

**SENS ANNOUNCEMENT**  
(the "Notice" or "Announcement")

**ISSUER**



**BRITISH AMERICAN TOBACCO (ZAMBIA) PLC**  
[Incorporated in the Republic of Zambia]

Company registration number: 119630002333  
Share Code: BATZ  
ISIN: ZM0000000029  
Authorised by: Zoe Chisanga Chiliboyi- Company Secretary

**SPONSOR**



**Stockbrokers Zambia Limited**

[Founder Member of the Lusaka Securities Exchange]

[Regulated and licensed by the Securities and Exchange Commission of Zambia]

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**APPROVAL**

The captioned Notice or Announcement has been approved by:

- i. the Lusaka Securities Exchange
- ii. the Securities and Exchange Commission
- iii. Stockbrokers Zambia Limited

**RISK WARNING**

The Notice or Announcement contained herein contains information that may be of a price-sensitive nature. Investors are advised to seek the advice of their investment advisor, stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide securities advice.

**ISSUED: 10 March 2022**

# PRESS RELEASE

## AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

[Incorporated in the Republic of Zambia]  
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The Directors of British American Tobacco (Zambia) Plc ("the Company") present the audited financial results for the period ended 31 December 2021. Extracts of the financial statements are as follows:

**37%** Increase in Net Revenue vs 2020

**19%** Contribution to government revenues vs 2020

**327%** Increase in Profit After Tax vs 2020

**327%** Increase in Earnings Per Share vs 2020

### CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2021

	2021 ZMW'000	2020 ZMW'000
<b>Gross revenue</b>	<b>711,237</b>	<b>530,569</b>
Excise Duty and Value Added Tax (VAT)	(241,042)	(187,339)
<b>Net revenue</b>	<b>470,195</b>	<b>343,230</b>
<b>Total cost of operations</b>	<b>(337,041)</b>	<b>(288,853)</b>
<b>Operating profit</b>	<b>133,154</b>	<b>54,377</b>
Finance costs	(49,367)	(91,321)
<b>Profit before tax</b>	<b>83,787</b>	<b>(36,944)</b>
Income tax expense	(22,023)	9,682
<b>Profit after tax</b>	<b>61,764</b>	<b>(27,262)</b>
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>61,764</b>	<b>(27,262)</b>
Interim dividend	-	-
Basic and diluted earnings	0.29	(0.13)
Per share (ZMW)	0.29	(0.13)

### CONDENSED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 ZMW'000	2020 ZMW'000
Cash generated from operations	186,541	(9,954)
Net interest paid	(16,905)	(10,727)
Tax paid	(594)	(385)
<b>Net cash from operating activities</b>	<b>169,042</b>	<b>(21,066)</b>
Net cash used in investing activities	(43,226)	(5,454)
Net cash used in financing activities	(62,447)	(20,658)
<b>Decrease in cash &amp; cash equivalents</b>	<b>63,369</b>	<b>(47,178)</b>
At the start of the period	51,246	28,332
Differences on Exchange	84	70,092
<b>At the end of the period</b>	<b>114,699</b>	<b>51,246</b>

#### Operating Environment

In what has been a challenging couple of years for the global business community and society at large, BAT Zambia has shown unprecedented resilience and managed to deliver a strong financial performance in 2021. During this period, the Zambian economy grew by 3.3% which was enabled by the relaxation of COVID-19 regulations and increased economic activity in both the local and global markets. Additionally, we saw an appreciation of the Zambian Kwacha against the United States Dollar and a decrease in inflation down to 22% by the end of the year.

The cumulative effect of the above conditions resulted in a more conducive operating environment as compared to the previous year. However, the positive growth of the economy and its subsequent impact on the performance of our business was overshadowed by the scourge of illicit trade in cigarette products on the Zambian market. It is estimated that the prevalence of illicit trade in cigarettes is approximately 30% of the total market. Unfortunately, this presents a significant challenge to the sustainability of the legitimate industry in which we operate, and deprives the Zambian Government of significant tax revenue which is essential to transforming the economy. We encourage all relevant stakeholders to take decisive and bold steps in addressing the illicit trade in cigarettes.

#### Financial Results

In the year under review, the gross revenue increased by 37% to ZMW470.2 million, from ZMW343.2 million in the prior year. This significant milestone was achieved because of the optimal pricing strategy that was implemented by the Company, the improved sales mix, and an investment in a new production line which enabled the Company to grow volumes and meet demand.

The cost of operations increased by 16.7% to ZMW337 million from ZMW288.8 million from the prior year. The increase was mainly driven by currency fluctuations that affected the cost of imported materials in the first half of 2021. The operating profit increased from ZMW54.3 million in 2020 to ZMW133.1 million in 2021. The increase was as a result of an increase in price for our key brands during the year.

Profit before tax increased by 327% to ZMW83.8 million, from a loss before taxation in 2020 of ZMW36.9 million. The improved performance was also attributable to the localisation of the Company's United States Dollar denominated loan, which reduced the financing costs incurred as a result of the devaluation of the Zambian Kwacha.

### CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	2021 ZMW'000	2020 ZMW'000
Non-current assets	161,952	156,214
Bank balances and cash	114,699	51,246
Other current assets	70,759	68,023
<b>Total current assets</b>	<b>185,458</b>	<b>119,269</b>
<b>Total assets</b>	<b>347,410</b>	<b>275,483</b>
Non-current liabilities	(139,395)	(5,658)
Current liabilities	(190,272)	(313,846)
<b>Total net assets</b>	<b>17,743</b>	<b>(44,021)</b>
Total Shareholders' funds	<b>17,743</b>	<b>(44,021)</b>
<b>Total capital employed</b>	<b>17,743</b>	<b>(44,021)</b>

### CONDENSED STATEMENT CHANGES IN EQUITY

	Share capital ZMW'0000	Accumulated losses / profits ZMW'000	Total Equity ZMW'000
<b>At 1 January 2020</b>	<b>2,125</b>	<b>(18,884)</b>	<b>(16,759)</b>
Comprehensive Income	-	(27,262)	(27,262)
Other Comprehensive Income for the year	-	-	-
Dividends	-	-	-
<b>At 31 December 2020</b>	<b>2,125</b>	<b>(46,146)</b>	<b>(44,021)</b>
<b>At 1 January 2021</b>	<b>2,125</b>	<b>(46,146)</b>	<b>(44,021)</b>
Comprehensive Income	-	61,764	61,764
Other comprehensive income for the year	-	-	-
Dividends	-	-	-
<b>At 31 December 2021</b>	<b>2,125</b>	<b>15,618</b>	<b>17,743</b>

#### Contributions to the Government Treasury

The Company contributed ZMW245.6 million to Government revenues through various taxes in 2021. This is a ZMW38.4 million increase when compared to the prior year's contribution of ZMW207.2 million.

#### Dividend

The Board of Directors has proposed a final dividend in respect of the year ended 31 December 2021 of ZMW0.10 per share (amounting to a total of ZMW 21.246 million) to be recommended for approval by shareholders at the Annual General Meeting to be held on 31st March 2022.

#### Board Composition

The Board notes the resignation of Mr. Kimesh Naidoo as the Managing Director of BAT Zambia. Mr. Naidoo has diligently served the Company for the last two years and has been instrumental to the growth of the Company. The Board extends its appreciation to Mr. Naidoo for his service and wishes him the very best as he takes up a new role within the BAT markets. The Board further congratulates Mr. Sivenasen Moodley who will succeed Mr. Naidoo as Managing Director of the Company. Mr. Moodley had significant experience in trade and marketing and I am confident that he will be an asset to the Board.

#### Outlook

The Zambian economy is projected to grow by 3.5% in 2022, 3.6% in 2023, and 3.9% in 2024. Inflation is also projected to continue the downward trend, while the fiscal deficit is also projected to decrease. These market conditions, coupled with a predictable, stable, and sustainable excise structure for cigarettes, set us on a positive trajectory towards achieving our objective to continue growing the business.

#### Conclusion

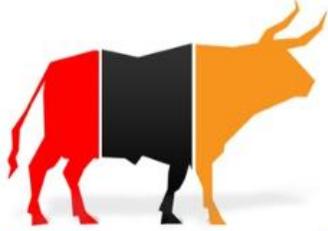
The Board would like to express its appreciation to the Management Team, staff and all stakeholders for an outstanding year as we continue transforming our business and building a better tomorrow.

Lusaka  
10 March 2022

By Order of the Board  
Zoe Chisanga Chilibozi  
Company Secretary

Issued in Lusaka, Zambia on 10 March 2022

**Lusaka Securities Exchange Sponsoring Broker**



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Stockbrokers Zambia Limited (SBZ) is a founder member of the Lusaka Securities Exchange and is regulated by the Securities and Exchange Commission of Zambia

**First Issued on 10 March 2022**