

**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: 12 August 2022**

# PRESS RELEASE

## UNAUDITED FINANCIAL RESULTS For the Half Year ended 30 June 2022

[Incorporated in the Republic of Zambia]  
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The Directors of British American Tobacco (Zambia) plc ("the Company") present the unaudited financial results for the period ended 30 June 2022.

<b>Volume</b> +23% Increase	<b>Net revenue</b> ZMW256 million +15%	<b>Operating Profit</b> ZMW99 million +69%	<b>Profit after tax</b> ZMW64 million +60%	<b>Contribution to Government's Treasury</b> ZMW160 million +40%
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Extracts of the financial statements are as follows:

### CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE

	2022 ZMW'000	2021 ZMW'000
<b>Gross revenue</b>	<b>399,928</b>	<b>334,124</b>
Excise Duty and Value Added Tax (VAT)	(143,760)	(110,555)
<b>Net revenue</b>	<b>256,168</b>	<b>223,569</b>
<b>Total cost of Operations</b>	<b>(157,609)</b>	<b>(165,282)</b>
<b>Operating profit</b>	<b>98,559</b>	<b>58,287</b>
Finance costs	(8,863)	(18,267)
<b>Profit before tax</b>	<b>89,696</b>	<b>40,020</b>
Income tax expense	(25,985)	(116)
<b>Profit after tax</b>	<b>63,711</b>	<b>39,904</b>
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>63,711</b>	<b>39,904</b>
Interim dividend	-	-
Basic and diluted earnings per share (ZMW)	<b>0.30</b>	<b>0.19</b>

### CONDENSED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE

	2022 ZMW'000	2021 ZMW'000
Cash generated from operations	67,832	32,972
Net interest paid	(7,303)	(897)
Tax paid	(1,226)	(362)
<b>Net cash from operating activities</b>	<b>59,303</b>	<b>31,713</b>
Net cash used in investing activities	(17,180)	(1,295)
Net cash used in financing activities	(36,801)	(49,391)
<b>Decrease in cash &amp; cash equivalents</b>	<b>5,322</b>	<b>(18,973)</b>
At the start of the period	114,699	51,246
<b>At the end of the period</b>	<b>120,021</b>	<b>32,273</b>

### Operating Environment

BAT Zambia continues to record a positive performance against the backdrop of improved economic conditions, as evidenced by the reduction in year-on-year inflation for June 2022 to single digits (9.7%) for the first time in years, and the appreciation of the local currency against major foreign currencies.

During the period under review, the Zambian economy witnessed improved performance underpinned by recovery in the mining, tourism, and manufacturing sectors. A general reduction in the prevalence of COVID-19 globally provided a concerted boost to economic activity, which has also been bolstered by renewed investor confidence in both the local and global markets.

Despite operating in a more conducive environment (compared to the previous year), the illicit trade of cigarettes continues to affect our Company's bottom line and presents a persistent challenge to the sustainability of our legitimate business.

Estimated to account for up to 30% of the total cigarette market, illicit trade continues to deprive the Zambian Government – and its people – of significant tax revenue, which remains vital to supporting the economic transformation agenda being pursued. The Company remains strongly supportive of measures to enhance effective enforcement actions against illicit players, as well as efforts to strengthen anti-illicit trade legislation and penalties. We urge all relevant stakeholders to take bold, decisive steps to address this significant issue.

### Financial Results

Gross revenue increased by 20% to ZMW 399.9 million in the period under review, compared to ZMW 334.1 million in the same period in 2021. This performance is as a result of the implementation of an optimal pricing strategy, improved sales mix, and improved efficiencies.

The cost of operations reduced by 5% to ZMW 157.6 million, compared to ZMW 165.3 million recorded in the same period in 2021. This reduction is attributed to foreign exchange benefit resulting from local currency appreciation and a reduction in manufacturing costs arising from improved efficiencies. Further, operating profit has increased from ZMW 58.3 million in 2021 to ZMW 98.6 million in 2022 in this period.

### CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	30 June 2022 ZMW'000	31 Dec 2021 ZMW'000
Non-current assets	165,447	161,952
Bank balances and cash	120,021	114,699
Other current assets	92,557	70,759
<b>Total current assets</b>	<b>212,578</b>	<b>185,458</b>
<b>Total assets</b>	<b>378,025</b>	<b>347,410</b>
Non-current liabilities	(149,432)	(139,395)
Current liabilities	(168,385)	(190,272)
<b>Total net assets</b>	<b>60,208</b>	<b>17,743</b>
Total shareholders' funds	<b>60,208</b>	<b>17,743</b>
<b>Total capital employed</b>	<b>60,208</b>	<b>17,743</b>

### CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD

	Share capital ZMW'000	Accumulated (Losses)/ Profits ZMW'000	Total Equity ZMW'000
<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>
<b>At 1 January 2022</b>	<b>2,125</b>	<b>15,618</b>	<b>17,743</b>
Comprehensive Income	-	63,711	63,711
Other comprehensive income for the year	-	-	-
Dividends - Final 2021	-	(21,246)	(21,246)
<b>At 30 June 2022</b>	<b>2,125</b>	<b>58,083</b>	<b>60,208</b>

This increase was as a result of a growth in revenues and a reduction in cost of operations.

Profit before tax increased by 124% to ZMW 89.7 million, when compared to same period last year.

### Contribution to Government Revenues

BAT Zambia contributed ZMW 160.2 million to Government revenues through various taxes in the period under consideration. This marks a ZMW 45.5 million increase compared to the prior year's contribution of ZMW 114.7 million.

### Dividend

The Board of Directors does not recommend paying an interim dividend for the six months ended 30 June 2022, to enable the Company to effectively manage its cashflows against liabilities in line with its dividend policy.

### Outlook

The Zambian economy is projected to grow by 3.1% in 2022. Maintaining single digit inflation rates remains a broad objective of the Zambian government on the backdrop of a continued slowdown in both food and non-food inflation, while the fiscal deficit is projected to decrease. These market conditions, coupled with a predictable, stable, and sustainable excise structure for cigarettes, set us on a positive trajectory to continue growing the business.

### Conclusion

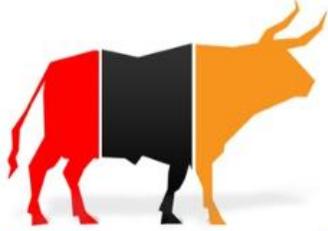
I would like to express my appreciation to the Board, the Management Team, staff and all stakeholders for an outstanding year as we continue transforming our business and building A Better Tomorrow™ together.

12 August 2022

By Order of the Board  
Zoe Chisanga Chilibooyi  
Company Secretary

Issued in Lusaka, Zambia on 12 August 2022

**Lusaka Securities Exchange Sponsoring Broker**



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