AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors of British American Tobacco Kenya plc announce the results for the year ended 31 December 2022

Gross sales & indirect taxes (KShs)	Taxes (KShs)	Profit before tax (KShs)	Cash from operations (KShs)	Dividend per share (KShs)
42.2bn	**18.5bn**	**9.9bn**	**9.2bn**	**57.00**
+5%	+3%	+7%	+7%	+8%

The results below have been extracted from the audited consolidated Financial Statements of British American Tobacco Kenya plc for the year ended 31 December 2022. The Financial Statements were audited by KPMG Kenya who expressed an unqualified audit opinion.

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

	2022 KShs' m	2021 KShs' m
Gross sales including indirect taxes	**42,247**	**40,049**
Excise Duty and Value Added Tax (VAT)	(14,869)	(14,621)
Revenue	**27,378**	**25,428**
Cost of operations	(17,498)	(16,058)
Profit from operations	**9,880**	**9,370**
Finance income / (costs)	33	(82)
Profit before tax	**9,913**	**9,288**
Income tax expense	(3,021)	(2,805)
Profit after tax	**6,892**	**6,483**
Other comprehensive income	16	1,135
Total comprehensive income	**6,908**	**7,618**
Dividend	5,700	5,350
Basic and diluted earnings per share (KShs)	**68.92**	**64.83**

Condensed Statement of Financial Position as at 31 December

	2022 KShs' m	2021 KShs' m
Capital and reserves		
Share capital	1,000	1,000
Revaluation surplus	2,800	2,837
Retained earnings	12,582	11,137
Shareholders' funds	**16,382**	**14,974**
Non-current liabilities	2,084	1,939
	18,466	**16,913**
Assets		
Non-current assets	**12,096**	**12,305**
Working capital		
Current assets	11,851	11,814
Current liabilities	(5,481)	(7,206)
Net working capital	**6,370**	**4,608**
	18,466	**16,913**

Condensed Cash Flow Statement for the year ended 31 December

	2022 KShs' m	2021 KShs' m
Cash generated from operations	9,205	8,571
Net interest paid	(59)	(102)
Tax paid	(3,527)	(2,234)
Net cash from operating activities	**5,619**	**6,235**
Net cash used in investing activities	(752)	(570)
Net cash used in financing activities	(5,528)	(4,520)
Movement in cash & cash equivalents	**(661)**	**1,145**
At the start of the year	3,029	1,884
At the end of the year	**2,368**	**3,029**

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 2021	**1,000**	**1,727**	**9,129**	**11,856**
Comprehensive income	-	1,110	6,508	7,618
Dividends	-	-	(4,500)	(4,500)
As at 31 December 2021	**1,000**	**2,837**	**11,137**	**14,974**
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**

Operating environment

The Company delivered a strong performance despite the challenging operating environment characterised by steep and frequent excise tax increases, high inflation, prolonged drought and significant pressure on consumer purchasing power.

The steep and frequent increases in excise tax rates, totalling **21.3%,** cumulative over a 12 month period (**+5%** in November 2021, **+10%** July 2022, **+6.3%** November 2022), further compounded the pressure on consumers. This triggered downtrading to lower priced brands and increased the prevalence of illicit trade in tax evaded cigarettes, currently estimated at **26%** (source: third party research). Consequently, shrinkage of the legitimate market continued to adversely impact industry revenues and deny the Government an estimated KShs **6.5 billion** in taxes annually. We continue to call for increased resources and enforcement to be deployed by Government against the illicit trade in tobacco products.

Sustained investment in our people, a consumer-centric brand portfolio, effective trade partnerships and cost efficiencies in our Nairobi-based regional manufacturing hub, enabled our business to remain competitive.

Financial highlights

- Revenue increased by 8% to KShs 27.4 billion, driven by growth in export sales volumes as well as a pricing benefit on domestic and export sales.
- Total cost of operations increased by 9% to KShs 17.5 billion, attributable to higher input costs partly offset by productivity savings.
- Profit before tax was up 7% to KShs 9.9 billion, in line with increased revenue offset by a higher cost of operations.
- Cash generated from operations increased to KShs 9.2 billion, due to improved profitability and gains from prudent cash management.
- Taxes in the form of Excise Duty, VAT, Pay As You Earn (PAYE) and Corporation Tax increased by 3% to KShs 18.5 billion, reflecting higher excise duty rates and profitability.

Looking forward

We continue to make progress on our strategy to build A Better Tomorrow™, with our Health, Environment, Social and Governance (HESG) agenda at the center of our business. In 2022, we re-entered the tobacco-free oral nicotine category, following the definition of an applicable regulatory framework for the category. The re-entry will support commercialisation of our KShs 2.5 billion investment in a new tobacco-free oral nicotine pouches factory in Nairobi. This will support Government's manufacturing and exports agenda.

Dividend

The Board of Directors has proposed a final dividend in respect of the year ended 31 December 2022 of KShs 52.00 per share to be recommended for approval by shareholders at the Annual General Meeting to be held on 15 June 2023.

The final dividend, when added to the interim dividend already paid, gives a total dividend of KShs 57.00 per share. The dividend, which is subject to withholding tax, will be paid on or about 15 June 2023 to the shareholders on the register at the close of business on 26 May 2023.

Nairobi
16 February 2023

By Order of the Board
Kathryne Maundu (Ms)
Company Secretary