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

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

Gross sales & indirect taxes (KShs)	Profit before tax (KShs)	Tax paid (KShs)	Cash from operations (KShs)	Interim dividend per share (KShs)
21bn	**4bn**	**9.4bn**	**3.9bn**	**5.00**

Condensed Statement of Profit or Loss and Other Comprehensive Income for the six months ended 30 June

	2023 KShs' m	2022 KShs' m
Gross sales including indirect taxes	**20,999**	**21,864**
Excise Duty and Value Added Tax (VAT)	(7,875)	(7,772)
Revenue	**13,124**	**14,092**
Cost of operations	(9,237)	(9,934)
Profit from operations	**3,887**	**4,158**
Finance costs	145	20
Profit before tax	**4,032**	**4,178**
Income tax expense	(1,210)	(1,253)
Profit after tax	**2,822**	**2,925**
Other comprehensive income	-	11
Total comprehensive income	**2,822**	**2,936**
Interim dividend	500	500
Basic and diluted earnings per share (KShs)	**28.22**	**29.25**

Condensed Statement of Financial Position as at:

	30 Jun 23 KShs' m	31 Dec 22 KShs' m
Capital and reserves		
Share capital	1,000	1,000
Revaluation surplus	2,800	2,800
Retained earnings	10,204	12,582
Shareholders' funds	**14,004**	**16,382**
Non-current liabilities	1,951	2,084
	15,955	**18,466**
Assets		
Non-current assets	**12,295**	**12,096**
Working capital		
Current assets	14,274	11,851
Current liabilities	(10,614)	(5,481)
Net working capital	**3,660**	**6,370**
	15,955	**18,466**

Condensed Cash Flow Statement for the six months ended 30 June

	2023 KShs' m	2022 KShs' m
Cash generated from operations	3,865	3,690
Net interest paid	(8)	(10)
Tax paid	(1,950)	(2,295)
Net cash from operating activities	**1,907**	**1,385**
Net cash used in investing activities	(190)	(125)
Net cash used in financing activities	(3,615)	(2,670)
Movement in cash & cash equivalents	**(1,898)**	**1,410**
At the start of the period	2,368	3,029
At the end of the period	**470**	**1,619**

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	-	-	2,936	2,936
Dividends	-	-	(5,000)	(5,000)
At 30 June 2022	**1,000**	**2,837**	**9,073**	**12,910**
At 1 January 2023	**1,000**	**2,800**	**12,582**	**16,382**
Comprehensive income	-	-	2,822	2,822
Dividends	-	-	(5,200)	(5,200)
At 30 June 2023	**1,000**	**2,800**	**10,204**	**14,004**

A challenging operating environment

During the period, business performance was impacted by global macro-economic volatility, inflationary increases in input costs, and geo-political disruptions in some of our key export markets. This was further compounded by excise-led price increases in the domestic market (+10% effective July 2022 and +6% effective October 2022) which triggered lower sales, downtrading to lower priced brands and exacerbated the prevalence of illicit trade in tax evaded cigarettes.

Illicit trade, currently estimated at 26% (third party research), continues to adversely impact industry revenues and deny Government an estimated KShs 6.5 billion per annum in revenue. It is critical that Government redoubles its efforts, including ramping up multi-stakeholder and cross-border collaboration to ensure effective enforcement and enhancement of anti-illicit trade regulations.

Financial highlights

- Gross revenue reduced by 4% to KShs 21 billion driven by lower sales, which reflects the impact of excise-led price increases in the domestic market and geo-political disruptions in key export markets.
- Total cost of operations decreased by 7% to KShs 9.2 billion in line with sales volume and the benefit of productivity initiatives implemented to mitigate inflationary cost increases.
- Profit before tax was 4% lower at KShs 4 billion due to reduced revenue, partially offset by decreased cost of operations.
- Cash generated from operations increased by 5% to KShs 3.9bn attributable to effective working capital management during the period.
- Taxes in the form of Excise Duty, VAT, Pay As You Earn (PAYE) and Corporation Tax was KShs 9.4 billion, same as comparative period.

Looking forward

We are confident that our continued investment in simplification of the business, our consumer-centric brand portfolio and winning culture will enable us to navigate near term macro-economic challenges and deliver sustainable shareholder value.

We remain committed to our corporate purpose to build A Better Tomorrow™, by reducing the health impact of our business. In this regard, we are accelerating transformation into reduced risk products, having rolled out a KShs 2.5 billion investment in a modern oral nicotine pouch factory in Nairobi, which will further support the Government's manufacturing and exports agenda.

Dividend

The Board of Directors has approved an interim dividend in respect of the year ending 31 December 2023 of KShs 5.00 per share. The interim dividend, which is subject to withholding tax, will be paid on or about 22 September 2023 to shareholders on the register as at the close of business on 18 August 2023.

Nairobi
18 July 2023

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