AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors of British American Tobacco Kenya plc announce the results for the year ended 31 December 2023.

Gross sales (KShs)	Taxes (KShs)	Cost of operations (KShs)	Profit before tax (KShs)	Dividend per share (KShs)
41.2bn	**19.4bn**	**17.6bn**	**8.0bn**	**50.00**
-2%	+5%	+1%	-19%	

The results below have been extracted from the audited consolidated Financial Statements of British American Tobacco Kenya plc, for the year ended 31 December 2023. The Financial Statements have been audited by KPMG Kenya, who have expressed an unqualified audit opinion.

Condensed Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December

	2023 KShs' m	2022 KShs' m
Gross sales including indirect taxes	**41,249**	**42,247**
Excise Duty and Value Added Tax (VAT)	(15,692)	(14,869)
Revenue	**25,557**	**27,378**
Cost of operations	(17,632)	(17,498)
Profit from operations	**7,925**	**9,880**
Finance income	97	33
Profit before tax	**8,022**	**9,913**
Income tax expense	(2,454)	(3,021)
Profit after tax	**5,568**	**6,892**
Other comprehensive income	-	16
Total comprehensive income	**5,568**	**6,908**
Dividend	5,000	5,700
Basic and diluted earnings per share (KShs)	**55.68**	**68.92**

Condensed Statement of Financial Position as at 31 December

	2023 KShs' m	2022 KShs' m
Capital and reserves		
Share capital	1,000	1,000
Revaluation surplus	2,762	2,800
Retained earnings	12,488	12,582
Shareholders' funds	**16,250**	**16,382**
Non-current liabilities	2,000	2,084
	18,250	**18,466**
Assets		
Non-current assets	**11,807**	**12,096**
Working capital		
Current assets	12,243	11,851
Current liabilities	(5,800)	(5,481)
Net working capital	**6,443**	**6,370**
	18,250	**18,466**

Condensed Cash Flow Statement for the year ended 31 December

	2023 KShs' m	2022 KShs' m
Cash generated from operations	8,482	9,205
Net interest paid	(175)	(59)
Tax paid	(2,688)	(3,527)
Net cash from operating activities	**5,619**	**5,619**
Net cash used in investing activities	(439)	(752)
Net cash used in financing activities	(5,727)	(5,528)
Movement in cash & cash equivalents	**(547)**	**(661)**
At the start of the year	2,368	3,029
At the end of the year	**1,821**	**2,368**

Condensed Statement of Changes in Equity

	Share capital KShs' m	Revaluation surplus KShs' m	Retained earnings KShs' m	Total KShs' m
As at 1 January 2022	**1,000**	**2,837**	**11,137**	**14,974**
Comprehensive income	-	(37)	6,945	6,908
Dividends	-	-	(5,500)	(5,500)
As at 31 December 2022	**1,000**	**2,800**	**12,582**	**16,382**
As at 1 January 2023	**1,000**	**2,800**	**12,582**	**16,382**
Comprehensive income	-	(38)	5,606	5,568
Dividends	-	-	(5,700)	(5,700)
As at 31 December 2023	**1,000**	**2,762**	**12,488**	**16,250**

A challenging operating environment

2023 was a very challenging year characterized by significant economic turbulence across both our domestic and export markets. Geopolitical disruptions, cost of living pressures, currency devaluation, rising interest rates and tax increases, adversely impacted the trading environment.

In the domestic market, business performance was negatively impacted by consumer affordability challenges which triggered downtrading to lower priced brands and fueled an increase in the prevalence of illicit trade in tax evaded cigarettes (estimated at 27% based on third party research). The shrinkage of the legitimate cigarette market due to illicit trade continues to adversely impact industry revenues and deny Government an estimated KShs 7 billion per annum in taxes.

Regulatory uncertainty relating to our modern oral category resulted in supply disruption of our tobacco-free oral nicotine pouches to the market. Additionally, it impeded our ability to commercialise our oral nicotine pouch factory in Nairobi, which would otherwise, unlock manufacture for both domestic and export markets and enhance our contribution to the country's economic growth.

Financial highlights

- Gross revenue was 2% lower at KShs 41.2 billion, primarily driven by lower domestic and cut-rag (semi-processed leaf) sales, offset by pricing and foreign exchange benefits from our export sales.
- Cost of operations increased by 1% to KShs 17.6 billion due to higher input costs offset by cost savings from productivity initiatives, as well as lower sales volume.
- Profit before tax was 19% lower at KShs 8.0 billion primarily attributable to reduced revenue due to lower sales and higher taxes reflecting the full year impact of increased excise duty rates (10% increase in July 2022 and 6% increase in October 2022) and higher duties on inputs.
- Taxes in the form of Excise Duty, VAT, Customs Duties, Solatium Levy, Tax Stamps, Pay As You Earn (PAYE) and Corporation Tax increased by 5% to KShs 19.4 billion.

Looking forward

We remain committed to our corporate purpose to build A Better Tomorrow™ by reducing the health impact of our business through offering alternative innovative products, including tobacco-free oral nicotine pouches. In this regard, we continue to engage transparently on a sustainable regulatory framework, upon which the commercialisation of our oral nicotine pouch factory in Nairobi will further unlock shareholder value and support Government's manufacturing and exports agenda.

We are confident in our ability to navigate the increasingly challenging operating environment powered by our geographical diversity, world class talent, consumer-centric brand portfolio, sustainable trade and farmer partnerships.

Dividend

The Board of Directors has proposed a final dividend in respect of the year ended 31 December 2023 of KShs 45.00 per share, to be recommended for approval by shareholders at the Annual General Meeting to be held on 26 June 2024.

The final dividend, when added to the interim dividend already paid, gives a total dividend of KShs 50.00 per share. The dividend, which is subject to withholding tax, will be paid on or about 26 June 2024 to the shareholders on the register at the close of business on 24 May 2024.

Nairobi
14 February 2024

By Order of the Board
Waeni Ngea (Ms)
Company Secretary