

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: Sivenasen Moodley – Managing Director

SPONSOR



Stockbrokers Zambia Limited

[Founder Member of the Lusaka Securities Exchange]

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

Contact Number: +260-211-232456
Website: www.sbz.com.zm

APPROVAL

The captioned Notice or Announcement has been approved by:

- i. The Lusaka Securities Exchange
- ii. The Securities and Exchange Commission
- iii. British American Tobacco Zambia Plc

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: 31 August 2023



RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED)

The Directors of British American Tobacco Zambia plc announce the unaudited results for the six months ended 30 June 2023 as shown below:

Net revenue (ZMW) 269.9mn	Operating profit (ZMW) 89.1mn	Profit before tax (ZMW) 75.5mn	Taxes paid (ZMW) 187.8mn	Net operating cash (ZMW) 106.9mn
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Condensed Statement of Comprehensive Income

	2023 ZMW'000	2022 ZMW'000
Gross revenue	429,188	399,928
Excise Duty and Value Added Tax	(159,319)	(143,760)
Net revenue	269,869	256,168
Total cost of operations	(180,730)	(160,687)
Operating profit	89,139	95,481
Finance costs	(13,661)	(8,863)
Profit before tax	75,478	86,618
Income tax expense	(24,783)	(25,985)
Profit after tax	50,695	60,633
Total comprehensive income	50,695	60,633
Basic and diluted earnings per share (ZMW)	0.24	0.29

Condensed Statement of Financial Position

	30 Jun 23 ZMW'000	31 Dec 22 ZMW'000
Non-current assets	175,083	175,417
Bank balances and cash	132,465	115,283
Other current assets	106,367	115,995
Total current assets	238,832	231,278
Total assets	413,915	406,695
Non-current liabilities	(83,331)	(115,538)
Current liabilities	(206,480)	(185,879)
Total net assets	124,104	105,278
Total shareholders' funds	124,104	105,278
Total capital employed	124,104	105,278

Condensed Cash Flow Statement

	2023 ZMW'000	2022 ZMW'000
Cash generated from operations	129,231	67,832
Tax paid	(22,315)	(8,529)
Net cash from operating activities	106,916	59,303
Net cash used in investing activities	(22,738)	(17,180)
Net cash used in financing activities	(66,996)	(36,801)
Decrease in cash & cash equivalents	17,182	5,322
At the start of the period	115,283	114,699
At the end of the period	132,465	120,021

Condensed Statement of Changes in Equity

	Share capital ZMW'000	Accumulated (Losses)/ Profits ZMW'000	Total equity ZMW'000
At 1 January 2022	2,125	24,037	26,162
Comprehensive income	-	100,362	100,362
Other comprehensive income for the year	-	-	-
Dividends declared	-	(21,246)	(21,246)
At 31 December 2022	2,125	103,153	105,278
At 1 January 2023	2,125	103,153	105,278
Comprehensive income	-	50,695	50,695
Dividends declared	-	(31,869)	(31,869)
At 30 June 2023	2,125	121,979	124,104

Operating environment

The Company continues to demonstrate resilience on the back of improved macroeconomic conditions. This notwithstanding, pressure from currency devaluation is impacting our cost of doing business.

The apparent high levels of illicit trade based on our observations in the market continue to impact industry sustainability. To protect legitimate business and recoup the much needed tax revenue that is lost annually to illicit trade, it remains critical that the Government enhances action against illicit trade. This includes cross border collaboration to seal smuggling routes and strengthening anti-illicit trade regulation, alongside enhanced enforcement efforts.

Financial results

- Gross revenue increased by 8% to ZMW 429.2 million, driven by higher sales volume on the back of improved distribution efficiencies.
- Cost of operations increased by 13% to ZMW 180.7 million, mainly due to the impact of currency devaluation on cost of imported raw materials.
- Operating profit decreased by 7% to ZMW 89.1 million, reflecting the impact of higher revenue offset by the increase in cost of operations.
- Net cash from operations increased by 80% to ZMW 106.9 million, attributable to working capital management initiatives implemented during the period.

Taxes paid

Taxes paid in the form of excise duty, Value Added Tax (VAT), Pay as You Earn (PAYE), withholding tax, customs duty and corporation tax amounted to ZMW 187.8 million, a 17% increase compared to the comparative period.

Interim dividend

In line with the Company's Dividend Policy, the Board of Directors does not recommend paying an interim dividend for the six months ended 30 June 2023.

Outlook

BAT is on a transformation journey anchored on our purpose is to build A Better Tomorrow™ by reducing the health impact of our business. With sustainability at the front and center of everything we do, this transformation is underpinned by our Environment, Social and Governance (ESG) priorities: driving excellence in environmental management, delivering a positive social impact and ensuring robust corporate governance across the business. We look forward to working with various stakeholders to achieve this.

Looking ahead, we are confident that our continued investment in the simplification of our business, our consumer-centric brand portfolio and winning culture, will enable us to deliver sustainable shareholder value and contribute to the socio-economic growth and development of the country.

By Order of the Board
Axis Advisory Limited
Company Secretary

Lusaka

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Issued in Lusaka, Zambia on 31 August 2023

Lusaka Securities Exchange Sponsoring Broker



STOCKBROKERS ZAMBIA LIMITED

T | +260-211-232456

E | advisory@sbz.com.zm

W | www.sbz.com.zm

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 31 August 2023