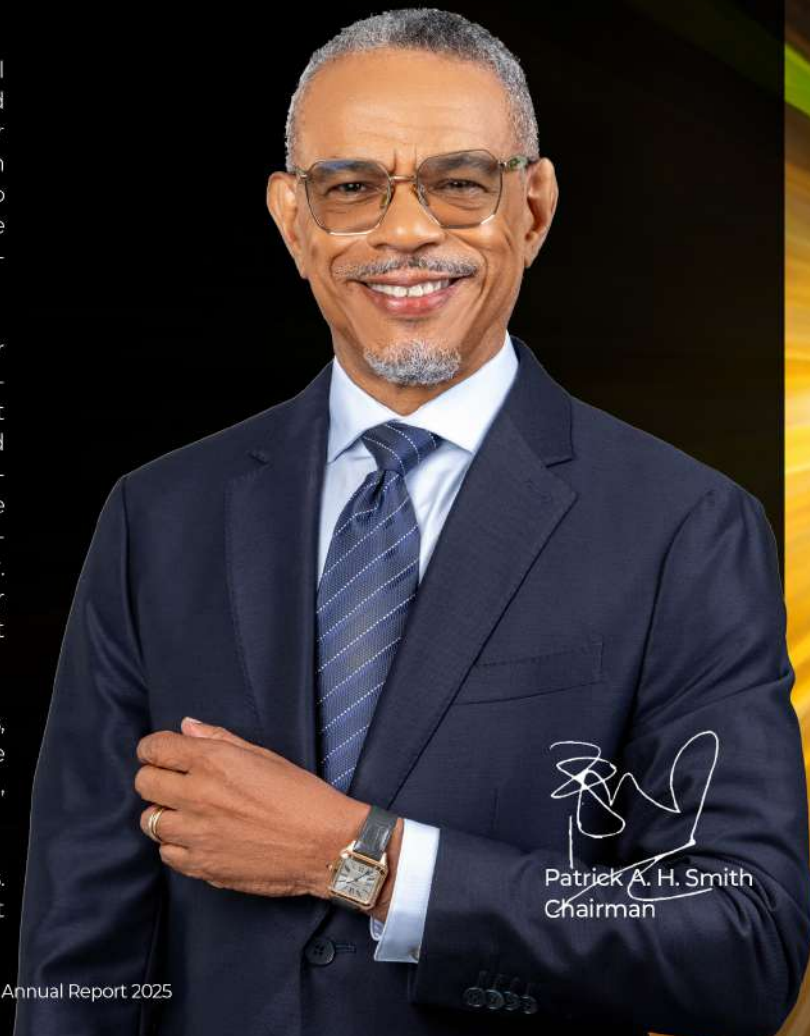
Our people remained at the center of our achievements. Throughout the year, we advanced initiatives aimed at

enhancing staff welfare, deepening engagement, and promoting a culture grounded in our values. Our support to employees affected by Hurricane Melissa, ranging from personal recovery assistance to workplace support, was a testament to our belief that our people remain our greatest asset.

Your Board provided steady stewardship through a demanding year. In 2025, the Board met six (6) times. Committees focused on audit and risk, nomination and remuneration, with additional attention on regulatory developments, environmental, social and governance priorities, and operational resilience. We advanced director succession planning, and Board evaluation to ensure ongoing effectiveness and diversity of thought.

Looking ahead we will continue our collective determination to move with unity and purpose. Our strategic priorities for 2026 will be to strengthen operational resilience, advance illicit trade reduction and accelerate portfolio and innovation.

To our valued shareholders, we appreciate your continued confidence and partnership. To our employees, whose dedication drives every success, we are proud of your unwavering commitment. To the communities we serve, we reaffirm our pledge to act as a responsible corporate citizen, a trusted partner, and a company steadfast in moving forward with Jamaica.




Patrick A. H. Smith
Chairman

OUR BOARD



Patrick A. H. Smith, Chairman

Independent Non-Executive Chairman of Carreras Limited since November 11, 2021.

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, Dunhill Cigars in Switzerland, and Caribbean Business Unit Director in Trinidad. Formerly a Director of both The West Indian Tobacco Company Limited in Trinidad and Carreras Limited in Jamaica, Mr. Smith served as Chairman of Demerara Tobacco Company Limited in Guyana and Carisma Marketing Services in St. Lucia. Prior to joining BAT, he was General Manager of the Jamaica Biscuit Company Limited which was a subsidiary of The Carreras Group at that time.

Other Appointments:

Mr. Smith has been a Director of CAC2000 Limited, as well as the Export-Import Bank of Jamaica, Jamaica Promotions Limited JAMPRO, Chairman of both Things Jamaican Limited/Devon House and Vice President of the Jamaica Exporters Association

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:

He is the Chairman of Carreras Limited as well as the Nominations and Compensations Committee; Member, Audit Committee; Member, Corporate Governance Committee; and a Trustee, Carreras Limited Superannuation Fund.

Ivan Hurtado, Managing Director

Director of Carreras Limited since August 12, 2025

Mr. Hurtado is a seasoned business executive with over 20 years of international experience across Marketing, Sales, and Trade Marketing. He currently serves as Managing Director of Carreras Limited a roll he has held since August 2025.

Skills & Experience:

Mr. Hurtado has a proven track record of driving business growth and delivering exceptional results through strategic leadership and strong people development. His expertise spans Latin America and the Caribbean, where he has successfully developed markets, introduced innovative product categories, and consistently achieved demanding commercial targets. His experience includes leading consumer experience initiatives, enhancing customer loyalty programmes managing profit and loss performance, and executing long-term business strategies aligned with global benchmarks. He is also recognized for his ability to foster cross-functional collaboration, strengthen trade engagement platforms, and build high-performing teams across diverse markets.

Throughout his career, Mr. Hurtado has held several senior leadership roles, including Head of Central America North, Country Manager for Costa Rica and Honduras, Head of Consumer Experience for LATAM North and the Caribbean. Territory Manager for multiple markets, and Trade Business Manager for Central America and the Caribbean. His earlier experience includes key roles in brand management, distribution, and route-to-market strategy, where he consistently delivered sustainable growth and market expansion.

Qualifications:

Mr. Hurtado holds a BSc. in Business Administration from the Universidad de Carabobo. He also holds a Coaching Diploma and is fluent in both Spanish and English.



Skills & Experience:

Imega Breese McNab was appointed the Company Secretary for Carreras Limited on December 1, 2023. She joined Carreras Limited as the Legal and External Affairs Manager August 8, 2023 after over eighteen (18) years serving at the helm of leading advocacy and business support organizations such as the Jamaica Manufacturers and Exporters Association and The Private Sector Organisation of Jamaica. During her tenure she successfully fostered constructive relationships amongst relevant stakeholders which has led to significant policy and programme development at the national level.

Other Appointments:

Mrs. Breese McNab serves as a Director of the Advisory Board of the Jamaica Productivity Center and Social Transformation and Renewal (STAR) Foundation.

Qualifications:

MSc Degree in Governance and a BSc Degree in Political Science with a minor in Economics, both from the University of the West Indies.

Committees:

Invitee - Audit Committee and Corporate Governance Committee.



Imega Breese McNab, Company Secretary

Skills & Experience:

Director of Carreras Limited since August 9, 2022. Ms. Verona Williamson was appointed Finance Director on April 1, 2022, bringing over 20 years of experience in auditing, accounting, and financial management. She joined Carreras in 2014 as Senior Finance Analyst and has since held several senior roles across the BAT Caribbean cluster.

Her experience includes serving as Finance Business Partner Operations at WITCO in Trinidad & Tobago, Commercial Finance Manager in Jamaica, and Finance Planning Manager at Carreras. She later managed financial operations across 21 Caribbean markets as Corporate Finance Manager for the WITCO Exports Unit. Ms. Williamson also served as Company Secretary from March 2022 to November 2023.

Qualifications:

A Chartered Accountant, Ms. Williamson is a Fellow of both the Institute of Chartered Accountants of Jamaica and the UK-based Association of Chartered Certified Accountants (ACCA). She also holds a Bachelor of Science in Management Studies and Accounting from the University of the West Indies, Mona.

Other Appointments:

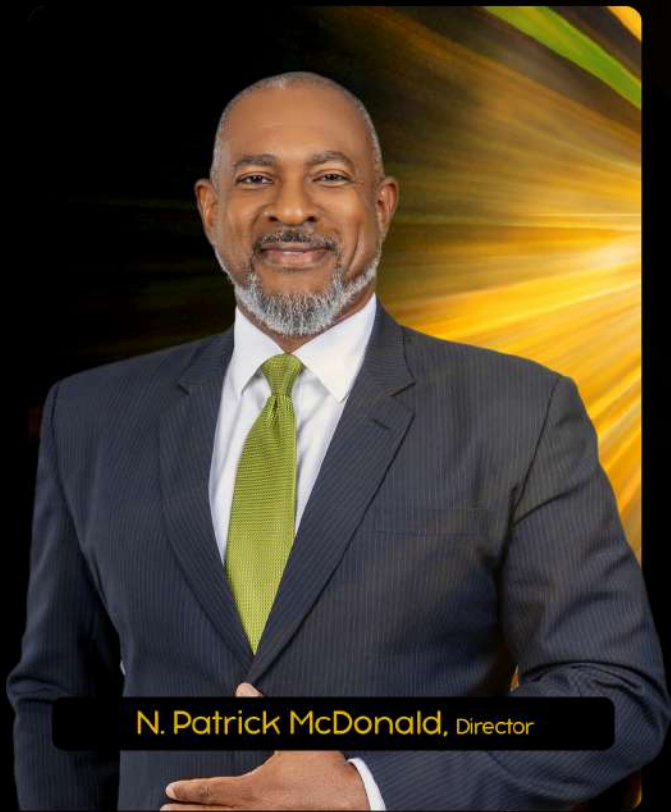
Ms. Williamson currently serves as a Director of the Jamaica Chamber of Commerce and is a member of its Finance and Administration Committee. She is also a Director of The Book Merchant Limited.

Committees:

Invitee to the Company's Audit Committee.



Verona Williamson, Director



N. Patrick McDonald, Director

Skills & Experience:

Mr. McDonald has been an Independent Non-Executive Director of Carreras Limited since September 1, 2021. Mr. McDonald is an attorney and a partner at Jamaican law firm, Hart Muirhead Fatta. He practices mainly in corporate and commercial law, and his experience includes advising in respect of capital markets transactions, mergers and acquisitions, corporate reorganizations, financing transactions, company law and corporate governance. He has conducted training in public and private sector corporate governance from time to time, including as part of the Jamaica Stock Exchange e-Campus programme. He served as an associate tutor at the Norman Manley Law School for several years and has been consistently named as one of the leading commercial attorneys in Jamaica by Chambers Global, the internationally recognised legal directory.

Other Appointments:

Director of Radio Jamaica Limited, 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.

Qualifications:

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

Committees:

Chairman, Corporate Governance Committee; Member, Audit Committee and Member, Nominations and Compensations Committee.

Skills & Experience:

Director of Carreras Limited since November 13, 2024. Mr. Murillo began his career with British American Tobacco (BAT) in Costa Rica in 1995 as a Marketing Trainee and has since held senior roles in Marketing and General Management across more than seven countries.

He started his international career in Uzbekistan in Trade Marketing and Distribution, before taking on key roles across the Caribbean, including Trade Marketing and Distribution Manager at WITCO in Trinidad and Tobago, Head of Marketing at Carreras Limited in Jamaica, and General Manager of the Caribbean Marketing Services cluster.

He later held General Management roles in Iran, Morocco, and Central America, and also served as Head of Marketing for North Africa and Programme Director for PeTra, BAT's largest global Trade Marketing and Distribution transformation initiative. Mr. Murillo is recognized for his strong strategic leadership, focus on growth, and ability to build high-performing teams. He currently serves as the Managing Director of West Indies Tobacco Company and Head of the Caribbean.



Hiram Murillo, Director

Skills & Experience:

Mr. Hanworth has been an Independent Non-Executive Director of Carreras Limited since September 20, 2021. He spent 15 years at PanJam as Chief Financial Officer, Chief Operating Officer, and Deputy Chief Executive, leading acquisitions and expanding the Group's private equity portfolio. He previously founded and sold a leading wine distribution business in Jamaica and began his local career at ICD Group, where he led financial restructuring initiatives. Internationally, he worked with KPMG and Diageo, gaining extensive experience in mergers and acquisitions, financial management, and strategic planning.

Other Appointments:

Director of Pan Jamaica Group Limited and Trustee of its pension plan. Director and Audit Committee member of Sagicor Group 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 of Xsomo Limited and the National Health Fund Pension Plan. Director of Rainforest Seafoods Limited and Jamaica Observer Limited, and Investor Director of two angel-funded companies.

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; Chairman, Carreras Limited Superannuation Fund.



Paul R. Hanworth, Director



Andrey Kornilov, Director

Skills & Experience:

Mr. Kornilov has been an Independent Non-Executive Director of Carreras Limited since September 1, 2025. Andrey Kornilov began his career at BAT in 2004 as a Management Trainee. Over the years, he has held several strategic roles across diverse markets and finance functions, including Area Head of Commercial Finance for Russia, Belarus, and Central Asia; Finance director, Head of Commercial Finance for Europe; and Regional Head of Growth Management for Europe and the Americas, based in the United Kingdom.

Since September 2025, Andrey serves as Area Head of Finance for LANCAR, where he leads the finance function and plays a pivotal role in positioning the area as a strategic hub for business leadership and financial talent.

Committees:

Member, Audit Committee

Managing Director's Message

2025 was a year that demanded adaptability, discipline, and unity. I am extremely proud that the Carreras team delivered on every front. The foundation of our success was the outcome of deliberate operational planning, strong execution, and the relentless commitment of our people who showed, time and again, that when challenges arise, we rise stronger together.

Hurricane Melissa tested the resilience of our operations and our people, yet it also demonstrated the extraordinary capacity of our organization to mobilize quickly, respond decisively, and continue delivering for our consumers, customers, and shareholders. Most importantly, we mobilized immediate support for employees affected by the hurricane, providing relief supplies, home repair assistance, and psychosocial support, while also extending help to impacted communities. In parallel to our people first response, our teams activated emergency protocols, safeguarded our assets, stabilized our supply chain, and ensured full commercial recovery. This ability to respond with both speed and empathy was one of the defining strengths of our organization in 2025.

Despite the year's disruptions, our commercial teams executed with discipline, our supply chain remained agile, and our brands continued to resonate strongly in the market. We delivered a strong financial performance driven by robust market execution and portfolio strength. Our route-to-market strategy maintained distribution depth and availability across priority channels, and consumer engagement remained resilient despite broader economic pressures. The successful launch of four new products reflected our ongoing commitment to portfolio modernization, innovation, and consumer value, all contributing to strong volume and revenue growth across key categories.

Our regulatory and excise work was strategic and collaborative. Additionally, our work in the fight against illicit trade remained central to our mandate. We continued to support enforcement efforts, public education initiatives highlighting the economic and social risks associated with the illicit market, and industry collaboration, contributing to increased seizures of illegal cigarettes. These victories underscore the importance of a united approach to defending Jamaican consumers and government revenues.

Internally, we continued to build a stronger, resilient and future proof organization. Our investments in development programmes, employee engagement, and welfare enhancements have supported a more connected, motivated workforce.

Sustainability remained at the core of our operations, from fleet transitions to hybrid and electric vehicles, to recycling initiatives, to enhanced safety performance. Each of these achievements reflects the dedication and professionalism of our teams across the business.

As we look to 2026, we continue to challenge ourselves to innovate boldly, embrace new opportunities, strengthen our operational capabilities, and remain unwavering in our commitment to Jamaica and the communities we serve.

To all Carreras employees, thank you. Your passion, resilience, and unity are the driving force behind our success. To our retailers, distributors, and partners, your collaboration and trust continue to strengthen our commercial foundation. To our consumers, thank you for your confidence in our products and brands. To our shareholders, we appreciate your continued confidence in our vision and our journey. To our Board, thank you for your leadership, unwavering support, and commitment to ensuring the company's sustainable growth.



Ivan Hurtado
Managing Director

SRM LEADERS



Ivan Hurtado, Managing Director

Director of Carreras Limited since August 12, 2025

Mr. Hurtado is a seasoned business executive with over 20 years of international experience across Marketing, Sales, and Trade Marketing. He currently serves as Managing Director of Carreras Limited a roll he has held since August 2025.

Skills & Experience:

Mr. Hurtado has a proven track record of driving business growth and delivering exceptional results through strategic leadership and strong people development. His expertise spans Latin America and the Caribbean, where he has successfully developed markets, introduced innovative product categories, and consistently achieved demanding commercial targets. His experience includes leading consumer experience initiatives, enhancing customer loyalty programmes managing profit and loss performance, and executing long-term business strategies aligned with global benchmarks. He is also recognized for his ability to foster cross-functional collaboration, strengthen trade engagement platforms, and build high-performing teams across diverse markets.

Throughout his career, Mr. Hurtado has held several senior leadership roles, including Head of Central America North, Country Manager for Costa Rica and Honduras, Head of Consumer Experience for LATAM North and the Caribbean. Territory Manager for multiple markets, and Trade Business Manager for Central America and the Caribbean. His earlier experience includes key roles in brand management, distribution, and route-to-market strategy, where he consistently delivered sustainable growth and market expansion.

Qualifications:

Mr. Hurtado holds a BSc. in Business Administration from the Universidad de Carabobo. He also holds a Coaching Diploma and is fluent in both Spanish and English.

Skills & Experience:

Manuel Ruiz is the Head of Trade at Carreras Limited, bringing over a decade of multinational experience in trade marketing, demand planning, and commercial strategy across Latin America and the Caribbean. Prior to joining Carreras, he held several leadership roles within British American Tobacco, including Demand Manager for Mexico, Activation Manager for Central America, and Sales & Activation Manager for the Dominican Republic and El Salvador. Throughout his career, he has led high impact commercial initiatives, major route to market transformations, and strategic projects that delivered significant volume growth, increased market share, and improved operational efficiencies.

Manuel began his career in 2013 as a Management Trainee with BAT Caribbean & Central America, later driving a distributor migration project in Panama that achieved double digit cost efficiencies and profit growth. He also held commercial roles at Wal Mart Mexico y Central America as a Category Manager.

Qualifications:

He holds a Bachelor of Science in Management and Accounting from the University of the Ozarks in Arkansas, where he studied under the Walton International Scholarship Program. Manuel is fluent in Spanish, German and English



Manuel Ruiz, Head of Trade



Verona Williamson, Finance Director

Skills & Experience:

Director of Carreras Limited since August 9, 2022. Ms. Verona Williamson was appointed Finance Director on April 1, 2022, bringing over 20 years of experience in auditing, accounting, and financial management. She joined Carreras in 2014 as Senior Finance Analyst and has since held several senior roles across the BAT Caribbean cluster.

Her experience includes serving as Finance Business Partner Operations at WITCO in Trinidad & Tobago, Commercial Finance Manager in Jamaica, and Finance Planning Manager at Carreras. She later managed financial operations across 21 Caribbean markets as Corporate Finance Manager for the WITCO Exports Unit. Ms. Williamson also served as Company Secretary from March 2022 to November 2023.

Qualifications:

A Chartered Accountant, Ms. Williamson is a Fellow of both the Institute of Chartered Accountants of Jamaica and the UK-based Association of Chartered Certified Accountants (ACCA). She also holds a Bachelor of Science in Management Studies and Accounting from the University of the West Indies, Mona.



Imega Breese McNab, Corporate Affairs Manager

Skills & Experience:

Imega Breese McNab joined BAT on August 8, 2023, as the Legal and External Affairs Manager. In January 2024 she assumed the position of Corporate Affairs Manager. Mrs. Breese McNab previously served over eighteen (18) years at the helm of leading advocacy and business support organizations such as the Jamaica Manufacturers and Exporters Association and The Private Sector Organisation of Jamaica. During her tenure she successfully fostered constructive relationships amongst relevant stakeholders that led to significant policy and programme developments at the national level.

Other Appointments:

Mrs. Breese McNab serves as a Director of the Advisory Board of the Jamaica Productivity Center and Social Transformation and Renewal (STAR) Foundation.

Qualifications:

MSc Degree in Governance and a BSc Degree in Political Science with a minor in Economics, both from the University of the West Indies.



Daidrey Miller, HR 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 of 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:

Bachelor 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.

Imran Mohammad, Marketing Deployment Manager

Skills & Experience:

Mr. Mohammad joined British American Tobacco (BAT) in 2016 as an Area Manager within the Caribbean Marketing Unit (CMU), previously known as Carisma. In this role, he was responsible for managing several of the region's key Tier 1 markets, including St. Lucia, Barbados, and St. Kitts, where he played a critical role in driving commercial performance, strengthening distributor relationships, and ensuring effective market execution.

At the end of 2017, he transitioned to the Trinidad end market as Area Manager. During this period, he oversaw the operations of two major third-party distributors, GDM and Massy, managing coverage across both the North and South regions of the island. This role provided him with valuable experience in distributor management, route-to-market optimization, and sales force effectiveness within a dynamic and competitive environment.

In 2022, Mr. Mohammad was promoted to Market Deployment Manager (MDM) for Trinidad and Tobago, where he assumed broader responsibility for execution excellence, trade marketing strategies, and market performance. Building on his success, he was subsequently appointed MDM for CMU and Guyana in 2023, expanding his regional oversight and deepening his exposure to diverse market dynamics across the Caribbean.

In 2024, he relocated to Jamaica to take on the role of Market Deployment Manager for the Jamaican market, where he continues to drive strategic initiatives, enhance market execution, and support business growth in one of the region's most significant markets.

Qualifications:

Mr. Mohammad holds a Bachelor of Science degree in Management and Sociology, as well as a Master of Science degree in Business Management with a specialization in Marketing.



GOVERNANCE
A Framework of Trust



Carreras Chairman, Patrick A. H. Smith addressing shareholders at the Annual General Meeting held at the AC Hotel Kingston last June.

Directors' Report

The Directors are pleased to submit their Report and Audited Financial Statements for the financial year ended December 31, 2025. The following are selected highlights:

Financial Results

	12- months ended December 31, 2025 \$'000	12- months ended December 31, 2024 \$'000
REVENUE	20,899,971	19,551,584
Profit before income tax	8,806,911	8,193,020
Revenue reserves at beginning of the year	3,639,985	2,348,377
Total revenue reserves	<u>10,236,852</u>	<u>8,578,941</u>
Appropriations have been made as follows:		
Dividends and distributions	(7,233,062)	(4,951,488)
Remeasurement of employee benefit assets and obligations, net of tax	32,628	12,532
Unappropriated profits for the year	3,036,428	3,639,985
Earnings per stock unit	135.89¢	128.35¢

The following payments were made during the year:

First quarter ending March 31, 2025	- \$0.54 per stock unit (Ordinary)
Second quarter ending June 30, 2025	- \$0.26 per stock unit (Ordinary)
Third quarter ending September 30, 2025	- \$0.34 per stock unit (Ordinary)
Fourth quarter ending December 31, 2025	- \$0.35 per stock unit (Ordinary)

Auditors

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

Directors

Mr. Franklin Murillo resigned during the period.

Mr. Andres Lorezo resigned during the period.

Mr. Ivan Hurtado was appointed on August 12, 2025, and being eligible, offers himself for election.

Mr. Andrey Kornilov was appointed on September 1, 2025, and being eligible, offers himself for election.

The Directors due to retire in accordance with the provisions of the Articles of Incorporation are Mr. Patrick Smith and Mr. Paul Hanworth and being eligible, offer themselves for re-election.

By Order of the Board



Imega Breese McNab
Company Secretary

Disclosure of Shareholdings

Rank	Shareholder	Holdings	%Age
1	Rothmans Holdings (Caricom) Limited	2,446,508,260	50.40%
2	National Insurance Fund	214,184,690	4.41%
3	Sagicor Pooled Equity Fund	139,503,508	2.87%
4	SJIML A/C 3119	107,854,360	2.22%
5	L.B.J. Overseas Limited	102,117,115	2.10%
6	Resource In Motion Limited (R.I.M.)	95,134,852	1.96%
7	GraceKennedy Pension Fund Custodian Limited - for GraceKennedy Pension Scheme	78,648,740	1.62%
8	JCSD Trustee Services Ltd - Sigma Equity	56,824,997	1.17%
9	Sagicor Select Fund Ltd - ('Class C' Shares) Manufacturing & Distribution	51,556,419	1.06%
10	NCB Staff Pension Fund (1986)	47,500,000	0.98%
	Total Top Ten Shareholders	3,339,832,941	68.80%
	Others	1,514,567,059	31.20%
	TOTAL IN ISSUE	4,854,400,000	100.00%

Directors

Patrick Smith – Chairman
Franklin Murillo*
Ivan Hurtado**
Hiram Murillo
Paul Hanworth
Novar Patrick McDonald
Andres Lorenzo ***
Andrey Kornilov ****
Verona Williamson

Connected Parties

Nil
Nil
Nil
Nil
Nil
Nil
Nil
Nil
Nil

Shareholding

173,320
Nil
Nil
Nil
Nil
320,000
Nil
Nil
Nil

Management Team

Ivan Hurtado
Verona Williamson
Daidrey Miller
Imega Breese McNab
Manuel Ruiz
Imran Mohammed

Connected Parties

Nil
Nil
Nil
Nil
Nil
Nil

Shareholding

Nil
Nil
Nil
Nil
Nil
Nil

* Franklin Murillo resigned effective July 31, 2025

** Ivan Hurtado was appointed effective August 12, 2025

*** Andres Lorezo resigned effective August 31, 2025

**** Andrey Kornilov was appointed effective September 1, 2025



Carreras Finance Director, Verona Williamson (right) conversed with a shareholder inside the AC Hotel Kingston at the 2025 Annual General Meeting.

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

1. 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".
2. 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:

1. overseeing the achievement of CL's strategic aims as determined by the Board;
2. ensuring that the necessary financial, human and other resources are in place for CL to meet its objectives;
3. reviewing management performance and holding them accountable for outcomes; and
4. upholding the company's values and standards and ensuring that its obligations to the Company's shareholders and other stakeholders are understood and met.
5. maintaining a strong understanding of the Company's operating environment through structured engagement with management, the market and key stakeholders.

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 & Risk Committee
- Nomination and Compensation Committee

Each committee operates under Board-approved Terms of Reference and supports the Board in discharging its responsibilities. The composition and functioning of the Audit & Risk Committee are also guided by applicable Jamaica Stock Exchange rules, including requirements relating to independence and financial competence.

General Comportment:

The Board shall use its best efforts to ensure that:

1. its members can act critically and independently of one another;
2. each Director can assess the broad outline of the Company's overall policy;
3. each Director's expertise is fully utilized in the performance of his or her role as a Director;
4. the Board competencies match the competency profile of the Company; and
5. 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:

1. a Director who has not within the last three years been an employee of the Company or a related company;
2. 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;
3. 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;
4. a Director whose spouse, child(ren) or dependent(s) are not advisors, Directors or senior employees of the Company; and
5. a Director who does not represent a significant shareholder (defined to mean a person beneficially holding 20% or more 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.

In assessing suitability and availability, the Board also considers other significant commitments, including outside directorships. Directors are expected to have sufficient time to discharge their duties effectively, and the Company applies limits on the number of external board and committee appointments a Director may hold, as set out in the Directors' Handbook and Corporate Governance Policy.

Induction Programme, Ongoing Training and Education:

Director Induction Programme:

- 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.
- 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.
- In addition to formal induction and training, the Board undertakes an annual strategic retreat and periodic market visits. These sessions provide Directors with deeper insight into the Company's operating environment, commercial realities, and stakeholder relationships, and support informed decision-making, effective oversight, and robust engagement with management.

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;
- Directors receive all information necessary for them to perform their duties;
- Directors receive accurate, timely and clear information;
- Directors have sufficient time for consultation and decision-making;
- Orderly succession planning for Directors and senior management;
- Committees function properly and according to their respective Terms of Reference;

- The performance of the overall Board and individual Directors are evaluated at least once every year;
- The Board establishes and maintains the agreed protocols for communication with the Company's management;
- The Board establishes operating procedures for its meetings;
- The Board fulfils its duties to all key stakeholders and promotes sustainability;
- The agendas of Board meetings are in order and that minutes are kept of such meetings; and
- (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.

Board & Directors Evaluation

The Board will conduct an annual performance evaluation of each Director, the Board as a whole, the Chairman, the Managing Director and the Company Secretary. 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.

Financial Reporting – General Supervision Responsibilities:

1. The Board, in consultation with the Audit & Risk 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.
2. The Board, through the Audit & Risk 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 Chairs:

The Board Committee Chairs 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 Chairs are also responsible for:

1. 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);
2. reporting to the Board at each Board meeting; and
3. reporting to the shareholders.



Corporate Affairs Manager and Company Secretary, Imega Breese McNab and Assistant Company Secretary, Rochelle Lee pauses for a moment for a photo op at the Annual General Meeting 2025



Carreras Corporate Finance Executive, Nyjoma Riley, reacting to one of the podium speeches made at the AC Hotel Kingston venue of last year's Annual General Meeting.

Directors' Attendance at Board and Committee Meetings

Name of Director	Board	Audit Committee	Nomination & Compensation Committee	Corporate Governance Committee
Patrick Smith	6/6	4/4	2/2	1/1
Paul Hanworth	5/6	4/4	n/a	n/a
Patrick McDonald	6/6	4/4	2/2	1/1
Franklin Murillo*	5/5	3/3	2/2	1/1
Andres Lorenzo**	2/5	2/3	n/a	n/a
Verona Williamson	6/6	4/4	n/a	n/a
Hiram Murillo	5/6	n/a	n/a	n/a
Ivan Hurtado***	1/1	1/1	n/a	n/a
Andrey Kornilov****	1/1	-/1	n/a	n/a

*Franklin Murillo resigned effective August 12, 2025

**Andres Lorenzo resigned from the Board and respective Committees effective August 31, 2025

***Ivan Hurtado was appointed to the Board effective August 12, 2025

****Andrey Kornilov was appointed to the Board and respective Committees effective September 1, 2025

The Corporate Governance guidelines are available on our website at www.carrerasja.com



Last year's complement of Carreras' Senior Leadership Team shared at photo op at the Annual General Meeting held in June 2025.

Nomination and Compensation Committee

Relationship with the Board:

The Nomination and 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 2025 financial year was \$11.7M, the details of which can be seen in note 17 of the enclosed financial statements.

Nomination and Succession:

1. Develop and annually review the competency profile for the board of directors and submit recommendations to the Board for addressing any gaps identified.
2. 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.
3. Make recommendations to the Board on suitable candidates for appointment as board directors including executive directors.
4. Make recommendations to the board in specific regard to:
5. the re-appointment of any Non-executive Director at the conclusion of their specified term of office after reviewing the Director's performance;
6. the re-election by shareholders of any director under the retirement or by rotation provisions in the Company's Articles of Incorporation; and
7. the continuation in office of any Director at any time.
8. 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 2025 financial year are Mr. Patrick Smith (Chairman), Mr. Patrick McDonald and Mr. Hiram Murillo. Mr. Franklin Murillo was a permanent invitee to the meetings.

Key activities during the financial year:

1. The Committee approved the interim appointment to the key management position of Marketing Deployment Manager.
2. The Committee approved the staff bonus payment for 2024.
3. The Committee ratified salary increases implemented on April 1, 2025, informed by the annual compensation and benefits survey results.
4. The Committee recommended that the Board review Non-Executive Director fees. The revised fees became effective on August 1, 2025.
5. Following the Managing Director's resignation to take up another assignment within the BAT Group, the Committee reviewed and recommended a successor for this key management position.
6. Following Director Mr. Andres Lorenzo's resignation, the Committee reviewed and recommended a candidate to fill the vacancy.
7. The Committee recommended to the Board the continuance of Director Paul Hanworth in office beyond the prescribed retirement age.



Director, N. Patrick McDonald addresses a shareholder during the 2025 Annual General Meeting.

Corporate Governance Committee

Relationship with the Board and other committees:

The role of the Corporate Governance Committee (CGC) and its relationship with the Board and other committees is as set out in the CGC Terms of Reference approved by the Board 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 and Responsibilities:

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:

1. Developing, recommending, and reviewing corporate governance principles applicable to the Board.
2. Ensuring that the Board and its committees are in compliance with all regulatory composition requirements, which shall include requirements for director independence.
3. Reviewing, no less than once annually, the adequacy of the Board Charter and the Terms of Reference of its various committees and submitting to the Board any suitable recommendations in relation to amendments.
4. 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.
5. Preparing the annual Corporate Governance Statement for inclusion in the Company's Annual Report to its shareholders.
6. Ensuring that material information regarding the Company's operations is disclosed in a timely manner to the public and regulatory entities.
7. 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 & Board Committees Structure, Composition and Function:

1. Ensuring that the Board is structured and selected to ensure effectiveness, independence, and protection of stakeholders' interests through appropriate selection and operating processes.
2. 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 the 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, including adjustments to the Terms of Reference of its committees.

1. Overseeing the development and implementation of a Board induction process for new directors and a programme of continuing director development and training, as needed.
2. Considering possible conflicts of interests of directors and making relevant proposals to the Board in relation to its findings.
3. 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

1. The Chairman of the CGC, in consultation with the Company Secretary, decides the frequency and timing of its meetings, whilst having regard to the CGC Terms of Reference.
2. The members of the CGC during the 2025 financial year were Mr. N. Patrick McDonald (Chairman), Mr. Patrick Smith and Mr. Franklin Murillo (in his capacity as Managing Director) was a permanent invitee to the meetings.

The key activities for this period included:

1. Finalizing the Board Charter and Committee Terms of Reference to ensure that their composition, structure, policies, and processes are in keeping with best practice standards and adhere to the relevant legal and regulatory framework. The Directors Handbook was also finalized as a guide for new and existing members of the Board of Directors.
2. Reviewing and approving updates to the Standards of Business Conduct. Significant updates were implemented to strengthen areas such as ethical conduct, human rights, responsible marketing, data governance, sanctions and supplier oversight.
3. Reviewing and analysing the JSE Corporate Governance Index rating assigned to the Company and making recommendations to the Board and management for actions to be taken in response.
4. Undertaking the annual review of Board performance, composition, and effectiveness. The annual review process was externally facilitated. All Directors participated fully in the review process.
5. Disclosure of material information in a timely manner to shareholders and other stakeholders.
6. Monitoring relevant legal and regulatory developments and corporate governance guidance, and providing timely updates and recommendations to the Board.

Outlook for 2026:

In 2026, the CGC will build on the progress made in strengthening the governance framework and will focus on embedding continuous improvement across Board effectiveness, policies, and regulatory compliance. Key priorities will include the following:

1. Overseeing the annual Board and Committee performance evaluation process, including tracking action plans arising from the prior year's findings and strengthening follow-through on agreed improvements.
2. Supporting Board effectiveness through continued Director induction and ongoing training, with focus areas informed by strategic priorities, regulatory changes, and evolving governance trends.

Audit and Risk Committee

Relationship with the Board:

The Audit and Risk Committee provides independent oversight to ensure the Company meets its governance responsibilities in accounting policies, internal controls, risk management, compliance, and financial reporting.

Its role is defined by the Board, and it reports its findings and recommendations to support effective decision-making and continuous improvement. The Board has also established clear processes for financial reporting, internal controls, and maintaining an appropriate relationship with the Company's auditors.

Specific Responsibilities and Duties:

1. To monitor the integrity of the financial statements of the Company;
2. Reviewing any formal announcements relating to the Company's financial performance and any significant financial reporting judgements contained in them;
3. To review the Company's internal financial controls and risk management systems and processes;
4. To monitor and review the effectiveness of the Company's internal audit function;
5. 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;
6. 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;
7. 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.
8. 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 and Risk 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 and Risk 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 and Risk Committee.

Meetings of the Audit and Risk Committee

The Chairman of the Audit and Risk 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.

The Audit and Risk Committee meets quarterly in line with key financial reporting and audit timelines, with the external audit lead partner regularly in attendance. It also meets privately with external auditors, without management, to address audit-related matters.

For the 2025 financial year, the Committee comprised Mr. Paul Hanworth (Chairman), Mr. Patrick Smith, Mr. Patrick McDonald, and Mr. Andres Lorenzo. Mr. Ivan Hurtado (Managing Director) and Ms. Verona Williamson (Finance Director) attended as permanent invitees.

Key activities for financial year included:

1. The Terms of Reference was revised to rename the Audit Committee, the Audit and Risk Committee.
2. Reviewed and recommended the approval of the audited financial statements to the Board.
3. Considered and approved the Company's quarterly and year-to-date financial results and related disclosures for release to shareholders and regulators.
4. Reviewed the external auditor's reports and audit plan, including key accounting and tax judgments, and held discussions with the external auditors including meetings without management, where applicable.
5. Reviewed and monitored the independence, performance and succession of the external auditors, including noting the transition to a new audit partner during the year.
6. Reviewed and recommended dividend proposals to the Board in accordance with the Company's dividend policy.
7. Reviewed related party transactions and related party charges for approval including charges incurred for FY 2024 and estimated charges for FY 2025.
8. Monitored the system of internal financial controls, working capital and key balance sheet exposures, including focused reviews of receivables, inventory adequacy and liquidity/cash flow considerations.
9. Reviewed internal audit activity and reports including regional and local internal audit updates, and monitored the effectiveness of the internal audit function and the agreed internal audit plan.
10. Oversaw the Company's risk management framework and top business risks, including reviewing the risk register/risk matrix updates and providing periodic updates to the Board on key risks and mitigation actions, with a specific focus on operational resilience following Hurricane Melissa, including continuity planning and the monitoring of hurricane-related impacts on operations, supply chain, inventory and working capital.

RISK AND RESILIENCE
Proactive Management of Risks

Risk Management

Effective risk management continues to be fundamental to Carreras Limited's ability to deliver on its mission, protect long-term value, and sustain operational excellence. The Company maintains an enterprise-wide risk management and internal control framework designed to identify, evaluate, manage, and monitor risks that may impede strategic and operational objectives. Although the framework cannot eliminate risk entirely, it enables robust oversight and informed decision-making to safeguard shareholder value and Company assets.

The Audit and Risk Committee of the Board retain overall direct responsibility for establishing and overseeing this framework. A comprehensive assessment of the key risks and uncertainties influencing the Company's business model, performance, solvency, and liquidity, was conducted during the year.

Capital stewardship remains a priority. The Board monitors return on capital - defined as net profit divided by shareholders' equity - to ensure the Company is well-positioned as a going concern and able to deliver sustainable returns. For the financial year, the return on capital was 209% (December 31, 2024 - \$166%).

The Board of Directors remains committed to maintaining a robust capital base to uphold investor, creditor, and market confidence, ensuring the business can continue to grow and develop well into the future.

Risk Management Approach

Risk oversight is executed through the Risk Management Committee (RMC), comprising senior management and functional heads. The RMC is responsible for identifying, assessing, evaluating, and monitoring enterprise-wide risks and for implementing effective mitigation strategies. Risk registers, built on standardized methodologies, ensure consistent assessment of both financial and non-financial risks across the organization, with clear accountability assigned to designated risk owners.

Carreras' defined risk appetite and tolerance levels provide the foundation for governance and guide the Company's risk culture.

Key Business Risks

The RMC evaluates principal risks biannually, reflecting Carreras' risk appetite and tolerance. Risks span the external environment, regulatory landscape, people and processes, and operational activities. While mitigation strategies are in place, not all risks are within the Company's control, and additional or emerging risks may arise over time.

Below are the key risks that the Directors believe to be the principal to the Company, following an assessment of the potential likelihood and impact on the business.

Regulatory Risks

Regulatory risk relates to actual or proposed tobacco legislation that may constrain the Company's ability to communicate with consumers, differentiate its products, launch innovations, or compete effectively in both traditional and modern nicotine categories. These regulatory developments may disproportionately benefit illicit trade, impacting volumes and long-term sustainability.

The Company mitigates regulatory risk through strong stakeholder engagement, ongoing monitoring of marketing plans, adherence to internal self-regulations, and compliance with local legislation.

Business Execution Risks

Business execution risk arises from factors that could hinder Carreras' ability to operate effectively. Illicit trade remains a major challenge, particularly in an environment where affordability pressures make non-duty-paid cigarettes more attractive. Illicit product availability erodes sales volumes, depresses profits, and undermines investments in trade marketing and distribution.

Additionally, crime-related risks persist, affecting route safety, employee wellbeing, and access to markets. Such incidents could result in loss of life, financial loss, operational disruptions, and reputational impacts. The Company prioritizes employee safety and maintains rigorous security assessments, enhanced vehicle protections, and strengthened compliance with environmental, health, and safety (EHS) standards.

Credit Risk

Credit risk arises primarily from receivables, cash holdings, and investment securities. Carreras faces concentration risk due to significant balances held, both individually and in aggregate, by large customers. The Company mitigates this through continuous engagement with customers, ongoing recoverability assessments, expanding distribution networks, credit risk insurance, and improved collections processes.

Information Technology and Cyber Security Risks

Increasing technological reliance heightens exposure to cyber threats, which may compromise the confidentiality, availability or integrity of systems and data. Cybersecurity incidents could impact on Company operations, reputation, and financial condition.

To counter these risks, Carreras utilizes a range of physical, technical, and administrative safeguards, including encryption, authentication protocols, backup and recovery solutions, employee awareness training, and robust business continuity plans, to protect IT systems, networks, and data assets.

Forward Look for 2026

As Carreras advances into 2026, the Company remains committed to strengthening its risk culture, enhancing predictive risk analytics, improving cross functional controls, and deepening integration of risk insights into strategic planning. The Board and RMC will continue to evolve the risk framework to respond to emerging risks, particularly in illicit trade dynamics, cybersecurity resilience, regulatory change, and macroeconomic volatility, to support long term business sustainability and value creation.



An audience member perusing a copy of last year's annual report, inside the banqueting space of the AC Hotel Kingston, where the 2025 Carreras Annual General Meeting was held.



Head of Trade, Manuel Ruiz, greeted a Carreras shareholder at the Annual General Meeting in June 2025.

Internal Audit Review

The Company's Internal Audit function provides independent and objective assurance services to the Audit Committee and management. Its mandate is to evaluate and help strengthen the effectiveness of the Company's governance, risk management and internal control processes in support of the Company's strategic objectives and long-term value creation. Internal Audit reports functionally to the Audit Committee and administratively to management and works with management to support timely and sustainable remediation of identified issues. Internal Audit's objectives are to:

- Identify and assess key risks and related control matters.
- Evaluate the adequacy of risk responses and the progress of management actions.
- Assess the design and operating effectiveness of key controls.

The internal audit plan is developed annually using a risk-based methodology and is reviewed with the Audit Committee. Internal Audit reports the results of its work, including significant findings and the status of agreed actions, to the Audit Committee on a regular basis. Internal Audit performs its work using a risk-based approach and activities are delivered through an above-market framework and through Company-specific operational and compliance reviews.

Above-Market Approach

The Above-Market approach leverages tools and methodologies available across the wider Group environment to support delivery of the Company's strategic objectives. This includes establishing common ways of working and monitoring performance through, for example, key performance indicators (KPIs) and structured assurance activities. Key tools used under this approach include General Management Accountability (GMA) reviews and Control Navigator (CN).

General Management Accountability Reviews

GMA reviews are designed to provide the Audit Committee and management with assurance on the balance of risk and control as the Company executes its strategy. These reviews assess the design and effectiveness of controls intended to mitigate principal risks that could affect achievement of business objectives. Reviews may include detailed assessments of individual functions to identify control gaps and opportunities to strengthen processes and safeguard assets.

GMA reviews are performed on an ad hoc basis. The most recent review was completed in the financial year ended December 31, 2024, and covered fourteen (14) critical operational processes. Based on the scope performed, no significant issues were identified, and any improvement opportunities were addressed through management action, as appropriate.

Control Navigator

Control Navigator (CN) is the Company's primary management self-assessment tool for evaluating the control environment. Its objective is to support management and the Audit Committee in assessing whether key controls are designed and operating effectively and whether the business is aligned with applicable governance expectations and internal policies.

CN focuses on controls considered critical to managing key risks associated with the Company's business processes, including financial, operational and compliance-related controls, and alignment with applicable policies and procedures.

Internal Audit facilitates an annual CN assessment across business units. Business units confirm their level of compliance with established procedures across financial, operational, and compliance areas, supported by documentation. Internal Audit performs review and challenge procedures over the evidence provided to support the overall assessment.

Operational and Compliance Approach

The operational and compliance approach focuses on risks within the Company's revenue streams and operating activities and on adherence to internal requirements and external obligations. This approach informs the annual internal audit plan, which is developed based on risk assessment and executed by the Internal Audit Unit.

As part of commercial risk management, Internal Audit performs procedures to evaluate compliance by relevant personnel with established sales and trading policies. These procedures are primarily analytical and may include:

- Review end-of-day documentation to assess compliance with sales force policies and procedures.
- Perform analytical reviews of daily transactions to identify potential exceptions.
- Follow up on high levels of voided transactions and obtain explanations, as appropriate.
- Review manually processed transactions for completeness and compliance.

Internal Audit also conducts credit audit reviews to assess adherence to established procedures and to validate information recorded in financial and operational systems. These reviews may include outreach to selected credit customers to corroborate transaction details and customer data.

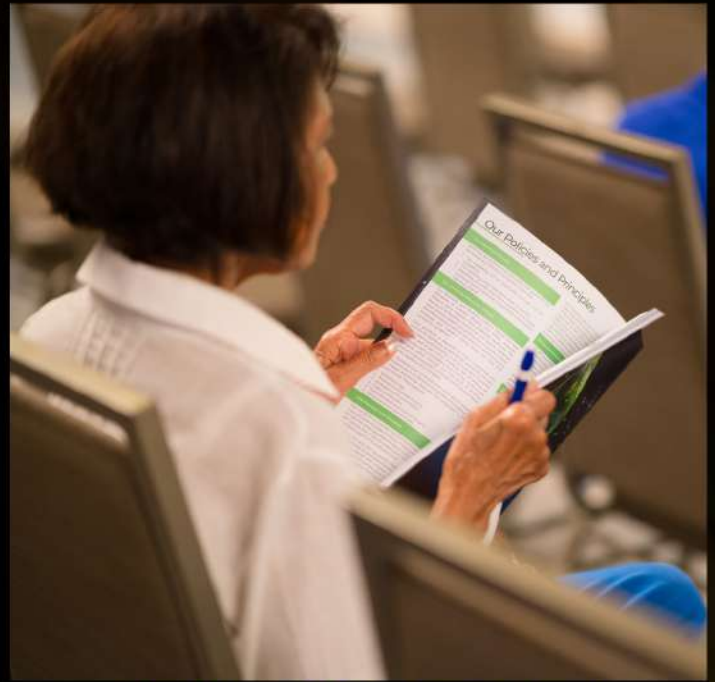
Trade and promotional activities also fall within the scope of Internal Audit. Related processes are reviewed to assess compliance with established guidelines and to support delivery of the intended objectives.

In addition to the reviews described above, Internal Audit performs periodic monitoring and targeted procedures to support ongoing compliance with key controls and requirements, including those listed below:

- Stock Counts
- Key Controls Checklist
- Authorized Economic Operator (AEO) Requirements
- Operational Effectiveness Reviews
- Ad Hoc Investigation

During the year ended December 31, 2025, Internal Audit completed planned and ad hoc reviews and reported observations and recommendations to management, as applicable. The Audit Committee received updates on internal audit activities and key themes from reviews at least quarterly.

For the current financial year, the CN assessment covered one hundred and ninety-eight (198) processes. Management concluded that the assessed processes were compliant with applicable policies and procedures based on the evidence reviewed.



Shareholders at the 2025 Carreras Annual General Meeting peruse the 2025 Annual Report.



Members of the Carreras Board of Directors, at the 2025 Carreras Annual General Meeting.

Ten Years Financial Review

FINANCIAL YEAR	12 MONTHS ENDED		9 MONTHS ENDED	12 MONTHS ENDED	
	DEC 31 2025	DEC 31 2024	DEC 31 2023	MARCH 31 2023	MARCH 31 2022
PROFIT & LOSS SUMMARY					
OPERATING REVENUE	20,899,971	19,551,584	13,840,881	16,225,315	15,754,978
TRADING PROFIT	8,731,117	8,071,768	4,715,492	4,866,219	5,482,684
INVESTMENT & INTEREST INCOME	118,976	169,297	101,425	60,560	17,237
OPERATING PROFIT	8,850,093	8,241,065	4,816,917	4,926,779	5,499,921
EMPLOYEE BENEFIT (INCOME)/ LOSS	(43,182)	(48,045)	(23,590)	(70,300)	(71,300)
PROFIT BEFORE TAXATION	8,806,911	8,193,020	4,793,327	4,856,479	5,428,621
PROFIT AFTER TAXATION	6,596,867	6,230,564	3,614,435	3,635,715	4,073,279
PROFIT ATTRIBUTABLE TO STOCKHOLDERS	6,596,867	6,230,564	3,614,435	3,635,715	4,073,279
BALANCE SHEET SUMMARY					
FIXED ASSETS	1,139,277	1,243,570	727,324	706,058	761,313
SHARE CAPITAL	121,360	121,360	121,360	121,360	121,360
RESERVES	3,036,428	3,639,985	2,348,377	1,921,154	1,965,146
STOCKHOLDERS' EQUITY	3,157,788	3,761,345	2,469,737	2,042,514	2,086,506
FINANCIAL RATIOS					
TRADING PROFIT MARGIN	41.8%	41.3%	34.1%	30.0%	34.8%
PROFIT BEFORE TAX/OPERATING REVENUE	42.1%	41.9%	34.6%	30.0%	34.9%
STOCKHOLDERS' RETURN ON EQUITY	208.9%	165.6%	146.3%	178.0%	195.2%
EARNINGS PER STOCK UNIT	135.9¢	128.3¢	74.5¢	74.9¢	83.9¢
P/E RATIO	13.3	10.2	11.1	10.9	10.7
DISTRIBUTION - PER STOCK UNIT	149.0¢	102.0¢	63.0¢	78.0¢	85.0¢
OTHER INFORMATION					
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	18.11	13.05	8.25	8.19	8.94
DIVIDEND PAID	7,233,062	4,951,488	3,058,272	3,786,432	4,126,240
DEPRECIATION CHARGED	239,797	219,438	122,934	187,400	144,000
EXCHANGE GAIN / (LOSS)	58,793	7,988	2,609	(33,577)	17,831
WEIGHTED AVERAGE BUYING EXCHANGE RATES:	158.1112	155.6022	153.5857	149.9642	152.8316

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

12 MONTHS ENDED

	MARCH 31 2021	MARCH 31 2020	MARCH 31 2019	MARCH 31 2018	MARCH 31 2017	MARCH 31 2016	MARCH 31 2015
PROFIT & LOSS SUMMARY							
	13,971,292	114,126,523	12,906,497	12,550,132	13,509,228	11,980,138	11,208,369
	4,976,511	4,737,849	4,499,362	4,587,300	4,933,927	3,736,050	3,804,121
	40,288	66,794	67,467	89,326	108,262	176,612	146,141
	5,016,798	4,804,642	4,566,829	4,676,626	5,042,189	3,912,662	3,950,262
	(56,900)	(44,700)	(50,900)	(39,300)	(32,300)	(9,100)	(11,900)
	4,959,898	4,759,942	4,515,929	4,637,326	5,009,889	3,903,562	3,938,362
	3,738,277	3,583,183	3,406,902	3,484,630	3,806,322	3,011,333	2,942,960
	3,738,277	3,583,183	3,406,849	3,484,596	3,806,233	3,011,191	2,942,914

BALANCE SHEET SUMMARY

	709,072	598,894	383,017	337,251	300,150	236,485	248,256
	121,360	121,360	121,360	121,360	121,360	121,360	121,360
	1,979,182	1,651,136	1,214,144	1,920,034	2,006,755	1,654,302	3,050,396
	2,100,542	1,772,496	1,335,504	2,041,394	2,128,115	1,775,662	3,171,756

FINANCIAL RATIOS

	35.6%	33.5%	34.9%	36.6%	36.5%	31.2%	33.9%
	35.9%	34.0%	35.4%	37.3%	37.3%	32.7%	35.2%
	178.0%	202.2%	255.1%	170.7%	178.9%	169.6%	92.8%
	77.01¢	73.8¢	70.2¢	71.8¢	78.4¢	62.0¢	60.6¢
	11.3	9.0	13.3	14.8	9.4	10.7	6.6
	70.0¢	64.0¢	85.0¢	74.0¢	71.0¢	89.4¢	80.9¢

OTHER INFORMATION

	4,854,400	4,854,400	4,854,400	4,854,400	485,440	485,440	485,440
	8.68	6.61	9.43	10.61	7.40	66.15	39.97
	3,398,081	3,106,816	4,126,240	3,592,256	3,446,624	4,342,104	3,930,709
	170,865	136,457	88,156	77,084	57,407	62,506	65,887
	20,709	57,607	(16,705)	(7,632)	52,202	30,692	45,591
	143.1730	132.5275	123.5735	124.6545	127.7664	122.0421	115.0435

ENVIRONMENT AND MARKET DYNAMICS
Navigating with Insights

Management Discussion and Analysis

Economic Review

Jamaica's economic performance in 2025 reflected a year of moderated recovery, followed by late-year disruption associated with Hurricane Melissa. Growth during the first half of the year remained positive though moderate, with quarterly real Gross Domestic Product (GDP) increases generally within the 1.0–2.0% range, supported by tourism, domestic consumption, and select services-driven activities. This pace strengthened substantially in the third quarter, when real value added expanded by approximately 5.0% year-on-year, marking the strongest quarterly performance for the year and reflecting broad-based gains across both goods-producing and services sectors.

However, the momentum shifted significantly in the fourth quarter following the passage of Hurricane Melissa, a Category 5 storm that made landfall in Jamaica on October 28, 2025. The hurricane caused widespread infrastructure damage, agricultural losses, and major disruptions to transportation networks, resulting in an estimated double-digit contraction in GDP for the quarter relative to the prior year. The event interrupted utilities, constrained tourism capacity in affected regions, and disrupted retail and distribution channels. These impacts tempered the full-year growth outturn, which while still positive - fell below mid-year expectations. Nevertheless, 2025 closed with improved nominal output, reinstated real growth, and a reinforced baseline heading into 2026, albeit with heightened awareness of climate vulnerability.

Inflation

Inflation developments during 2025 reflected continued monetary stability. The inflation outturn at the end of 2025 was 4.5%, remaining within the Bank of Jamaica's target corridor of 4.0–6.0% for a second consecutive year. This outcome extended the disinflationary trend that followed the multi-year peak of 9.4% recorded in 2022 and fell progressively to 6.9% and 5.0% in 2023 and 2024, respectively. Headline inflation fluctuated between 4.0% and 6.0% for most of the year, though adverse weather events, including Hurricane Melissa, temporarily elevated food and transport prices by disrupting agricultural supply and logistics channels. Core inflation (excluding agriculture and fuel related components) generally tracked closer to 4.0 – 5.0%, indicating contained underlying price momentum. Exchange-rate stability and tight monetary policy continued to anchor inflation expectations effectively with the Central Bank playing a key role as they maintained a relatively firm policy stance throughout most of the year.

By the end of 2025, Jamaica's inflation environment could be described as managed and range bound. The years' experience reinforced the effectiveness of tight monetary signaling and exchange-rate stability as anchors for expectations, while also underscoring that weather and external price shocks remain the principal sources of deviation risk for the country.

Labour Market

Jamaica's labour market remained structurally strong in 2025, sustaining historically low unemployment rates even amid fluctuating quarterly growth. Unemployment ranged between 3.8% and 4.5% throughout the year, remaining near the record low of 3.5% achieved in late 2024. Labour force participation held steady at approximately 1.47–1.50 million persons, reflecting marginal net expansion compared with the prior year. There were minimal shifts in gender composition, with men accounting for about 53–54% of participants and women 46–47%.

Employment gains were most pronounced in tourism-related services, distribution, and selected business services, while agriculture saw temporary declines following storm-related disruptions before partially recovering during rehabilitation and replanting programs.

Overall, the 2025 employment picture shows a sturdy labour market even as GDP growth moved unevenly across quarters. Unemployment stayed close to historic lows, participation rates were steady, and occupational shares shifted only marginally. The year reinforced that Jamaica's labour market resilience is currently anchored in services and tourism-linked activities, with cyclical shocks affecting hours worked more than the total job counts.

Foreign Exchange Market

The foreign exchange (FX) market maintained relative stability during 2025 under a managed float framework. By year end, the weighted average USD/JMD selling rate traded at J\$159.7, representing a modest 2% depreciation relative to the December 2024 closing rate near J\$156.40. Movements against the British pound also reflected moderate weakening, with the average GBP/JMD selling rate closing at \$219.9, compared with approximately J\$194.2 at the end of 2024.

FX market pressures were most visible immediately following Hurricane Melissa due to increased demand for foreign currency to fund reconstruction materials and imports, though volatility remained controlled through active central bank intervention and robust reserve buffers. Tourism receipts, remittances, and services exports continued to support year-round FX inflows.

Taken together, 2025 can be assessed as a year of currency stability under managed float conditions. The Jamaican dollar recorded only mild net depreciation against the US dollar, somewhat larger slippage against the pound due to global cross-currency moves, and significantly reduced volatility compared with earlier high-inflation years. The combination of reserve strength, intervention capacity, and steady FX inflows underpinned orderly market functioning throughout the period.

Economic Outlook

As of the end of 2025, Jamaica's macroeconomic outlook remained stable but cautious. Core policy anchors, including price stability, adequate reserve levels, and strong labour market performance, continue to support the near-term trajectory. Inflation remained within target at 4.5%, currency depreciation was limited to low digits, and unemployment remained near 4.0%. However, the economic landscape entering 2026 is shaped significantly by the lingering effects of Hurricane Melissa. Rebuilding activities are expected to boost short-term construction and distribution demand, but the disruption to agricultural output and logistics may continue to exert near-term pressure on food prices and supply chain costs. External risks, including geopolitical tensions, global supply chain variability, and climate-related vulnerabilities, remain key downside considerations.

Overall, Jamaica enters 2026 with a stable macroeconomic base supported by disciplined policy execution, but with heightened attention to climate resilience, external shocks, and the importance of sustaining a robust and adaptable services sector.



Last year's annual report served as guide for shareholders and the wider audience through the discourse generated at the Annual General Meeting held in June 2025.



Carreras shareholders, in attendance at the 2025 Annual General Meeting, updated themselves on the company's values and activities through the details curated in last year's annual report.

DELIVERING VALUE
Fulfilling Our Promise and Potential

Financial Performance and Analysis

Overview

Carreras Limited continued to demonstrate strong leadership within the nicotine sector, supported by a well-established portfolio of core brands and ongoing innovation initiatives. Despite the disruptions caused by Hurricane Melissa in the last quarter of the year, the Company achieved solid results through enhanced operational efficiency, improving productivity, and reinvesting strategically to reinforce profitability and long-term value creation.

During the 2025 financial year, the Company's focus was on generating sustainable value for stakeholders. This was achieved through the continuous evolution of its brand offerings and a strategic commitment to expanding and strengthening its market presence. The resulting operational performance reflects its resilience and ability to navigate a dynamic commercial environment while maintaining steady growth.

The following section provides an overview of the Company's performance, drawing on insights from the financial statements and other key reporting sources. Our aim is to present shareholders and stakeholders with a comprehensive understanding of the Company's financial position, operational results, and overall strategic trajectory.

Revenue & Profitability

For the year ended December 31, 2025, operating revenue increased to \$20.9 billion, up from \$19.6 billion in the previous year, reflecting a 6.9% improvement. Revenue saw a partial-year benefit from the rollover impact of the 2024 price adjustment and underscores the Company's resilience and its capacity to maintain stable performance amid shifting market conditions.

Revenue growth was supported by targeted commercial initiatives and deliberate efforts to refine and balance the product mix offered to our adult consumers. Management placed emphasis on aligning the portfolio with evolving market dynamics while upholding operational discipline and reinforcing competitive positioning. These actions contributed to maintaining topline momentum and delivering sustainable long-term value.

Net profit for the year rose to approximately \$6.6 billion, a 5.9% increase from the \$6.2 billion reported in 2024. This reflects the Company's ongoing commitment to converting revenue gains into earnings through disciplined financial management. Profitability benefitted from stronger revenue generation and effective cost control, even as the operating environment presented ongoing pressures. Management continues to prioritize efficiency-enhancing initiatives and identify opportunities that support future growth while mitigating rising cost challenges.

Cost of Goods Sold & Gross Margin

Cost of goods sold (COGS) represents the direct expenses associated with procurement, distribution, freight, import related duties, and statutory charges, such as Special Consumption Tax (SCT) and Customs Administrative Fees (CAF) imposed by the Government of Jamaica. These costs form a significant portion of the Company's operating expenditure and remain closely linked to sales activity.

Total cost of sales increased to \$8.9 billion in 2025, compared with \$8.7 billion in 2024, an increase of approximately \$0.2 billion. Despite this rise, operating revenue grew at a stronger rate, moving from \$19.6 billion to \$20.9 billion. This revenue expansion outpaced the increase in direct costs, contributing positively to the Company's overall profitability.

As a result, gross profit rose to \$11.9 billion, compared with \$10.9 billion in the prior year. Gross margin improved to approximately 57.1%, up from 55.7% in 2024. Gross margin improvement was aided by the rollover pricing impact in the first part of the year, complementing strong cost management and supply-chain efficiency.

Marketing, Distribution & Engagement

Administrative, distribution, and marketing expenses increased to \$3.3 billion for the year ended December 31, 2025, compared with \$3.0 billion in the prior year, reflecting a 7.9% year-over-year rise. This increase is consistent with the Company's ongoing investments in strengthening operational support functions, expanding market presence, and deepening customer engagement. A portion of the increase also reflects short-term logistical, administrative and field-support costs associated with Hurricane Melissa, as the Company worked to stabilize affected employees, routes, support retail partners, and restore normal activities following the storm.

Despite the higher expenditure, cost growth remained measured relative to revenue expansion. Management maintained strong financial discipline while enhancing distribution capabilities, widening marketing outreach, and reinforcing administrative infrastructure to support the Company's evolving commercial priorities. Additional deployment of field teams and temporary route adjustments during the post-hurricane recovery were effectively managed to minimize long-term cost impacts.

The Company further strengthened its competitive position within the nicotine products sector through strategic brand development and innovation. The introduction of new product offerings and the continued evolution of established brands such as Craven A, Matterhorn, and the expanding Vuse portfolio underscore the Company's commitment to addressing emerging industry trends and responding to shifting consumer preferences.

Enhanced marketing strategies and sustained consumer engagement efforts supported brand visibility and market penetration throughout the year, including during the period immediately following Hurricane Melissa when targeted initiatives were used to re-engage affected retail channels and maintain brand presence.

Shareholder Value

Carreras Limited continued to deliver strong value to shareholders in 2025, upholding its long-standing track record of robust dividend distributions. For the financial year ended December 31, 2025, the Company declared dividends totalling \$1.49 per share, representing a \$7.2 billion return to shareholders. Over the past decade, Carreras has returned an annual average of \$4.1 billion in dividends.

The Company's share price closed the year at \$18.11, up from \$13.05 at the end of the prior financial period. This translated into an approximate 13x Price-to-Earnings Ratio. Market capitalization grew to \$87.9 billion, an increase of \$24.5 billion compared to \$63.4 billion in 2024.

Total Shareholder Return (TSR) for 2025 was 50.2%, driven by a 38.8% increase in share price and the year's accumulated dividend payout of \$1.49 per share.

Income Tax Obligations

Income tax for the year totalled \$2.2 billion, representing a 13% increase over the previous reporting period. The effective tax rate rose marginally to 25.09%, up from 23.95% in 2024.

A core principle of our Company is our continued recognition of the broader impact our operations have on society and the importance of contributing to the economic well-being of the communities in which we operate. We remain committed to responsible corporate citizenship, ensuring that our actions support sustainable national development.

Our adherence to regulatory requirements reflects our dedication to lawful and transparent conduct. It also underscores our acknowledgment of the vital role that our tax contributions play in financing Jamaica's public services and supporting the country's infrastructural advancement.

Carreras paid approximately \$12.2 billion in statutory obligations, including Special Consumption Tax (SCT), Customs Administrative Fee (CAF), General Consumption Tax (GCT), Corporate Income Tax (CIT), and other withholding and statutory tax taxes, a 10% increase over the \$11.2 billion contributed in 2024.

Financial Position

Net cash generated from operating activities rose 11% to \$7.3 billion, compared to \$6.6 billion in 2024, reflecting stronger underlying operational performance and robust working-capital management.

The increase in operating cash flow highlights the Company's continued ability to translate earnings into cash, supporting both dividend distributions and reinvestment in strategic initiatives. Cash and cash equivalents closed the year at \$3.4 billion, reinforcing the Company's strong liquidity position and its capacity to meet short-term obligations while preserving financial flexibility.

Current assets declined 19% to \$6.0 billion, primarily driven by a 49% reduction in outstanding trade receivables. This reduction resulted from strengthened credit controls, accelerated collections, and overall improved receivables quality. Current liabilities decreased 21%, reflecting the timing of supplier payments and disciplined management of short-term obligations. Working capital totalled \$2.7 billion, a modest contraction relative to the prior year; however, the current ratio remained stable at 1.8:1, signalling that liquidity levels continue to be adequate and that the Company maintains a balanced short-term financial structure. The stability of this ratio, despite shifts in both current assets and liabilities, demonstrates effective liquidity management and a well-controlled operating cycle.

Credit Risk Management

Credit risk exposure from receivables and short-term deposits totalled \$5.2 billion at year-end a 26% decrease compared to 2024. This decline reflects improved portfolio quality, strengthened customer credit assessments, and enhanced collections performance. The reduction in overall exposure indicates that the Company effectively managed counterparty risk during the year, benefiting from more disciplined credit terms and tighter monitoring of customer aging profiles. Approximately 79% of receivables were current, underscoring the effectiveness of the Company's collection processes and the generally strong credit-worthiness of its customer base.

The Company maintains a comprehensive credit risk insurance policy with a Financial Interest Clause, which provides an added layer of protection against potential customer defaults and enhances the security of future cash flows. This insurance coverage supports a more resilient risk-management framework, particularly in periods of market volatility. In addition, the Company routinely reviews and updates its credit and investment policies to ensure alignment with evolving market conditions, safeguarding assets while optimizing liquidity and return. These measures collectively demonstrate a disciplined approach to mitigating credit risk and maintaining a stable financial position.

Shareholders' Equity

Shareholders' equity amounted to \$3.2 billion as of December 31, 2025, compared to \$3.8 billion in 2024, reflecting a moderation in the Company's net asset position over the period. The decline was primarily driven by the year's substantial dividend distributions, which exceeded retained earnings generated during the period, consistent with the Company's



long standing commitment to returning value to shareholders. Despite the reduction, the equity base remains strong and continues to provide a solid foundation for ongoing operations, strategic investments, and future growth initiatives. The movement in equity also underscores the Company's disciplined capital allocation strategy, balancing reinvestment in the business with maintaining an efficient capital structure that supports long term shareholder value creation.

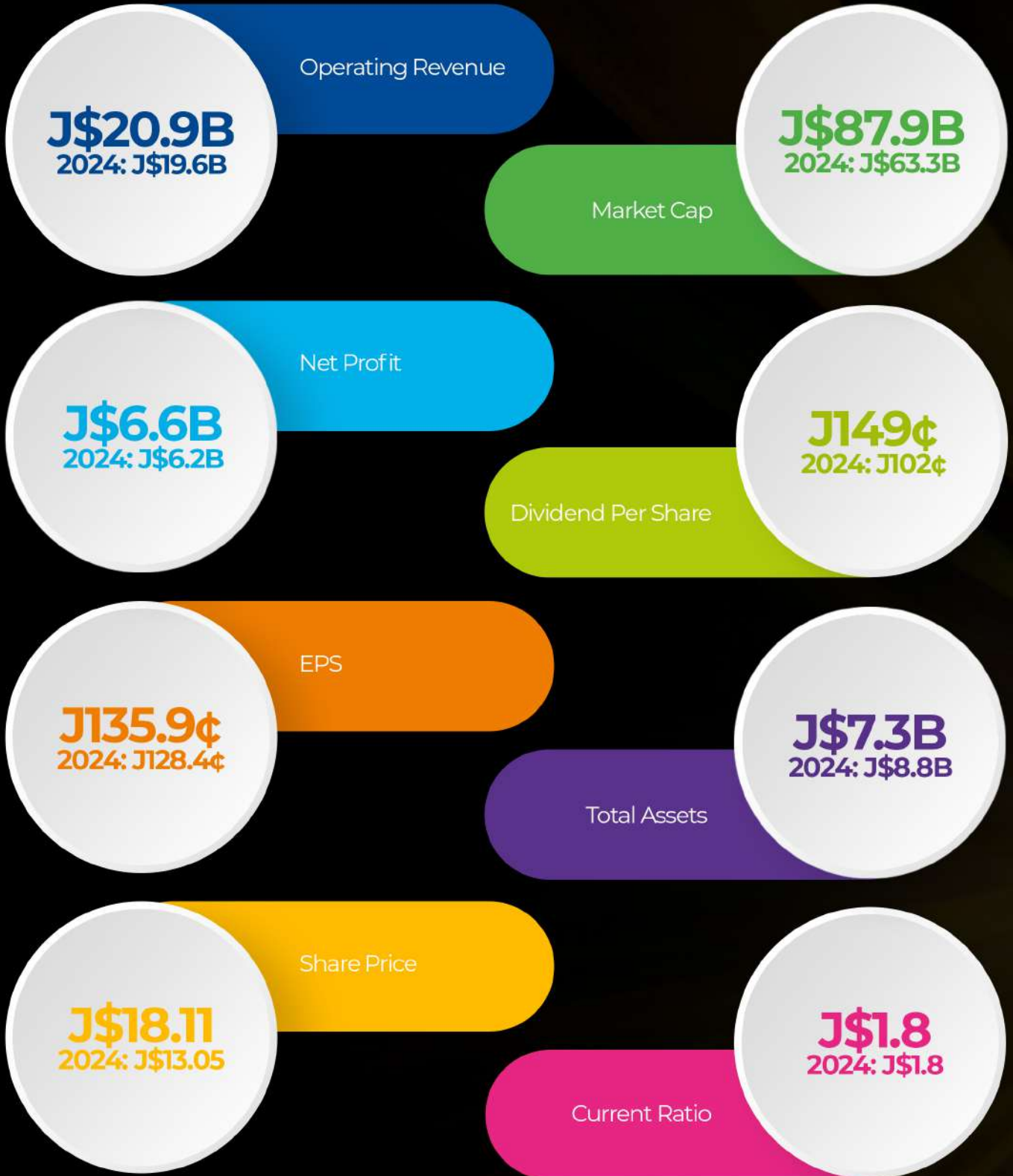
Conclusion & Outlook

Carreras delivered a solid financial performance in 2025, supported by strong execution, disciplined cost management, and targeted strategic investments that strengthened the Company's competitive position. The year's results reflect the effectiveness of Carreras' operating model, which continues to emphasize efficiency, robust cash generation, and prudent capital allocation. These efforts contributed not only to stable profitability but also to the Company's ability to sustain significant returns to shareholders while maintaining a strong financial foundation.

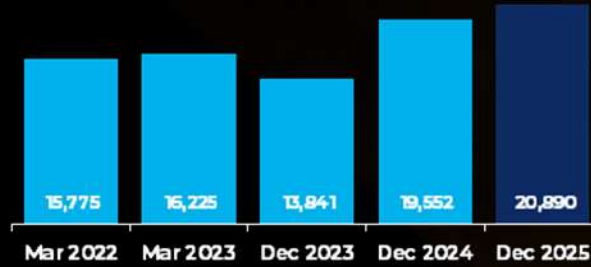
The successful introduction of the Vuse brand further demonstrates Carreras' capability to innovate within the rapidly evolving nicotine and broader reduced risk product landscape. This achievement underscores the Company's responsiveness to changing consumer preferences and regulatory environments, as well as its commitment to developing a diversified portfolio that remains relevant and competitive.

Looking ahead, the Company will continue to focus on market expansion, category innovation, and operational excellence as key pillars of its long term strategy. Emphasis will be placed on strengthening brand equity, enhancing route to market efficiency, and leveraging digital tools to optimize commercial execution. These initiatives align with the Company's vision of "A Better Tomorrow," aiming to deliver sustainable growth, create long term value for shareholders, and contribute positively to the markets and communities it serves.

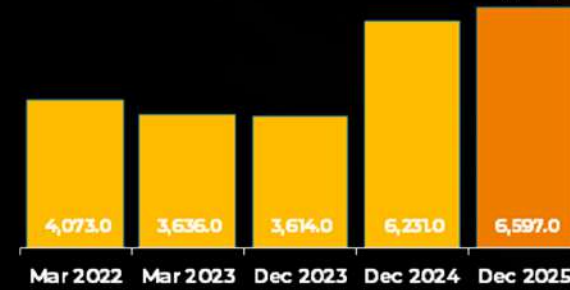
2025 Financial Performance Highlight



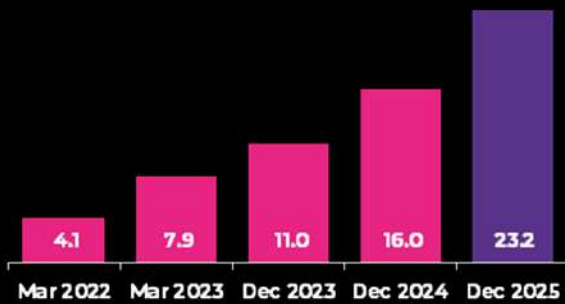
Operating Revenue (\$M)



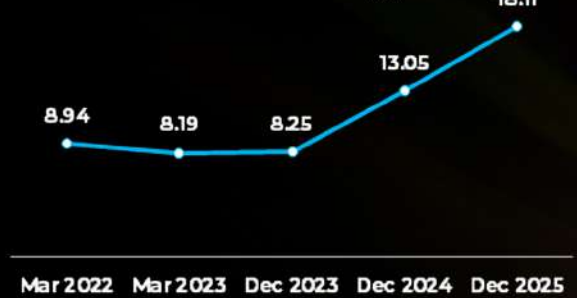
Profit Attributed to Shareholders (\$M)



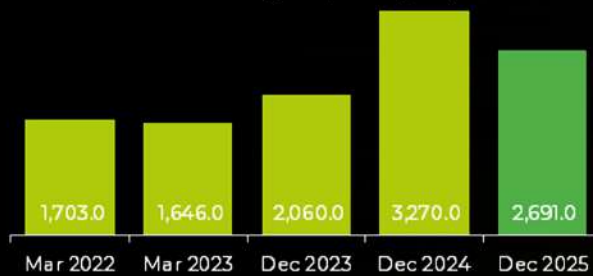
5 Year Cumulative Dividend Paid (\$M)



Share Price (\$)



Working Capital (\$M)



Credit Risk (\$M)



OUR PEOPLE AND CULTURE

Investing in Our Talent

People Agenda

Carreras has faced a challenging yet exceptionally rewarding year. There has been a lot to reflect on and to celebrate. The organization continues to show strength through unity, vision and purpose, as we continue to be guided and live through our values. We stay committed to loving and supporting our consumers, displaying our passion to win and inevitably we remain resolute in emerging stronger together. The challenges that came from the onset of Hurricane Melissa were no match for the team's resilience and devotion. There was an immense display of strength and unwavering support for each other, the business, and our customers who we stood by during this difficult and unprecedented time. Our teams went out in numbers into our affected communities, providing well-needed essential supplies even though a lot of them were facing their own adversities.

The business was able to recover in a record-breaking time, and we can only attribute this to our most important asset, our people who continue to be positioned at the heart of all that we do.

We managed to reach milestones by achieving substantial growth and industry dominance with our annually administered employee engagement surveys, which illustrates evidence that Carreras is truly a great place to work. We have more promoters of the business than detractors or passives, and this is a win for any organization that is focused on achieving a great culture. We do attribute our commercial success to the level of engagement and satisfaction of our staff. 2025 was a momentous year for both the business and our people, and this should continue to reassure our shareholders and stakeholders that we are stronger than ever. We can look forward to an even greater future for generations to come, behind this legacy that is being built.

The LiveWell Agenda

This year we launched our LiveWell agenda which is an enabler of the company's benefit and well-being strategy. There are four main pillars associated with this approach, which focus on the physical, emotional, social, and financial health of our staff. Through this agenda, we were able to streamline and refocus some of our benefits in a tangible as well as intangible way, resulting in some record-breaking milestones.

We were able to increase our maternity leave provision for our female team members from four (4) to six (6) months. This was a particularly rewarding achievement as we are one of the few companies on the island with such a generous allocation. We believe firmly in supporting families and oftentimes women carry the burden of trying to maneuver family life and business aspirations and requirements. This allocation will give our female colleagues the opportunity to balance the needs of the family without compromising their career paths and focus. We were also able to provide an increase in our provision of paternity leave from five (5) to ten (10) days. We also introduced birthday leave available for staff on their birthdays, casual leave and study leave for team members pursuing learning and development opportunities.

Mental and physical health continues to be our focus, and we were also able to refine our employee assistance programme (EAP) to provide more robust support including a more targeted approach to mental health. The fact that we were able to utilize our new location with its modern, state-of-the-art and physically impressive layout, played a strong role in our wellness agenda. We were able to reap the benefits of togetherness and belonging within the aesthetically stimulating and practical convenience of our Ferry location.



The Carreras Human Resource Team made it a group effort for the Staff Christmas Gift Exchange 2025.



Carreras team member channeled their artistic side for a painting session at our Ferry headquarters lunchroom in May, 2025.

Staff Engagement and Continuous Listening

Our global strategy remains focused on engagement and proactive listening. We continue to benefit from the results of an engaged and active workforce. We guide our decisions by gaining key insights from our team through our effective and well-executed engagement surveys, which are administered bi-annually. This helps us to identify potential areas of concern before they become threatening and allow us to benchmark ourselves alongside global norms. As always, we balance our commercial focus with activities and milestone moments shared with our team, we work hard and we have fun!!

"Unstoppable. The Golden Year"

To celebrate our milestone achievements for 2024 as well as set the pace for 2025, the Carreras team gathered on the lawns of the Ruins at the University of the West Indies, Mona to celebrate an evening dubbed "Unstoppable, The Golden Year." On Saturday March 8th, 2025, our staff and their families gathered for an event showered with glitz, glam, delectable cuisine, music and awards and recognitions for the efforts of our hard-working teams. We also took the time out to acknowledge some of our long-standing team members to thank them for their invaluable years of service and contribution to the business. Our staff came out as the true stars that they are, visually demonstrating what a winning organization looks like.



Top Sales Representative, Kadre Wilson, was recognized for his performance with an award presented by then Managing Director Franklin Murillo



Our Mandeville team received one of the more coveted awards of the evening, award presented from then Managing Director, Franklin Murillo.



Top Sales Representative, Jodian Brown was recognised for her achievements by presenter Khafre Gentles, Area Sales Manager.



Kevin Mitchell was the evening's recipient for the safe driving award, with our HR Business Partner, Daidrey Miller making the presentation.



Our Corporate Affairs Manager & Company Secretary, Imega Breese McNab (right) presented Administrative Assistant, Mary Johnson with a Long Service Award.



Treasury Analyst, Nadine Montique was escorted to the stage at The Ruins, by her husband and sons, to receive her Long Service Award.



Members of the Senior Leadership Team shared a photo op moment before the evening's awards.



Members of the Trade Marketing Team swapped out their Carreras polo shirts for formal suiting and tailored separates at our awards banquet.



Our 'Unstoppable, the Golden Year' themed awards banquet was held on the grounds of The Ruins, Mona Visitors' Lodge at the University of the West Indies, Mona.

Leaf Appreciation Programme

From April 23 to April 26 some of our local team members from different functions joined their British American Tobacco Company (BAT) colleagues in Guadalajara as well as Tepic in Mexico. This was for what is known as the Leaf Appreciation Programme, which gives BAT colleagues across the globe the opportunity to visit the factories as well as tobacco manufacturing plant to gain an in-depth appreciation of how the product is harvested, reaped, manufactured and put to market.

It was a very eye opening and insightful experience for those who participated and captured the process from “a seed to a stick.”

Leading Self/Leading Teams Trainings

Between May 20 to May 21, Carreras' aspiring middle managers as well as current line managers experienced internally executed training sessions which equipped them with the tools to adequately lead themselves in preparation for next level roles as well as support those with critical strategies who are already leading teams. The two-day workshop focused on both cohorts and adequately tailored the material to suit each group. There were live discussions, practical exercises, sharing of information as well as group activities designed to convey the learning in a simple yet impactful way. The feedback from the teams were positive and all team members had significant insights to share in terms of what was learned from both all day workshops.



Carreras team members were a welcome addition to the Leaf Programme field tour in Mexico.



The group of participants as well as facilitators of the Leading Self Programme



The facilitators and participants of the Leading Teams Programme



A factory tour in Mexico attracted this BAT cohort.



From left, Daidrey Miller, Leah Ishmael-Lynch, and Nicole Clarke facilitated a two-day workshop at Carreras HQ.



Carreras team members participated in a well-attended 'Connected' sales platform training.

Learning & Development

Carreras continues to manage the learning and development of our internal stakeholders. Through our global agenda we continue to use the 70:20:10 approach, which means that 70% of learning takes place in the role, 20% of learning takes place through coaching from colleagues as well as managers and 10% through formal trainings.

Our focus on this throughout the year resulted in many of our recently promoted team members benefiting from coaching and supervision from senior colleagues and a more targeted approach through courses on our internal learning platform as well as formal training sessions for our sales force. In August, our Trade and Marketing teams benefited from our Connected Sales Platform training and a refresher on sales execution as well as customer interaction skills. During the year we have strategically supported this approach, and we have seen the success based on the feedback from our customers and the maintenance of exceptional relationships within the trade.

Our Learning & Development policy launched in August of last year also continues to play an integral role in the educational development of our teams as we can report that four (4) team members were awarded assistance to pursue studies at the Graduate level.



Facilitator Hakeem Weir (left) led a 'Connected' training session with Carreras team members.

Employee Well Being & Health Agenda

The business continues to focus on our LiveWell agenda and promoting the right balance between productivity and self-care. As has become customary we again partnered with Essential Medical Services in October 2025 to execute in-house clinics across all our locations.

Our teams continue to benefit from basic health screenings to detect and diagnose non communicable diseases, weight management consultations, eye examinations, health plans as well as more detailed and essential screening exercises.



Warehouse Coordinator, Marvin Cole taking advantage of our Health & Wellness Day 2025.

Hurricane Melissa Impact and Recovery

On Tuesday, October 28 the Carreras team, as did the wider Jamaica, faced challenges resulting from the effects of Hurricane Melissa. Our eastern region was mostly unscathed, but our operations in the western and central regions, were disrupted from physical damage as well as extended power and water outages. Our team members in these regions were also personally affected as many received physical damage to their properties as well as personal effects.

The leadership of the company propelled into action to first secure the physical as well as psychological safety of our teams and their families and then the business. We ensured that our teams were provided with much-needed essential supplies on an ongoing basis, gave them the space to speak about the challenges that they faced during and after this unprecedented event as well provided the relevant psychological assistance to develop coping mechanisms.

The company was also able to negotiate and receive approval for a one-time financial relief salary payment for all team members with an increased amount being granted to those who were most significantly impacted.

The display of our values of stronger together and passion to win were showcased as our teams stood together supporting each other, triumphing with extraordinary results and minimal to no business disruption. This time of adversity has truly renewed and reaffirmed our faith in our winning organization and winning team. Many of them further extended themselves through our community outreach activities to assist those in the spaces in which we operate.



Carreras Corporate Affairs and Company Secretary Imega Breese McNab (right) interacted with an impacted resident, and presented her with a care package, during the Project Rise and Restore Hurricane Melissa Christmas Treat.

Sharing, Caring & Recovery for the Festive Season

In December of 2025, the Carreras staff were treated to gifts that were preselected from a wish list they created. The season of giving was further highlighted as a great way to celebrate and show appreciation for all those who ensure the bright future and legacy of this wonderful organization.



Staff Christmas Gift Exchange 2025



Managing Director, Ivan Hurtado presented a gift to Treasury Analyst, Nadine Montique at the Carreras Staff Christmas Gift Exchange 2025.

Our Future & Our Talent Agenda

We have always emphasized our commitment towards our talent agenda and developing our people for future success within the business. In 2025, British American Tobacco Company (BAT) revamped its focus on talent and talent development through the establishment of a new and effective talent management system. This new model was launched in all our markets and focuses on talent segmentation based on certain tangible and measurable criteria, focusing on key leadership capabilities, which are deemed essential for progression into business-critical roles.

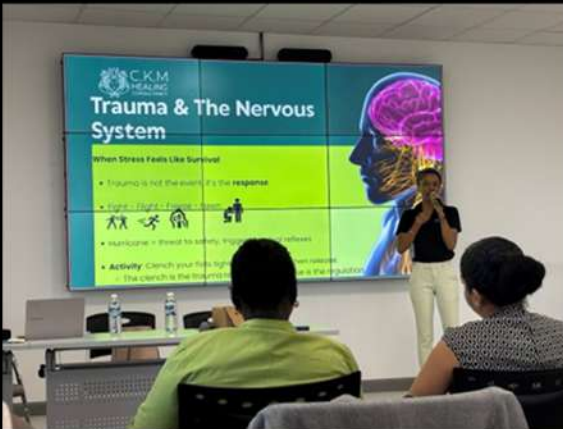
This talent model will ensure that those identified as advancing as well as top talent will receive the necessary resources and internal development to ensure that they are ready when opportunities arise.

For 2025, our employee retention levels remained excellent with a turnover rate of under 4% and a 0% critical role loss.

Our focus will still be on strengthening our partnerships through the importing and exporting of Caribbean talent through overseas assignments and short-term engagements within our affiliates in other markets across British American Tobacco Company (BAT).

Our focus will still be targeted towards bringing critical skills and experiences into the organization and recruiting the best within the market if we have to go outside to fill roles. We believe that we are advanced in our endeavor to provide the best people experience for our invaluable team members and are proud of our achievements for 2025.

For the year 2026 and beyond, Carreras will continue to challenge ourselves proactively not only in achieving a better tomorrow, but also knowing that tomorrow can't wait and the need and drive towards better results is now.



Carreras hosted support sessions and activities were extended to help our people process the impact of Hurricane Melissa.



Our finance team shared in the Company's Christmas festivities.

**REGULATORY AND
COMMERCIAL EXCELLENCE**
Engaging for Balance, Equity and Growth

Corporate and Regulatory Affairs

A Balanced Regulatory Approach For Adult Choice

The Tobacco Control Act (2020) continued to be one of the most significant regulatory developments for the industry in 2025. The Joint Select Committee (JSC) reconvened after a prolonged pause concluding its deliberations in July. Throughout this period, Carreras maintained its commitment to constructive and evidence based engagement.

Carreras consistently advocated for the principles of: Regulatory fairness; Practical enforcement; Public health proportionality; Consumer protection; and A differentiated treatment for Reduced Risk Products (RRPs).

The draft legislation, as presented, includes several impactful provisions, in particular:

1. A full ban on product display, promotion, sponsorship, incentives, and Corporate Social Responsibility (CSR) visibility for all tobacco and nicotine products.
2. An increase in graphic health warnings from 60% to 80% for combustible and vapour products.

During the 2024–2025 JSC sessions, the Committee revised several initially problematic clauses, including:

1. Allowing continued industry–Government interaction where necessary for effective regulation and enforcement.
2. Removal of criminal penalties for public officers investing in the tobacco industry.
3. Preservation of the right to sell products in public spaces, avoiding unintended hardship for micro retailers.
4. Increase of the 6 months transition period.

Carreras supports balanced tobacco control regulations that:

1. Protect minors and uphold public health goals;
2. Preserve consumer choice and the public's ability to distinguish between legal and illicit products
3. Enable Jamaicans to access scientifically validated reduced risk alternatives
4. Avoid “dark market” conditions that fuel illicit trade.

Carreras continues to advocate for:

1. Differentiation between combustibles and RRP, enabling responsible adult only communication.
2. Retention of communication at adult consumer touch-points
3. Retention of CSR visibility for nation building initiatives such as scholarships and disaster recovery.
4. Recognition of the economic and fiscal impact of the legitimate industry, especially for small retailers.
5. A longer transition period to support national compliance.

Looking forward, Carreras will continue to:

1. Participate in structured consultations.
2. Provide a science based view on vapour and modern oral product regulation.
3. Support public education and enforcement discussions to strengthen youth access prevention.
4. Ensure Jamaica's regulatory framework remains proportionate, enforceable and aligned to risk.

Excise Management

Carreras is one of Jamaica's most consistent contributors to national revenue, generating over J\$11 billion annually in combined taxes. For this reason, the Company has continued to engage constructively to ensure a predictable and balanced approach to excise policy.

The highlights of the 2025 fiscal environment were:

1. Eight consecutive years without an excise increase on cigarettes.
2. The Government signalled renewed interest in reviewing the Excise Duty Act, with Carreras invited to submit formal written recommendations.

The focus for 2026 is to maintain stability in FMC excise policy through structured engagement and continue educating stakeholders about the links between excessive taxation and illicit trade growth.

Underage Access Prevention

Carreras Limited is committed to preventing individuals under 18 from accessing tobacco and vapour products or being exposed to related marketing. As part of a global group focused on responsible operations, we continue to strengthen our approach to youth access prevention.

We partner with retailers to reinforce age restrictions through training and in-store signage, while our products incorporate technology aimed at reducing underage use. In addition, strict marketing controls ensure all communications are directed solely at adult nicotine consumers. This commitment remains central to our responsibility as a business and our support for effective regulation.



Combating the Illicit Trade

A Partnership Approach

Illicit trade remains a major national challenge, undermining public health, eroding government revenue, and exposing consumers to unregulated and often counterfeit products. In 2025, Jamaica's illicit cigarette market was estimated at approximately one third of total consumption, representing losses of J\$4–5 billion annually to the government.

As the market leader, Carreras continued to strengthen its long standing partnership with enforcement bodies, supply chain actors and the private sector. Our partnerships had very positive results during the year:

1. Participation in Jamaica's First Anti Illicit Trade Forum hosted by the Jamaica Chamber of Commerce (JCC).
2. Training of two hundred (250) law enforcement officers across the island.

Our priority for 2026 is to continue to work with key stakeholders in this area to enhance intelligence gathering, increase awareness and seizures as well as advancing stronger penalties and excise enforcement reforms through stakeholder advocacy.

Through collaboration, data driven interventions, and responsible industry leadership, Carreras remains firmly committed to helping Jamaica reduce illicit trade and safeguard national interests.



Phillip Ramson greets Hon. Dr. Horace Chang, CD, MP at the 2025 Jamaica Chamber of Commerce, Anti Illicit Trade Forum



Team Carreras were among the panellists and moderators at the Jamaica Chamber of Commerce Anti-Illicit Trade Forum held at the AC Hotel Kingston.

**OPTIMIZING TRADE AND
DISTRIBUTION CHANNELS**

Trade, Marketing and Distribution

Trade Environment & Performance

2025 marked another pivotal year for Carreras and the Trade Marketing & Distribution (TM&D) Department. Building on the strong foundation established over previous years, we remained unwavering in our ambition to be the number one Sales Force in Jamaica and beyond. Despite the significant challenges posed by Hurricane Melissa and the broader economic pressures affecting consumer spending and supply chains, our organisation once again demonstrated resilience, determination, and unity.

Our success continues to be driven by our two greatest assets our loyal customers and our dedicated, passionate Carreras employees. Their commitment enabled us to deliver value, protect our business, and accelerate our transformation into a stronger, more agile, and future ready commercial organisation.

Duty Not Paid (DNP)

Duty Not Paid cigarettes remain our single largest competitive threat, with illicit brands estimated to represent approximately one third of the total market. In 2025, we intensified our efforts to claw back combustible volumes through a fully integrated 360 degree Strategy encompassing commercial countermeasures, targeted brand activities, public education campaigns highlighting the risks of illicit products, and heightened collaboration with Law Enforcement Agencies (LEA) to support interdiction and compliance.

This coordinated approach delivered positive results, reflected in the recovery of volumes previously lost to DNP brands. Carreras remains committed to protecting consumers, supporting government revenue, and promoting a fair and responsible operating environment.

Route to Market Transformation

Carreras' Route to Market (RtM) model remains one of our strongest competitive advantages, ensuring wide availability of our products across Jamaica. In 2025, we accelerated RtM modernization through the deployment of enhanced digital tools and automation, enabling sharper decision making and improved execution. Smarter route optimization strengthened customer coverage, while advanced analytics delivered deeper visibility into performance and market dynamics.

These enhancements support greater productivity, reduce operational frictions, and position the company to manage a growing multi category portfolio in the years ahead

Talent, Training & Succession

A world class sales force demands continuous investment. In 2025, we implemented a robust training agenda focused on commercial excellence, product knowledge, advanced defensive driving, and compliance. These programmes ensure

that our teams remain technically strong, highly engaged, and prepared for new opportunities as the business continues to evolve.

Culture & Engagement

Our people remain central to Carreras' long term success. In 2025, the company implemented an expanded development programme aimed at enhancing commercial capabilities, reinforcing operational excellence, and supporting leadership growth across the TM&D function. This structured approach also strengthened our succession pipeline, ensuring long term continuity and organisational readiness.

During the year, Carreras achieved its highest ever employee engagement scores, reflecting the strength of our culture, the confidence our people have in our leadership, and the alignment behind our strategic direction.

Multi Category Expansion: Vuse Leadership Consolidated

2025 was a landmark year in the development of new categories. Vuse continued its exceptional growth trajectory, consolidating its position as Jamaica's leading vaping brand (based on market share estimates). This performance was driven by a winning portfolio, expanded distribution reach, enhanced adult consumer engagement, and responsible execution aligned with global under age access prevention guidelines.

While the Vapor category remains in its early stages locally, it represents a significant long term opportunity as Carreras responsibly transitions into reduced risk nicotine alternatives.

Safety – Our Non Negotiable Priority

Our foremost priority in 2025 was ensuring the safety and wellbeing of our employees. Carreras recorded zero Long Term Absences (LTA) from accidents, underscoring the effectiveness of our safety systems, ongoing training, and the disciplined behaviours of our field teams. Continued investment in fleet safety and employee wellbeing further strengthened our safety culture.

Hurricane Melissa – People First

Hurricane Melissa was one of the most severe national disruptions in recent history. The Carreras family responded with remarkable speed, compassion, and unity. We immediately prioritised the safety of our employees and their families, providing significant financial and emotional support to aid the rebuilding process.

Teams mobilised rapidly to support colleagues, customers, and affected communities, all while maintaining strict safety and security protocols. Our Business Continuity Plan was executed effectively, enabling minimal distribution disruption in impacted parishes.

Thanks to the resilience and partnership of our customers, full distribution was resumed in under two weeks a testament to our shared commitment and operational strength.

Hurricane Melissa revealed the very best of Carreras: teamwork, compassion, and excellence under extraordinary pressure.

2026 Outlook

Economic conditions in 2026 are expected to remain challenging as Jamaica continues its recovery from Hurricane Melissa. Nonetheless, Carreras enters the year with a solid commercial strategy, a strengthened organisational foundation, and a highly engaged and capable sales force.

The company remains focused on protecting and growing its combustible franchise, recovering volumes lost to illicit trade, accelerating the expansion of new categories, modernising its Route to Market model, and further reinforcing its culture and safety performance.

These priorities position Carreras to deliver sustainable growth and long term shareholder value while maintaining its leadership within the Jamaican market.



VUSE activation

CONNECTING WITH OUR CONSUMERS

Brand Marketing

Introduction

During the Financial year 2025, Carreras was able to deliver growth in profitability despite the impact of Hurricane Melissa in Q4. This is in no way an easy feat for any Fast-Moving Consumer Goods company and speaks to the resilience of our brands and the spirit of the company, despite macroeconomic pressures.

Our focus this year was on New Product Innovation, giving back to our consumers, amplifying our consumer experiences, and transforming the nicotine business in Jamaica. We executed a targeted and 360-degree approach complimenting the offline executions with online activities, ensuring that consumption moments were satisfied, experiences enhanced, and our portfolio expanded beyond tobacco.

Craven "A" – Satisfying Consumer Moments and Increasing Brand Equity:

2025 saw growth in this brands' volume performance.

2025 saw the introduction of the Craven A "Vibin with you since 1962" campaign" that took over our primary communication touch points in the retail trade as well as some of our events and 1-2-1 activations. The objective was to reinforce this message of longevity and brand legacy to our consumers.

To supplement this, we also deployed for the first time our Craven A blister pack promotion focusing on giving back to our consumers as thanking them for their loyalty.

Craven "A" continues to be the brand that resonates with our local consumers accounting for 65% of the volumes delivered, remaining nationalistic and authentic to its core.



Warning: The Chief Medical Officer warns SMOKING IS DANGEROUS TO HEALTH

The Craven "A" 'Vibin' with You Since 1962' Virginia tobacco blend cigarette slogan and artwork.

Matterhorn – Tipping the Scales with Innovation

Even though we saw a small decline in volumes impacted by Hurricane Melissa, we continued to deliver on that expectation

of innovation and change, with the introduction of a Matterhorn Tempo in January 2025. Matterhorn Tempo was a double capsule innovation where the core Matterhorn stick was comprised of two capsules in the filter. Consumers had the option of choosing their level of cool by crushing the capsule of their choice (spearmint or menthol) or by crushing both capsules for an intense menthol flavor boost.

This NPI (New Product Innovation) resonated well with those Matterhorn consumers looking for innovation and differentiation. Feedback for the new SKU was very positive and this new Matterhorn offer continues to deliver steady volumes month on month.



Warning: The Chief Medical Officer warns SMOKING IS DANGEROUS TO HEALTH

The Matterhorn Tempo 'Jamaica's Coolest Offer' menthol-spearmint cigarette slogan and artwork.

Pall Mall – Combatting Illicit Trade and Ultra Low – Priced Competition

Route to market efforts with the introduction of the upgraded Pall Mall Classics King Size in December of 2025 focused on leveling the playing field and offering consumer more value in this segment.

Our efforts continue to be in specific targeted areas and focused activations where Illicit offers continue to be prevalent. The Pall Mall family continues to make inroads into the fight against illicit trade spaces and has the critical role of acting as a catcher brand when reduced disposable income impacts consumers' spending patterns.

Pall Mall classics has seen double digit growth verses 2024.

New Categories – Vuse #1 Global Vaping Brand and Leading the Vaping Category

With the vaping industry continuing to experience rapid growth over the past decade, especially with the demand for higher puff counts Carreras responded by launching the 5000 and 8000 puff count devices in H1 of 2025.



VUSE GO 8000

5000 Puff Count was launched with Carnival as its platform with this offer being available at all events where we activated leading up to the Grand Road Show. On the Road, Carreras had their 5000 puff Vuse truck fully equipped with Ambassadors, giveaways, and VUSE refreshments. We also had a Vuse lunch spot activation where refreshments and giveaways were available as well as 1-2-1 consumer moments with our VUSE Ambassadors that highlighted the new product offers and features. The Booth also served as a “photo opp” for those wanting to take advantage of the ambience and backdrop.

8000 Puff count was launched in June and Reggae Sunfest as the platform for this launch.

1-2-1 activations we deployed at Key outlets surrounding the event as well as activating on both nights. We also used this opportunity to launch our **VUSE DONE RIGHT CAMPAIGN** that seeks to reinforce the quality of our brand highlighting we offer a vaping device that is rigorously tested and independently verified.

Vuse saw single digit growth verses 2024



VUSE GO 8000 on display

Conclusion

We continue our growth and transformation agenda and deliver exceptional and responsible experiences within the nicotine space in this market.

Our objective will be to drive growth and increase market share in Jamaica by reinforcing the quality and longevity of our established brands whilst continuing to innovate and bring innovation into the market. Research and insights will drive our agenda as we look to stay close to consumer pluses and offer new products, flavors, and experiences that continue to keep us number one with our consumers.

We will also continue to be responsible with our brand messaging and offers, ensuring consumers are satisfied with how our brands and deployed and with the quality they have come to expect.



VUSE GO 8000 Product Details & Specifications



A VUSE GO activation at a premium all-inclusive Frenchmen event.

SUSTAINABILITY AND ESG
Integrating ESG for Long-term Value

In a year defined by resilience and unity, Carreras advanced an Environmental, Social and Governance (ESG) agenda that is both deeply Jamaican in its impact and globally aligned through our membership in the British American Tobacco (BAT) Group. Our priorities reflected the realities of 2025, post Hurricane Melissa recovery, strengthened governance and regulatory stewardship, anti illicit trade efforts, and maintaining responsible business growth.

Guided by the strategic pillars of Quality Growth, Sustainable Future, and Dynamic Business, Carreras' 2025 ESG performance demonstrates that responsible operations and long term commercial success are inseparable. Our efforts were grounded in a deliberate approach to corporate citizenship, one that balances the expectations of regulators, shareholders, employees, consumers, and the communities we serve.

Our sustainability strategy is anchored in Environmental Stewardship, Social Impact and Community Development, and Robust Governance and Responsible Business Practices.

Environmental Initiatives

Environmental Stewardship

In 2025, Carreras made measurable progress in reducing its environmental footprint. Our actions focused on fleet modernization, energy efficiency, waste reduction, and environmental responsibility across operations.

Transition to Clean Energy and Low Emission Fleet

The consolidation of our operations into a modern, purpose-built facility significantly enhanced our energy-efficiency profile. Solar technology was integrated into the new building, and the Company continues to evaluate the pathway toward achieving 100% renewable energy. Improved building systems, strengthened energy-management practices, and disciplined operational controls contributed to consistent gains in consumption and efficiency ratios. These advancements resulted in total solar-related savings of JMD 1,594,316.69 and a reduction in electricity consumption from JPS by 12,743.47 kWh.

Carreras' green fleet transition advanced significantly through the continued rollout of electric and hybrid vehicles, expanded to 30 hybrid units that enhanced fuel efficiency, reduced emissions, and lowered exposure to fuel price volatility. Strengthened driver safety programmes, improved emissions management, and optimized routing further reinforced operational sustainability.

Waste Reduction and Circularity

Carreras expanded its cardboard recycling programme, successfully diverting 2,065 lbs of cardboard from waste streams. The company also reinforced its sorting and collection systems and strengthened engagement with recycling partners. These efforts contributed to the continued maturation of our waste management practices as part of our broader circularity agenda.



Team Wigton tours Carreras' new Automotive Parkway, Ferry premises to view the business hub solar installation.



Corrugated fiberboard processed in the Carreras cardboard recycling programme.

Social Impact Programmes

Social Impact and Community Development

Our people and communities were at the center of every decision made in 2025, especially after the unprecedented impact of Hurricane Melissa. The event tested the depth of our social responsibility, and Carreras responded with speed, compassion, and unity.

Hurricane Melissa: Relief, Recovery and Resilience

Carreras mobilized immediate support for affected employees, trade partners, and communities, providing emergency supplies, financial assistance, temporary shelter support, and counselling resources. We restored operations rapidly to maintain national market availability and business continuity. Our relief efforts reached:

- 108 employees supported
- 1500 households assisted across multiple parishes
- J\$25 million in relief funding, supplies, and community support
- 100% of operations restored within 10 days

This experience will continue to shape how we prepare for, respond to, and strengthen resilience going forward.

Employee Engagement, Safety and Wellbeing

Carreras reinforced a culture of wellbeing, inclusion, and performance through:

- Enhanced employee support post Melissa
- Strengthened leadership development and engagement initiatives
- Continued focus on eNPS and talent pathways
- Implementation of an enhanced maternity leave policy, shared through employee led storytelling

Driver Safety Programme

In collaboration with the Jamaica Automobile Association (JAA), 100 percent of fleet drivers are defensive driving trained and certified through the Advanced Driver Training Programme.

Our Road to Zero 2025 target was achieved with:

- Zero Lost Time Incidents (LTI)
- Zero Lost Time Accidents (LTA)

Tertiary Scholarship Programme

Education remains one of our most impactful and enduring social investments. In 2025:

- J\$20 million in scholarships was disbursed
- 80 beneficiaries across 14 tertiary institutions were supported

Over the past seven years, more than 514 students have received Carreras scholarships, underscoring our role in enabling economic mobility through education.

Community Investment and Nation Building

As a legacy donor, Carreras invested J\$10.5 million in 2024/25 through Project STAR. Our partnership supported skills training, entrepreneurship development, community rehabilitation and beautification, and the distribution of holiday food packages.

Seasonal Relief and Community Wellbeing

Carreras supported additional seasonal initiatives, including:

- Easter hamper distributions benefiting 500 households
- Post Melissa Christmas treat and care package distributions supporting approximately 1,500 vulnerable families across communities in Montego Bay and surrounding areas.



Scenes from our Christmas treats held in Salt Spring, St. James and Savanna-la-mar, Westmoreland last December.

Project Rise and Restore Hurricane Relief Initiative 2025/2026



Team Carreras and Team Project Star provided joint outreach to affected communities post-Hurricane Melissa.



Scenes from our Project Rise and Restore care-package distribution drive in Hurricane Melissa ravaged neighbourhoods in Western Jamaica.



Team Carreras partnered with Team Project Star to provide humanitarian aid in the aftermath of Hurricane Melissa.

Governance and THR

Governance and Responsible Business Practices

Carreras remains deeply committed to operating with integrity, transparency, and accountability. Our governance framework aligns fully with the BAT Standards of Business Conduct (SoBC), and includes:

1. Annual SoBC training and mandatory employee sign off
2. Rigorous anti bribery and corruption compliance
3. Comprehensive anti illicit trade programmes protecting consumers and government revenues
4. Responsible marketing aligned with global principles
5. Strict youth access prevention protocols
6. Strengthened data privacy and cybersecurity controls
7. Continued Board level oversight of risk, internal controls, and compliance

Tobacco Harm Reduction (THR) Leadership

As part of the BAT Group, harm reduction is central to Carreras' ESG leadership. In 2025 we:

1. Continued the responsible distribution of Vuse vapour products to adult consumers
2. Strengthened adult only retailing controls through nationwide retailer training
3. Advanced underage vaping prevention initiatives through targeted programmes and responsible marketing
4. Robust and properly enforced quality standards
5. Expanded educational touchpoints through the Vaping Done Right campaign

ESG Leadership and the JCC – Carreras ESG Awards

A defining feature of Carreras' Environmental, Social and Governance ESG leadership is our role in elevating sustainability standards across Jamaica's private sector. In 2024, Carreras launched Jamaica's first-ever (ESG) Award, in partnership with the JCC.

The Award recognizes excellence in:

- Environmental Management
- Social Impact
- Corporate Governance

The second staging, held in July 2025, honoured Grace Kennedy Limited as the winner. The initiative continues to grow in stature, attracting some of Jamaica's largest and most established corporations.

Carreras' contribution extends beyond sponsorship. We serve on the judging panel, offering ESG expertise and reinforcing rigorous assessment standards. This initiative strengthens our position as a national leader in ethical and sustainable business advancement and contributes meaningfully to Jamaica's ESG maturity.



Carreras warn sign with under 18 age restriction



Then Managing Director, Franklin Murillo presenting the Environmental Social and Governance (ESG) award to Grace Kennedy at the Jamaica Chamber of Commerce Award Ceremony

Looking Ahead

Carreras will continue to invest in renewable energy, community transformation, harm reduction innovation, governance excellence, and national ESG capacity building. Our ambition remains clear:

To operate responsibly and transparently, while creating long term shareholder value and delivering meaningful, measurable impact for Jamaica.

RECOGNITION
Recognition of Excellence and Impact



In December 2025, Team Carreras won the Jamaica Stock Exchange 21st Best Practices Award for Best Performing Company, Main Market, and was also the 2nd runner-up for Best Annual Report.

STATEMENTS



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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), set out on pages 85 to 123, which comprise the statement of financial position as at December 31, 2025, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material 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 company as at December 31, 2025, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by 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 employee benefits

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

Key audit matters	How the matters were addressed in our audit
<p>The company recognised employee benefit obligation and employee benefit asset in the amount of \$274.3 million and \$32.5 million, respectively (December 2024: \$288.6 million and \$36.7 million respectively).</p> <p>The company operates a defined benefit pension plan that provides retirement benefits to the members. The company also provides medical and life benefits for its pensioners.</p> <p>The valuation of these benefits depends on key assumptions including, discount rates, inflation, future increases in salaries and medical benefits premium.</p> <p>Due to the complexity of the calculations, the company appointed an external actuarial expert to assist in measuring the employee benefit asset and obligation at the reporting date.</p>	<p>Our audit procedures in response to these matters included:</p> <ul style="list-style-type: none"> • Evaluated the competency, capabilities and objectivity of the appointed specialists (actuary and valuation experts) by assessing their qualifications (i.e. professional certification, membership in an appropriate professional body), and experience and reputation in the field. • Walkthrough the process for the preparation of the estimate including management review and approval of the data and assumptions used by the specialists. • Involved our actuarial specialist to: <ul style="list-style-type: none"> (a) assist us in evaluating whether the actuarial valuation was performed in accordance with the requirements of the applicable financial reporting framework and tested the reasonableness of the actuarial results. (b) assess the reasonableness of key assumptions used by comparing to independent sources such as agreeing discount and inflation rates to published advisory by the Institute of Chartered Accountants of Jamaica and performed other procedures as relevant.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARRERAS LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Valuation of employee benefits (continued)

See notes 2(c), 9 and 21(l) to the financial statements *(continued)*

Key audit matters (continued)	How the matters were addressed in our audit (continued)
<p>An error in the calculation could give rise to a material misstatement in the amounts recognised.</p>	<p>Our audit procedures in response to these matters, included (continued):</p> <ul style="list-style-type: none"> • Tested the accuracy of data used by the actuary in the calculation by verifying, on a sample basis, to underlying supporting documents such as payroll records. • Tested, on a sample basis; the valuation of the plan assets by obtaining confirmations to support their existence and tested fair values by obtaining and comparing prices from independent sources. • Involved our valuation specialist to assist in determining the reasonableness of the fair value of investment properties and certain investments. • Assessed whether disclosures in the financial statements are appropriate and in accordance with the requirements of the applicable financial reporting framework in respect of the company's employee benefit arrangements.

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.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARRERAS LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information (continued)

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 Accounting 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 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.

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 83 to 84, forms part of our auditors' report.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARRERAS LIMITED

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 Wilbert Spence.

A handwritten signature of the KPMG firm, written in blue ink.

Chartered Accountants
Kingston, Jamaica

March 3, 2026



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 company'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.

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.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARRERAS LIMITED

Appendix to the Independent Auditors' report (continued)

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.

CARRERAS LIMITED**Statement of Profit or Loss and Other Comprehensive Income****Year ended December 31, 2025***(Expressed in Jamaican Dollars unless otherwise indicated)*

	<u>Notes</u>	<u>2025</u> \$'000	<u>2024</u> \$'000
Operating revenue	3	20,899,971	19,551,584
Cost of goods sold	4	(8,957,856)	(8,658,196)
Gross margin		11,942,115	10,893,388
Other operating income	5	<u>230,435</u>	<u>300,841</u>
		12,172,550	11,194,229
Administrative, distribution and marketing expenses	6	(3,276,531)	(3,035,885)
Lease interest expense	11(c)	(76,367)	(33,552)
Expected credit (loss)/gain	18(i)	(12,741)	<u>68,228</u>
Profit before income tax		8,806,911	8,193,020
Income tax	7(a)	(2,210,044)	(1,962,456)
Profit for the year		<u>6,596,867</u>	<u>6,230,564</u>
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Change in effect of pension asset ceiling	9(i)(f)	146,951	(313,107)
Remeasurement (loss)/gain on pension assets	9(i)(f)	(261,195)	229,851
Remeasurement gain on pension obligation	9(i)(f),9(ii)(d)	157,762	99,966
Income tax on employee benefits	15(b)	(10,880)	(4,178)
Other comprehensive income, net of tax		<u>32,638</u>	<u>12,532</u>
Total comprehensive income for the year		<u>6,629,505</u>	<u>6,243,096</u>
Earnings per stock unit:			
Basic and diluted, based on stock units in issue	8	<u>135.89¢</u>	<u>128.35¢</u>

The notes pages 89 to 123, are an integral part of these financial statements.

CARRERAS LIMITED


Statement of Financial Position

As at December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

	<u>Notes</u>	<u>2025</u> \$'000	<u>2024</u> \$'000
Assets			
Deferred tax asset	15	195,313	200,322
Employee benefits asset	9(i)(a)	32,502	36,717
Property, plant and equipment	10	391,195	452,987
Right-of-use assets	11	<u>748,082</u>	<u>790,583</u>
Non-current assets		<u>1,367,092</u>	<u>1,480,609</u>
Cash and cash equivalents	12	3,390,022	3,454,296
Accounts receivable	13	1,826,172	3,552,409
Inventories		<u>761,152</u>	<u>340,927</u>
Current assets		<u>5,977,346</u>	<u>7,347,632</u>
Total assets		<u>7,344,438</u>	<u>8,828,241</u>
Equity			
Share capital	14	121,360	121,360
Unappropriated profits		<u>3,036,428</u>	<u>3,639,985</u>
Total equity		<u>3,157,788</u>	<u>3,761,345</u>
Liabilities			
Lease liabilities	11(b)	626,205	643,225
Retirement benefit obligation	9(ii)(a)	<u>274,304</u>	<u>288,645</u>
Non-current liabilities		<u>900,509</u>	<u>931,870</u>
Accounts payable	16	2,950,730	3,192,457
Current portion of lease liabilities	11(b)	170,951	176,107
Income tax payable		<u>164,460</u>	<u>766,462</u>
Current liabilities		<u>3,286,141</u>	<u>4,135,026</u>
Total liabilities		<u>4,186,650</u>	<u>5,066,896</u>
Total equity and liabilities		<u>7,344,438</u>	<u>8,828,241</u>

The financial statements on pages 85 to 123, were approved for issue by the Board of Directors on February 26, 2026, and signed on its behalf by:


 _____ Director
 Patrick Smith


 _____ Director
 Ivan Hurtado Mogollon

The notes pages 89 to 123, are an integral part of these financial statements.

CARRERAS LIMITED

Statement of Changes in Equity

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

	Share capital (note 14) \$'000	Unappropriated profits \$'000	Total \$'000
Balances at December 31, 2023	121,360	2,348,377	2,469,737
Profit for the year	-	6,230,564	6,230,564
Other comprehensive income:			
Remeasurement of employee benefit asset and obligation, net of taxes	<u>-</u>	<u>12,532</u>	<u>12,532</u>
Total comprehensive income for the year	<u>-</u>	<u>6,243,096</u>	<u>6,243,096</u>
Transactions with owners			
Dividends paid (note 19)	<u>-</u>	<u>(4,951,488)</u>	<u>(4,951,488)</u>
Balances at December 31, 2024	121,360	3,639,985	3,761,345
Profit for the year	-	6,596,867	6,596,867
Other comprehensive income:			
Remeasurement of employee benefit asset and obligation, net of taxes	<u>-</u>	<u>32,638</u>	<u>32,638</u>
Total comprehensive income for the year	<u>-</u>	<u>6,629,505</u>	<u>6,629,505</u>
Transactions with owners			
Dividends paid (note 19)	<u>-</u>	<u>(7,233,062)</u>	<u>(7,233,062)</u>
Balances at December 31, 2025	<u>121,360</u>	<u>3,036,428</u>	<u>3,157,788</u>

The notes pages 89 to 123, are an integral part of these financial statements.

CARRERAS LIMITED**Statement of Cash Flows
Year ended December 31, 2025***(Expressed in Jamaican Dollars unless otherwise indicated)*

	<u>Notes</u>	<u>2025</u> \$'000	<u>2024</u> \$'000
Cash flows from activities			
Profit for the year		6,596,867	6,230,564
Adjustments for:			
Depreciation	10,11	239,797	219,438
Employee benefits charge		22,512	33,685
(Gain)/loss on disposal of property, plant and equipment	5	(1,052)	4,265
Unclaimed dividend write back	5	(39,929)	(65,276)
Lease adjustments		-	(290)
Foreign exchange gain	6	(58,793)	(7,988)
Income tax expense	7(b)	2,210,044	1,962,456
Interest expense	11(c)	76,367	33,552
Expected credit loss/(gain)	18(i)	12,741	(68,228)
Write-off of property, plant and equipment	10	32,889	1,426
Interest income earned	5	(118,976)	(169,297)
		8,972,467	8,174,307
Changes in:			
Accounts receivable		1,699,896	385,587
Inventories		(420,225)	17,548
Accounts payable		(201,797)	154,500
Cash generated from operations		10,050,341	8,731,942
Interest paid		(76,367)	(33,552)
Interest income received		136,678	188,183
Income tax paid		(2,807,037)	(2,315,019)
Net cash provided by operating activities		<u>7,303,615</u>	<u>6,571,554</u>
Cash flows from investing activities			
Additions to property, plant and equipment	10	(88,836)	(162,247)
Proceeds from disposal of property, plant and equipment		<u>4,718</u>	<u>11,061</u>
Net cash used in investing activities		(84,118)	(151,186)
Cash flows from financing activities			
Lease principal payment		(109,502)	(60,397)
Dividends paid	19	(7,233,062)	(4,951,488)
Net cash used in financing activities		(7,342,564)	(5,011,885)
Net (decrease)/increase in cash and cash equivalents before effect of foreign exchange rate changes		(123,067)	1,408,483
Effect of exchange rate changes on cash and cash equivalents		58,793	7,988
Cash and cash equivalents at beginning of year		<u>3,454,296</u>	<u>2,037,825</u>
Cash and cash equivalents at end of year	12	<u>3,390,022</u>	<u>3,454,296</u>

The notes pages 89 to 123, are an integral part of these financial statements.

CARRERAS LIMITED

Notes to the Financial Statements

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

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 nicotine products.

The address of the principal place of business and the registered office of the company is 8 Automotive Parkway, Kingston 20, 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 Accounting Standards) and their interpretations issued by the International Accounting Standards Board (“IASB”), and comply with the provisions of the Jamaican Companies Act.

New and amended standards that became effective during the year

Certain new and amended standards that were in issue came into effect during the current financial year. The adoption of those new standards and amendments did not have any impact on the amounts recognised or disclosed in the financial statements.

A summary of material 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.

CARRERAS LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

2. Statement of compliance and basis of preparation (continued)

(c) Accounting estimates and judgements (continued):

Key sources of estimation uncertainty:

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

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, life expectancy, inflation, future increases in salaries 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.

3. Operating revenue

Operating revenue for the company represents the invoiced value of products and services sold and includes special consumption tax aggregating \$6,873,690,000 (2024: \$6,875,398,000).

4. Cost of goods sold

Cost of goods sold includes cost of finished products and other related costs and taxes. Inventory write-off recognised in company's profit or loss is \$4,080,000 (2024: \$3,902,000).are also included in cost of goods sold.

5. Other operating income

	<u>2025</u> \$'000	<u>2024</u> \$'000
Interest income	118,976	169,297
Gain/(loss) on disposal of property, plant and equipment	1,052	(4,265)
Unclaimed dividends written back	39,929	65,276
Credit card rebates	62,208	46,280
Miscellaneous income	<u>8,270</u>	<u>24,253</u>
	<u>230,435</u>	<u>300,841</u>

CARRERAS LIMITED**Notes to the Financial Statements (Continued)****Year ended December 31, 2025*****(Expressed in Jamaican Dollars unless otherwise indicated)*****6. Expense by nature:****(a) Administrative expenses:**

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Staff costs	398,871	377,616
Directors' fees	11,717	10,034
Depreciation	107,013	121,050
Auditors' remuneration	21,000	14,960
Occupancy costs	55,549	52,712
Transportation, travel and entertainment	59,761	64,662
Security	117,499	45,367
Insurance	33,044	23,395
Legal, professional and consultancy fees	84,901	82,068
Technical and advisory fees	297,199	228,932
Business support services	320,907	265,305
Shared service center	126,531	130,463
Repairs and maintenance	39,395	6,031
Information technology	130,505	139,579
Bank charges	122,299	91,050
Exchange gain	(58,793)	(7,988)
Other expenses	<u>83,745</u>	<u>81,579</u>
	<u>1,951,143</u>	<u>1,726,815</u>

(b) Distribution expenses:

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Staff costs	564,624	512,597
Depreciation	132,784	98,388
Occupancy costs	25,929	37,534
Transportation, travel and entertainment	137,783	126,251
Repairs and maintenance	2,745	2,790
Security	104,577	113,820
Legal, professional and consultancy fees	38,882	33,693
Information technology	1,540	6,646
Other expenses	<u>62,826</u>	<u>72,917</u>
	<u>1,071,690</u>	<u>1,004,636</u>

(c) Marketing expenses:

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Sponsorship	170,768	178,155
Promotions	36,823	48,850
Product development	<u>2,925</u>	<u>29,384</u>
	<u>210,516</u>	<u>256,389</u>

(d) Employee benefits expense 9(i)(e), 9(ii)(c)

	<u>43,182</u>	<u>48,045</u>
Total administrative, distribution and marketing expenses	<u>3,276,531</u>	<u>3,035,885</u>

CARRERAS LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

7. Income tax

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

	<u>2025</u> \$'000	<u>2024</u> \$'000
Current:		
Provision for charge on current year's profit	2,215,915	2,024,106
Deferred:		
Origination and reversal of temporary differences [<i>note 15(b)</i>]	(5,871)	(61,650)
Income tax expense for the year	<u>2,210,044</u>	<u>1,962,456</u>

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

	<u>2025</u> \$'000	<u>2024</u> \$'000
Profit before income tax	<u>8,806,911</u>	<u>8,193,020</u>
Computed "expected" tax charge at 25% (2024: 25%)	2,201,728	2,048,255
Taxation difference between profit for financial statements and tax reporting purposes on:		
Tax exempt income	(31,275)	(102,301)
Non-deductible expenses	<u>39,591</u>	<u>16,502</u>
Actual tax charge	<u>2,210,044</u>	<u>1,962,456</u>
Effective tax rate	<u>25.09%</u>	<u>23.95%</u>

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:

	<u>2025</u>	<u>2024</u>
Profit for the year attributable to stockholders	<u>\$6,596,867,000</u>	<u>\$6,230,564,000</u>
Number of ordinary stock units in issue	<u>4,854,400,000</u>	<u>4,854,400,000</u>
Earnings per stock unit	<u>135.89¢</u>	<u>128.35¢</u>

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

CARRERAS LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

9. Employee benefits

The Carreras 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 entitled 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 pension fund is administered by a Board of Trustees and is a legally separated from the company. The Board of Trustees is required by law to act in the best interest of the fund participants and is responsible for setting investment and other policies of the Plan. They are responsible to ensure benefits are funded and paid, assets are invested to maximize return subject to acceptable investment risks while considering the liability profile.

The law requires each plan sponsor to be an ordinary annual contributor but does not stipulate a minimum funding rate or solvency level. However, based on experience, the working party of actuaries and auditors agreed on a rate of 0.25% of payroll per annum as the minimum.

The Rules of the Fund require each member to contribute 5% of pensionable earnings but permit the payment of voluntary contributions of up to 5% of pensionable earnings. The company is required to contribute to the Fund to finance the balance of the cost of the benefits and expenses. During the year, the company contributed at the rate of 5% of pensionable earnings (2024: 5%).

The discount rate moved from 9.5% in 2024 to 10% in 2025. This has affected the future benefit the company expects to derive from surplus in the plan, to the extent of \$3,983,870,000 (2024: \$3,772,439,000) which is recognized as asset ceiling in OCI. The asset ceiling is applied where the present value of the employer future contributions to the plan is less than the amount of the plan asset. This is on the basis that the company can only recover the asset by reducing its contributions to that extent. The change in the asset ceiling arose as the present value of the future employer contributions changes as a result of the discount rate of 10% (2024: 9.5%).

The Fund exposes the company to actuarial risks such as longevity risk, interest rate risk and market risk. There are no significant and usual risks at the company or Fund level.

The amounts recognised in the statement of financial position are as follows:

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Net defined pension benefits asset	32,502	36,717
Post employment health and group life insurance benefit	<u>(274,304)</u>	<u>(288,645)</u>

CARRERAS LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

9. Employee benefits (continued)

(i) Pension benefits:

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

	<u>2025</u> \$'000	<u>2024</u> \$'000
Present value of funded obligations	(2,944,110)	(3,004,749)
Fair value of plan assets	<u>6,960,482</u>	<u>6,813,905</u>
	4,016,372	3,809,156
Unrecognised amount due to asset ceiling	<u>(3,983,870)</u>	<u>(3,772,439)</u>
Asset recognised in the statement of financial position	<u>32,502</u>	<u>36,717</u>

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

	<u>2025</u> \$'000	<u>2024</u> \$'000
Net asset at beginning of the year	36,717	57,447
Contributions paid	1,169	1,106
Expense recognised in the statement of profit or loss and other comprehensive income	<u>(5,384)</u>	<u>(21,836)</u>
Net asset at end of the year	<u>32,502</u>	<u>36,717</u>

(c) Movements in present value of funded obligation:

	<u>2025</u> \$'000	<u>2024</u> \$'000
Balance at start of year	3,004,749	2,975,848
Current service cost	6,941	7,006
Interest cost	274,661	314,867
Re-measurements:		
Change in financial assumptions	<u>(112,150)</u>	<u>(61,947)</u>
Members' contributions	2,338	1,900
Benefits paid	<u>(232,429)</u>	<u>(232,925)</u>
Balance at end of year	<u>2,944,100</u>	<u>3,004,749</u>

CARRERAS LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

9. Employee benefits (continued)

(i) Pension benefits (continued):

(d) Movements in plan assets:

	<u>2025</u> \$'000	<u>2024</u> \$'000
Fair value of plan assets at beginning of the year	6,813,905	6,149,810
Interest income on plan assets	636,694	664,163
Contributions paid	3,507	3,006
Benefits paid	(232,429)	(232,925)
Remeasurement loss on assets	(261,195)	229,851
Fair value of plan assets at end of the year	<u>6,960,482</u>	<u>6,813,905</u>
Plan assets consist of the following:		
Quoted equities (active market)	2,678,916	2,796,581
Unquoted equities	419,859	359,602
Real property	1,040,744	863,336
Resale agreements & certificate of deposits	452,896	118,180
Government and corporate bonds	2,104,031	2,465,528
Cash and cash equivalents	89,667	43,777
Other current assets	154,782	148,974
Pooled money market fund	<u>19,587</u>	<u>17,927</u>
	<u>6,960,482</u>	<u>6,813,905</u>

(e) Expense recognised in profit for the year:

	<u>2025</u> \$'000	<u>2024</u> \$'000
Current service costs	6,941	7,006
Interest cost on obligation	274,661	314,867
Interest income on assets	(636,694)	(664,163)
Interest on effect of asset ceiling	<u>358,382</u>	<u>342,817</u>
	<u>3,290</u>	<u>527</u>

(f) Remeasurements recognised in other comprehensive income:

	<u>2025</u> \$'000	<u>2024</u> \$'000
Change in effect of asset ceiling	(146,951)	313,107
Remeasurement loss/(gain) on plan assets	261,195	(229,851)
Remeasurement gain on obligation	<u>(112,150)</u>	<u>(61,947)</u>
	<u>2,094</u>	<u>21,309</u>

CARRERAS LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

9. Employee benefits (continued)

(i) Pension benefits (continued):

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

	<u>2025</u>	<u>2024</u>
	%	%
Discount rate	10.00	9.50
Future salary increases	5.00	5.00
Inflation	5.00	5.00
Future pension increases	<u>5.00</u>	<u>5.00</u>

- i. Assumptions regarding future mortality are based on GAM 94 Tables with ages reduced by five years (2024: five years). Death rates per 1,000 are set out below:

Age	Males	Females
20 – 30	0.35 – 0.66	0.22 – 0.29
30 – 40	0.66 – 0.85	0.29 – 0.48
40 – 50	0.85 – 1.58	0.48 – 0.97
50 – 60	1.58 – 4.43	0.97 – 2.29
60 – 70	4.43 – 14.53	2.29 – 8.63

- ii. Retirement: It is assumed that members will elect to retire at age 57 given the provision for unreduced pensions on early retirement within 10 years of their normal retirement age of 60 years.
- iii. Terminations: No assumption was made for exit prior to retirement.
- iv. Marital status- 90% of members is assumed to be married at retirement with males being three (3) years older than females.

At December 31, 2025, the weighted average duration of the defined benefit obligation (pension fund) was 9 years (2024: 10 years). In addition, the weighted average duration of the defined benefit obligation (medical and life) was 13 years (2024: 13 years).

(h) Sensitivity analysis of actuarial assumptions:

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined obligation by the amounts shown below.

	1 % point increase <u>2025</u> \$'000	1 % point increase <u>2024</u> \$'000	1 % point decrease <u>2025</u> \$'000	1 % point decrease <u>2024</u> \$'000
Discount rate	(241,351)	(258,985)	284,888	307,822
Salary increases	6,853	7,738	(6,347)	(7,154)
Life expectancy	77,751	80,346	(78,315)	(80,859)
Pension increases	<u>273,224</u>	<u>292,659</u>	<u>(236,851)</u>	<u>(252,351)</u>

- (i) Plan assets include ordinary stock units issued by the company with a fair value of \$622,861,000 (2024: \$450,799,000).

CARRERAS LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

9. Employee benefits (continued)

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

(a) Liability recognised in the statement of financial position:		
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Present value of future obligations, being liability recognised in statement of financial position	<u>(274,304)</u>	<u>(288,645)</u>
(b) Movements in the net liability recognised in the statement of financial position:		
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Net liability at the beginning of the year	288,645	288,222
Benefits paid	(8,621)	(9,076)
Expense/(income) recognised in the statement of profit or loss and other comprehensive income	<u>(5,720)</u>	<u>9,499</u>
Net liability at the end of the year	<u>274,304</u>	<u>288,645</u>
(c) Expense recognised in profit for the year:		
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Current service costs	12,871	16,300
Interest on obligation	<u>27,021</u>	<u>31,218</u>
	<u>39,892</u>	<u>47,518</u>
(d) Remeasurements recognised in other comprehensive income:		
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Remeasurement (gain)/loss on obligation	<u>(45,612)</u>	<u>(38,019)</u>
(e) Actuarial assumptions at the reporting date (expressed as weighted averages):		
	<u>2025</u>	<u>2024</u>
	%	%
Discount rate	10.00	9.50
Annual increase in health-care cost	7.00	7.00
Inflation	5.00	5.00
Salary increase	<u>5.00</u>	<u>5.00</u>

CARRERAS LIMITED

Notes to the Financial Statements

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

9. Employee benefits (continued)

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

(f) Sensitivity analysis of principal actuarial assumptions:

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined obligation by the amounts shown below.

	<u>One percentage point increase</u>		<u>One percentage point decrease</u>	
	<u>2025</u> \$'000	<u>2024</u> \$'000	<u>2025</u> \$'000	<u>2024</u> \$'000
Discount rate	(30,578)	(31,954)	38,871	40,817
Health-care cost increases	39,675	41,468	(31,612)	(32,908)
Life expectancy	7,668	8,180	(7,715)	(8,130)
Salary increases	<u>519</u>	<u>435</u>	<u>(446)</u>	<u>(374)</u>

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

The post-employment obligation would increase by about \$77,751,000 (2024: \$80,346,000) or decrease by about \$78,315,000 (2024: \$80,859,000). In addition, the post-employment obligation (medical and life) would increase by about \$7,668,000 (2024: \$8,180,000) or decrease by about \$7,715,000 (2024:\$8,130,000).

(iii) Employee benefits expenses:

Expense recognised in profit for the year:

	<u>2025</u> \$'000	<u>2024</u> \$'000
Salaries and related expenses	843,191	877,785
Statutory contributions	80,980	88,869
Contribution to defined contribution	42,285	38,247
Pension benefits note 9(i)(e)	3,290	527
Post employment health and group life note 9(ii)(c)	<u>39,892</u>	<u>47,518</u>
	<u>1,009,638</u>	<u>1,052,946</u>

CARRERAS LIMITED

Notes to the Financial Statements

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

10. Property, plant and equipment

	<u>Freehold land, buildings and leaseholds</u>	<u>Work- in-progress</u>	<u>Motor vehicles</u>	<u>Furniture & equipment</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:					
December 31, 2023	322,774	41,899	562,425	377,088	1,304,186
Additions	91,896	24,243	-	46,108	162,247
Transfers	-	(22,826)	20,555	2,271	-
Write-offs	-	(1,426)	-	-	(1,426)
Disposals	(196,039)	-	(48,900)	(29,571)	(274,510)
December 31, 2024	218,631	41,890	534,080	395,896	1,190,497
Additions	59,443	24,116	-	5,277	88,836
Transfers	-	(18,131)	-	18,131	-
Write-offs	-	(32,889)	-	-	(32,889)
Disposals	-	-	-	(4,680)	(4,680)
December 31, 2025	<u>278,074</u>	<u>14,986</u>	<u>534,080</u>	<u>414,624</u>	<u>1,241,764</u>
Depreciation:					
December 31, 2023	186,691	-	346,433	290,109	823,233
Charge for the year	30,347	-	73,573	31,169	135,089
Eliminated on disposals	(154,246)	-	(38,494)	(28,072)	(220,812)
December 31, 2024	62,792	-	381,512	293,206	737,510
Charge for the year	24,251	-	59,124	30,698	114,073
Eliminated on disposals	-	-	-	(1,014)	(1,014)
December 31, 2025	<u>87,043</u>	<u>-</u>	<u>440,636</u>	<u>322,890</u>	<u>850,569</u>
Net book values:					
December 31, 2025	<u>191,031</u>	<u>14,986</u>	<u>93,446</u>	<u>91,732</u>	<u>391,195</u>
December 31, 2024	<u>155,839</u>	<u>41,890</u>	<u>152,568</u>	<u>102,690</u>	<u>452,987</u>

Freehold land, buildings and leaseholds for the company include freehold land at a cost of \$700 (2024: \$700).

11. Leases

The company leases property, plant and equipment 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 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.

CARRERAS LIMITED**Notes to the Financial Statements****Year ended December 31, 2025***(Expressed in Jamaican Dollars unless otherwise indicated)***11. Leases (continued)**

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

(a) Right-of-use assets

	<u>Motor vehicles</u> \$'000	<u>Plant and equipment</u> \$'000	<u>Land and buildings</u> \$'000	<u>Total</u> \$'000
Cost:				
Balance at December 31, 2023	91,925	-	377,412	469,337
Additions	145,995	78,684	477,345	702,024
Disposal	<u>-</u>	<u>-</u>	(226,193)	(226,193)
Balance at December 31, 2024	237,920	78,684	628,564	945,168
Additions	52,478	30,783	-	83,261
Disposal	(37)	<u>-</u>	<u>-</u>	(37)
Balance at December 31, 2025	<u>290,361</u>	<u>109,467</u>	<u>628,564</u>	<u>1,028,392</u>
Depreciation:				
Balance at December 31, 2023	17,424	-	205,542	222,966
Charge for the year	20,818	8,430	55,101	84,349
Elimination on disposal	<u>-</u>	<u>-</u>	(152,730)	(152,730)
Balance at December 31, 2024	38,242	8,430	107,913	154,585
Charge for the year	<u>52,359</u>	<u>14,319</u>	<u>59,047</u>	<u>125,725</u>
Balance at December 31, 2025	<u>90,601</u>	<u>22,749</u>	<u>166,960</u>	<u>280,310</u>
Net book values:				
Balance at December 31, 2025	<u>199,979</u>	<u>86,718</u>	<u>461,604</u>	<u>748,082</u>
Balance at December 31, 2024	<u>199,678</u>	<u>70,254</u>	<u>520,651</u>	<u>790,583</u>

(b) Lease liabilities

Maturity analysis – contractual undiscounted cash flows:

	<u>2025</u> \$'000	<u>2024</u> \$'000
Less than one year	170,951	176,107
One to five years	605,863	720,527
More than five years	<u>288,877</u>	<u>286,805</u>
	1,065,691	1,183,439
Less: Future interest	(268,535)	(364,107)
Total discounted lease liabilities at December 31	797,156	819,332
Less: Current portion	(170,951)	(176,107)
Non-current	<u>626,205</u>	<u>643,225</u>

CARRERAS LIMITED

Notes to the Financial Statements

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

11. Leases (continued)

(b) Lease liabilities (continued)

Maturity analysis – contractual undiscounted cash flows (continued):

Set out below are the carrying amount of lease liabilities and the movement during the year.

	<u>2025</u> \$'000	<u>2024</u> \$'000
As at January 1	819,332	289,829
Additions	83,261	702,024
Accretion of interest	76,367	33,552
Lease Disposal	-	(112,124)
Adjustment	4,065	-
Payments	<u>(185,869)</u>	<u>(93,949)</u>
As at December 31	<u>797,156</u>	<u>819,332</u>
Classified as:		
Current	170,951	176,107
Non-current	<u>626,205</u>	<u>643,225</u>
	<u>797,156</u>	<u>819,332</u>
(c) Amounts recognised in profit or loss		
Interest on lease liabilities	76,367	33,552
Depreciation expense	125,725	84,349
Income relating to short-term leases	<u>-</u>	<u>(38,371)</u>
(d) Amounts recognised in the statement of cash flows		
Total cash outflow for leases	<u>185,869</u>	<u>93,949</u>
(e) Extension options		

Some property leases contain extension options exercisable by the company 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 company and not by the lessors. The company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. 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 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 (2024: \$Nil).

CARRERAS LIMITED

Notes to the Financial Statements

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

12. Cash and cash equivalents

	<u>2025</u> \$'000	<u>2024</u> \$'000
Demand and short-term deposits	<u>3,390,022</u>	<u>3,454,296</u>

13. Accounts receivable

	<u>2025</u> \$'000	<u>2024</u> \$'000
Trade accounts receivable	1,797,220	3,269,721
Interest and other investment income receivable	6,186	11,516
Prepayments	40,196	164,419
Related parties (see also note 17)	2,393	35,762
Other receivables and advances:		
Other	<u>42,755</u>	<u>120,828</u>
	1,888,750	3,602,246
Less: Expected credit losses [note 18(i)]	<u>(62,578)</u>	<u>(49,837)</u>
	<u>1,826,172</u>	<u>3,552,409</u>

During the year, net impairment expense/(reversal) recognised in profit or loss aggregated \$12,741,000 (2024: \$68,228,000).

Impairment allowance is 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 is recognised over their term.

Under this ECL model, 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 December 31, 2025 to apply against the accounts receivable balance [see note 18(i)].

14. Share capital

	<u>2025</u> \$'000	<u>2024</u> \$'000
Authorised:		
4,854,400,000 (2024: 4,854,400,000) ordinary shares of no par value		
Stated:		
Issued and fully paid:		
4,854,400,000 (2024: 4,854,400,000) ordinary shares of no par value	<u>121,360</u>	<u>121,360</u>

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 and to residual assets upon liquidation.

CARRERAS LIMITED

Notes to the Financial Statements

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

15. Deferred tax asset

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

	2025					
	Assets		Liabilities		Net	
	2025	2024	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accounts payable	10,956	14,231	-	-	10,956	14,231
Property, plant and equipment	88,828	111,520	-	-	88,828	111,520
Lease liability	201,734	204,832	-	-	201,734	204,832
Right of use assets	-	-	(181,400)	(197,646)	(181,400)	(197,646)
Employee benefits	68,576	72,161	(8,126)	(9,179)	60,450	62,982
Accounts receivable	15,644	12,459	(1,547)	(2,879)	14,097	9,580
Unrealised foreign exchange loss/(gain)	648	-	-	(5,177)	648	(5,177)
Net deferred tax asset	<u>386,386</u>	<u>415,203</u>	<u>(191,073)</u>	<u>(214,881)</u>	<u>195,313</u>	<u>200,322</u>

	2024					
	Assets		Liabilities		Net	
	December	March	December	March	December	March
	2024	2024	2024	2024	2024	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accounts payable	14,231	2,300	-	-	14,231	2,300
Property, plant and equipment	111,520	53,577	-	-	111,520	53,577
Lease liability	204,832	28,376	-	-	204,832	28,376
Right of use assets	-	-	(197,646)	-	(197,646)	-
Employee benefits	72,161	72,056	(9,179)	(14,362)	62,982	57,694
Accounts receivable	12,459	-	(2,879)	(1,843)	9,580	(1,843)
Unrealised foreign exchange (gain)/loss	-	2,746	(5,177)	-	(5,177)	2,746
Net deferred tax asset	<u>415,203</u>	<u>159,055</u>	<u>(214,881)</u>	<u>(16,205)</u>	<u>200,322</u>	<u>142,850</u>

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

	2025			
	Opening balance	Recognised in OCI	Recognised in profit or loss [note 7(d)]	Closing balance
	\$'000	\$'000	\$'000	\$'000
Accounts payable	14,231	-	(3,275)	10,956
Property, plant and equipment	111,520	-	(22,692)	88,828
Employee benefits	62,982	(10,880)	8,348	60,450
Lease liability	204,832	-	(3,098)	201,734
Right of use assets	(197,646)	-	16,246	(181,400)
Accounts receivable	9,580	-	4,518	14,098
Unrealised foreign exchange (loss)/gain	(5,177)	-	5,824	647
	<u>200,322</u>	<u>(10,880)</u>	<u>5,871</u>	<u>195,313</u>

CARRERAS LIMITED

Notes to the Financial Statements

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

15. Deferred tax asset (continued)

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

	<u>2024</u>			
	<u>Opening balance</u>	<u>Recognised in OCI</u>	<u>Recognised in profit or loss</u>	<u>Closing balance</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>[note 7(a)] \$'000</u>	<u>\$'000</u>
Accounts payable	2,300	-	11,931	14,231
Property, plant and equipment	53,577	-	57,943	111,520
Employee benefits	57,694	(4,178)	9,466	62,982
Lease liability	28,376	-	176,456	204,832
Right of use assets	-	-	(197,646)	(197,646)
Accounts receivable	(1,843)	-	11,423	9,580
Unrealised foreign exchange (loss)/gain	<u>2,746</u>	<u>-</u>	<u>(7,923)</u>	<u>(5,177)</u>
	<u>142,850</u>	<u>(4,178)</u>	<u>61,650</u>	<u>200,322</u>

16. Accounts payable

	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>
Trade accounts payable	81,914	91,476
General Consumption Tax payable	185,064	292,283
Related parties (see also note 17)	271,258	446,290
Employee related	147,649	255,524
Unclaimed dividends*	575,390	482,781
Corporate credit card	1,266,849	872,451
Brand development cost payable	125,522	314,694
Other	<u>297,084</u>	<u>436,958</u>
	<u>2,950,730</u>	<u>3,192,457</u>

*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).

17. Related party transactions and statutory disclosures

a) The financial statements include the following transactions with related parties in the ordinary course of business:

	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>
Royalties paid to fellow subsidiary	383,221	235,507
Purchases from fellow subsidiary	1,393,896	1,097,702
Technical fees paid to ultimate parent company	297,199	228,932
Technical fees and business support services paid to fellow subsidiary	320,907	265,305
IT support fees paid to fellow subsidiary	135,098	125,211
Pension schemes:		
Dividends	51,274	35,100
Directors' remuneration:		
Fees	11,670	10,034
Management remuneration	101,099	89,694
Key management personnel:		
Short-term employee benefits	189,704	186,812
Post employment benefits	<u>4,282</u>	<u>4,060</u>

CARRERAS LIMITED

Notes to the Financial Statements

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

17. Related party transactions and statutory disclosures (continued)

b) Due from related companies (note 13)

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Service recharges:		
Fellow subsidiaries:		
The West Indian Tobacco Company Limited	<u>2,393</u>	<u>35,762</u>

c) Due to fellow subsidiaries (note 16)

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Inventory supplies:		
The West Indian Tobacco Company Limited	118,654	63,963
British American Servicios S.A. DE C. V.	-	112,565
Recharges:		
Nicoventures Trading Limited	13,793	-
British American Tobacco Exports Limited	40,027	190,360
British-American Tobacco (Holdings) Limited	11	1,550
British American Tobacco Servicios, S.A. de C.V.	98,773	-
British American Shared Services	-	4,351
British American Investments Limited	<u>-</u>	<u>73,501</u>
	<u>271,258</u>	<u>446,290</u>

All related party balances are unsecured, interest free and repayable within 12 months of the reporting date. The directors believe that the credit risks associated with this financial instrument are minimal. There is no significant increase in credit risk associated with related parties and therefore the probability of default is considered insignificant as such the expected credit loss is not significant for balances due from related companies.

Historically, these are settled on a timely basis within 25 days, after month end and based on an assessment performed by management no changes are expected in the probability of default going forward.

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 company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

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

CARRERAS LIMITED

Notes to the Financial Statements

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

18. Financial instruments and risk management (continued)

The risk management policies are established to identify and analyse the risks faced by the company, 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 cash equivalents and due from related parties.

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

Trade receivables

The company'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 company's benchmark creditworthiness may transact business with the company on a cash basis. The company does not require any collateral for trade and other receivables.

The company'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.

The 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 December 31:

<u>Age categories</u>	<u>2025</u>			
	<u>Weighted</u>	<u>Gross</u>	<u>Impairment</u>	<u>Credit</u>
	<u>average</u>	<u>carrying</u>	<u>loss</u>	
	<u>loss rate</u>	<u>amount</u>	<u>allowance</u>	<u>impaired</u>
	%	\$'000	\$'000	
Current (not past due)	0.51	1,416,553	7,190	No
1 - 30 days	1.72	283,774	4,883	No
31-60 days	8.88	46,229	4,103	No
61-90 days	37.62	3,089	1,162	No
91-180 days	43.46	4,129	1,794	No
Over 180 days	100.00	<u>43,446</u>	<u>43,446</u>	Yes
		<u>1,797,220</u>	<u>62,578</u>	

CARRERAS LIMITED

Notes to the Financial Statements

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

18. Financial instruments and risk management (continued)

(i) Credit risk (continued):

Trade receivables (continued)

<u>Age categories</u>	<u>2024</u>			
	<u>Weighted average loss rate</u>	<u>Gross carrying amount</u>	<u>Impairment loss allowance</u>	<u>Credit impaired</u>
	<u>%</u>	<u>\$'000</u>	<u>\$'000</u>	
Current (not past due)	0.03	3,039,824	1,341	No
1 - 30 days	0.20	171,067	446	No
31-60 days	1.42	5,196	95	No
61-90 days	6.85	5,229	463	No
91-180 days	31.25	1,135	222	No
Over 180 days	100.00	<u>47,270</u>	<u>47,270</u>	Yes
		<u>3,269,721</u>	<u>49,837</u>	

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

	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>
Balance at 1 January	49,837	118,065
Expected credit loss recognised in the statement of profit or loss*	<u>12,741</u>	<u>(68,228)</u>
Balance at December 31	<u>62,578</u>	<u>49,837</u>

*Changes in expected credit losses recognized in the statement of profit or loss are primarily driven by historical trade receivables data and the forward-looking assessment of relevant economic factors affecting the collectability of those receivables.

Cash and cash equivalents

Management has an investment policy in place and the company's exposure to credit risk is monitored on an ongoing basis. Cash and cash equivalents are held with reputable financial institutions with -AA credit ratings or above and as such the credit risk is considered to be low and the expected credit loss cash and cash equivalents is immaterial. The carrying amount of cash and bank balances (excluding cash on hand) totalling \$3.378 billion (2024: \$3.454 billion) at the reporting date represents the company's maximum exposure to this class of financial assets.

(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.

CARRERAS LIMITED

Notes to the Financial Statements

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

18. Financial instruments and risk management (continued)

(ii) Market risk (continued)

(a) Interest rate risk: (continued)

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

	<u>2025</u> \$'000	<u>2024</u> \$'000
Fixed rate instruments:		
Cash and cash equivalents	2,732,440	2,602,492

There are no interest-bearing financial liabilities.

(b) Foreign currency risk:

The company incurs foreign currency risk primarily on purchases that are denominated in a currency other than the Jamaica dollar. The company manages foreign exchange exposure by maintaining adequate liquid resources in appropriate currencies and by managing the timing of payments on foreign currency liabilities.

The principal foreign currency risks of the company, represented by balances in the respective currencies, are as follows:

	<u>2025</u>		<u>2024</u>	
	US\$ '000	GBP (£) '000	US\$ '000	GBP (£) '000
Cash and cash equivalents	2,171	-	1,314	-
Related party receivables	13	-	226	-
Related party payables	(1,541)	(1)	(1,178)	(397)
Other payables	(225)	-	(99)	-
Exposure, net	<u>418</u>	<u>(1)</u>	<u>263</u>	<u>(397)</u>

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.

	<u>2025</u>		<u>2024</u>	
	Increase/(decrease) in profit		Increase/(decrease) in profit	
	1% <u>Strengthening</u> \$'000	1.5% <u>Weakening</u> \$'000	1% <u>Strengthening</u> \$'000	4% <u>Weakening</u> \$'000
US (\$)	(664)	996	(409)	1,636
GBP (£)	<u>(2)</u>	<u> 3</u>	<u>787</u>	<u>(3,068)</u>

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

	<u>US\$</u>	<u>GBP(£)</u>
At December 31, 2025:	158.9254	212.8348
At December 31, 2024:	155.6022	193.1149

CARRERAS LIMITED

Notes to the Financial Statements

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

18. Financial instruments and risk management (continued)

(iii) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the company 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 company manages its liquidity risk by maintaining a substantial portion of its financial assets in highly liquid assets.

The contractual outflows 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.

The following tables show the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the company can be required to pay. The analysis also assumes that all other variables, in particular interest and exchange rates, remain constant.

	2025				
	Carrying amount \$'000	Contractual cash flows \$'000	0-1 year \$'000	1-5 years \$'000	Over 5 years \$'000
Accounts payable	2,950,730	2,950,730	2,950,730	-	-
Lease liabilities	<u>797,156</u>	<u>1,065,691</u>	<u>170,951</u>	<u>605,863</u>	<u>288,877</u>
	<u>3,747,886</u>	<u>4,016,421</u>	<u>3,121,681</u>	<u>605,863</u>	<u>288,877</u>

	2024				
	Carrying amount \$'000	Contractual cash flows \$'000	0-1 year \$'000	1-5 years \$'000	Over 5 years \$'000
Accounts payable	3,192,457	3,192,457	3,192,457	-	-
Lease liabilities	<u>819,332</u>	<u>1,183,439</u>	<u>176,107</u>	<u>720,527</u>	<u>286,805</u>
	<u>4,011,789</u>	<u>4,375,896</u>	<u>3,368,564</u>	<u>720,527</u>	<u>286,805</u>

(iv) Capital management:

The company'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 (shareholders' equity), which the company defines as net operating income divided by total shareholders' equity.

CARRERAS LIMITED

Notes to the Financial Statements

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

18. Financial instruments and risk management (continued)

(iv) Capital management (continued):

A financial instrument represents the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the company can be required to pay. The analysis also assumes that all other variables, in particular interest and exchange rates, remain constant.

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 company's approach to capital management during the year. Also, the company is not exposed to any externally imposed capital requirements.

(v) Fair value disclosure:

'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 in the principal or, in its absence, the most advantageous market to which the company has access at that date. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. The fair value of a liability reflects its non-performance risk.

Due to their short-term nature, the amounts reflected in the financial statements for cash and cash equivalents, accounts receivable (excluding prepayments), 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. The fair value of lease liabilities is assumed to approximate the carrying value as no discount on settlement is anticipated.

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and those inputs have a significant effect on the instrument valuation. This category includes instruments that are valued based on prices for similar instruments for which significant adjustments or assumptions are made to reflect differences between the instruments.

CARRERAS LIMITED

Notes to the Financial Statements

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19. Dividends

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Declared and paid:		
First quarter ended March 31, 2025:		
Ordinary – 54¢ (March 31, 2024: 25¢)	2,621,376	1,213,600
Second quarter ended June 30, 2025:		
Ordinary – 26¢ (June 2024: 16¢)	1,262,144	776,704
Third quarter ended September 30, 2025:		
Ordinary – 34¢ (September 2024: 25¢)	1,650,496	1,213,600
Fourth quarter ended December 31, 2025:		
Ordinary – 35 (December 2024: 36¢)	<u>1,699,046</u>	<u>1,747,584</u>
Total dividends to stockholders	<u>7,233,062</u>	<u>4,951,488</u>

20. Commitments and contingent liability

There were no capital commitments as at December 31, 2025 nor December 31, 2024. The company is contingently liable to the extent of \$1,561,000,000 (2024:\$1,561,000,000) for guarantees issued by its bankers in favour of the Collector Customs for the operation of a bonded warehouse.

21. Material accounting policies

Certain new and amended standards and interpretations came into effect during the current financial year. The company 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 financial statements.

The company has consistently applied the following policies to all periods presented in the financial statements.

(a) Cash and cash equivalents:

Cash comprises cash in hand and demand and term 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 with original maturity of less than 90 days.

(b) Accounts receivable:

Trade and other receivables are measured at amortised cost, less impairment losses.

(c) Accounts payable:

Accounts payable are measured at amortised cost.

CARRERAS LIMITED

Notes to the Financial Statements

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21. Material accounting policies (continued)

(d) 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.

(e) 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, that is, the company”).

(i) An entity is related to the company if any of the following conditions applies:

- (a) The entity and the company 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 group or an entity related to the group.
- (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).
- (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, directors and key management personnel and companies with common directors, and its pension schemes. “Key management personnel” comprises the company’s leadership team which includes executive directors and specified senior officers.

CARRERAS LIMITED

Notes to the Financial Statements

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21. Material accounting policies (continued)

(f) 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 company 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	10% to 33.3%
Motor vehicles	20% to 33.3%

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

(g) 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. Current tax assets and liabilities are offset only if certain criteria are met.

(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 enacted at the reporting date. Deferred tax assets and liabilities are offset only if certain criteria are met

CARRERAS LIMITED

Notes to the Financial Statements

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

21. Material accounting policies (continued)

(g) 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.

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.

(h) Foreign currencies:

Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. The company'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 part of the administrative expenses.

(i) Revenue recognition:

Performance obligations and revenue recognition policies:

Revenue is measured based on the consideration specified in a contract with a customer. The company 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 company for the supply of goods, as contractual performance obligations are fulfilled, when the goods are delivered and have been accepted by the customers. Where customers return goods under permitted circumstances, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The carrying amount of revenue may be adjusted after initial recognition to reflect customer returns, which are measured at the sales value of the inventory, less any expected costs to recover the goods. The company's experience over the years is that only an insignificant amount of goods is returned each year. No adjustments for returns were included during the current and prior year due to immateriality,

Credit invoices are usually payable within 7 to 45 days.

(j) Other operating income:

Other operating income is mainly comprised of interest income, gains on disposal of property, plant and equipment and credit card rebates.

CARRERAS LIMITED

Notes to the Financial Statements

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21. Material accounting policies (continued)

(k) Leases:

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in IFRS 16.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the company 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 company 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 initially measured at cost, which comprises the initial measurement of the lease liability; adjusted for any lease payments made at or before the commencement date, less any lease incentives received; plus any initial direct costs incurred by the Company and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is recognised at the commencement of the lease and 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 company by the end of the lease term or the cost of the right-of-use asset reflects that the company 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 company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

The company 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 commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain to terminate early.

CARRERAS LIMITED

Notes to the Financial Statements

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

21. Material accounting policies (continued)

(k) 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 company's estimate of the amount expected to be payable under a residual value guarantee, if the company 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 company 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 company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(l) 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 company's post-employment benefits assets and obligations as computed by the actuary.

(i) Defined Benefit Pension Scheme:

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

The company'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 company 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 company's obligation. The calculation is performed by a qualified actuary using the projected unit credit method.

CARRERAS LIMITED

Notes to the Financial Statements

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

21. Material accounting policies (continued)

(l) Employee benefits (continued):

(i) Defined Benefit Pension Scheme (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.

(ii) Defined Contribution Pension Scheme:

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

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

The company 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.

(iv) 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.

(m) Impairment:

Financial assets

The company 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 are only provided for trade receivables and are always measured at an amount equal to lifetime ECLs. Other ECL allowances are not recognised due to immateriality.

CARRERAS LIMITED

Notes to the Financial Statements

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

21. Material accounting policies (continued)

(m) Impairment (continued):

Financial assets (continued)

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.

The company assumes that the credit risk on financial assets has increased significantly if it is more than 30 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. Based on historical experience management deemed this to be appropriate.

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).

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 debtor ;
- a breach of contract such as a default or past due event (exposures 90 days past due or older);
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

CARRERAS LIMITED

Notes to the Financial Statements

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

21. Material accounting policies (continued)

(m) Impairment (continued):

Financial assets (continued)

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.

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 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. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. 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. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amount of the assets in the unit on a pro rata basis. 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.

(n) 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.

CARRERAS LIMITED

Notes to the Financial Statements

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

21. Material accounting policies (continued)

(o) Segment reporting:

A segment is a distinguishable component of the company 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. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

The company's activities are limited to the distribution of cigarettes to Jamaican external consumers, operating in a single segment. There is no single customer to which 10% or more of the company's sales are made. All non-current assets are located in Jamaica.

(p) 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.

(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

CARRERAS LIMITED

Notes to the Financial Statements

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

21. Material accounting policies (continued)

(p) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Due to their short-term nature, the company 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 are measured at FVTPL. There were no financial assets that were measured at FVOCI or FVTPL as at year end and the comparative period.

Financial assets – Business model assessment

The company 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.

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 exposure 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 company’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 company 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 company’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.

Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

CARRERAS LIMITED

Notes to the Financial Statements

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

21. Material accounting policies (continued)

(p) Financial instruments (continued):

(iii) Derecognition

Financial assets

The company 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 company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the asset.

Financial liabilities

The company 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 company 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. There is no offsetting in the current or prior period.

(q) 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. In the principal or, in its absence the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. 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 company'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 related parties are assumed to approximate carrying values. The best evidence of fair value of a financial instrument at initial recognition is the transaction price - the fair value of the consideration given or received. There were no cases where the Company determined that the transaction price is not reflective of fair value on initial recognition

(r) Dividends:

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

CARRERAS LIMITED

Notes to the Financial Statements

Year ended December 31, 2025

(Expressed in Jamaican Dollars unless otherwise indicated)

22. Adoption of new and revised International Financial Reporting Standards

At the date of authorisation of these financial statements, certain new and amended standards have been issued which were not effective for the current year and which the company has not early-adopted. The company is assessing the impact that the standards and amendments will have on its future financial statements.

(i) IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The new accounting standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The company is still in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the company's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The company is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

(ii) Other accounting standards

The following new and amended accounting standard is not expected to have a significant impact on the company's financial statements:

- *Classification and Measurement of Financial Instruments* (Amendments to IFRS 9 and IFRS 7).

23. Subsequent Events

On February 12, 2026, during the tabling of the 2026/27 Revenue Measures, by the Minister of Finance and the Public Service, it was announced that the rate of Special Consumption Tax (SCT) on cigarettes will increase from \$17 per stick to \$20 per stick, effective May 1, 2026.

As the SCT represents a significant component of the company's operating costs, management is evaluating its impact on overall operations.

CORPORATE DATA

Location

Corporate Office
8 Automotive Parkway
Kingston 20
Telephone: (876) 749 9800
E-Mail: carreras@bat.com
Website: www.carrerasja.com

Depots

8 Automotive Parkway,
Kingston 20
6 Allan Avenue, Port Antonio
1-2 Villa Road, Mandeville
Pembroke Commercial Complex,
Lots 19 & 20, Fairfield Bouge,
Montego Bay

Registered Office

8 Automotive Parkway,
Kingston 20

Auditor

KPMG, 6 Duke Street, Kingston

Banker

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

Registrar and Transfer Office

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

Board of Directors

Patrick Smith - Chairman
Hiram Murillo
Patrick McDonald
Verona Williamson
Paul Hanworth
Ivan Hurtado
Andrey Kornilov

Company Secretary

Imega Breese McNab

Assistant Company Secretary

Rochelle Lee

Management Team

Ivan Hurtado
Managing Director

Verona Williamson
Finance Director

Daidrey Miller
HR Business Partner

Manuel Ruiz
Head of Trade

Imega Breese McNab
Corporate Affairs Manager

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, June 11, 2026 at 2:00 p.m and at any adjournment thereof.

SIGNED this day of 2026.

SIGNATURE OF SHAREHOLDER

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

Place
Stamp
Here
\$100

NOTE:

- 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.
- To be valid, the form of proxy must be completed and deposited with the Registrar and Transfer Office: Sagicor Bank Jamaica Limited – Registrar Services, Group Corporate Secretarial & Corporate Trust Services, 28 – 48 Barbados Avenue, Kingston 5. not less than 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 adhesive stamps which should be affixed to this Form.



2025 ANNUAL REPORT

FORWARD

FOCUSED... FUTURE READY



CARRERAS
A BETTER TOMORROW
**Tertiary
Scholarship
Programme**

Building A Better Tomorrow: Carreras Limited 2025 Scholarship Awards

At **Carreras Limited**, we believe education is one of the most powerful tools for transforming lives and strengthening our nation. Through the Carreras Scholarship Programme, we continue to invest in the ambitions and potential of Jamaicans, helping them unlock opportunities that will shape "A Better Tomorrow".

This year, we proudly highlight fourteen (14) outstanding recipients of the **SEEK Scholarship**, the premium category of the programme. Each SEEK scholar receives funding of up to JA\$1 million to support studies in Liberal Arts, Humanities, and Sciences, empowering them to pursue their academic and professional aspirations.

The programme also provides opportunities through the **Teacher's College Scholarship, Community College Scholarship, Visual and Performing Arts Scholarship**, and the **Bursary Scholarship**, each valued at JA\$100,000, supporting students across a range of academic and creative fields.

In 2025, **Carreras Limited** invested approximately **JA\$20 million** across all scholarship categories, supporting 83 students through the Carreras Scholarship Programme. We extend our heartfelt **CONGRATULATIONS** to all recipients for their dedication and commitment to excellence.

Carreras Limited remains committed to empowering the next generation of leaders as we continue working toward "A Better Tomorrow" for Jamaica.



Imega Breese McNab
Corporate Affairs Manager
Carreras Limited

Meet our 2025/26 SEEK Scholars



Kadean Brammer



Alana Powell



Jermaine Mills



Jada Mighty



Tobey Ottey



Damaine Thompson



Addis Clarke



Demoy Walters



Amoy Gilzine



Anieka Baxter



Jayanna Denton



Christopher Douglas



Lauren Walfall



Jahnella McDonald

Applications for the 2026 Carreras Scholarship Programme will open on June 1, 2026, and close on June 30, 2026. Applicants must be at least 18 years old and have a minimum GPA of 3.0 to be eligible. We encourage qualified students across Jamaica to apply and take advantage of this opportunity to advance their education.

