

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: 18 August 2021

PRESS RELEASE

UNAUDITED FINANCIAL RESULTS For the Half Year ended 30 June 2021

[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 2021.

Resilient performance amidst a challenging environment

Volume 626 mn sticks +14%	Net Revenue ZMW224 million +53%	Operating Profit ZMW 58 million +145%	Profit After Tax ZMW 40 Million +251%	Contribution to Government's Treasury ZMW 115 Million +43%
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Extracts of the financial statements are as follows:

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE		
	2021 ZMW'000	2020 ZMW'000
Gross revenue	334,124	226,155
Excise Duty and Value Added Tax (VAT)	(110,555)	(79,681)
Net revenue	223,569	146,474
Total cost of Operations	(165,282)	(122,658)
Operating profit	58,287	23,816
Finance costs	(18,267)	(50,018)
Profit before tax	40,020	(26,202)
Income tax expense	(116)	(210)
Profit after tax	39,904	(26,412)
Other comprehensive income	-	-
Total comprehensive income	39,904	(26,412)
Interim dividend	-	-
Basic and diluted earnings per share (ZMW)	0.19	(0.12)

CONDENSED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE		
	2021 ZMW'000	2020 ZMW'000
Cash generated from operations	32,972	19,298
Net interest paid	(897)	(725)
Tax paid	(362)	(280)
Net cash from operating activities	31,713	18,293
Net cash used in investing activities	(1,295)	(3,103)
Net cash used in financing activities	(49,391)	(6,847)
Decrease in cash & cash equivalents	(18,973)	8,343
At the start of the period	51,246	28,332
At the end of the period	32,273	36,675

Operating Environment

The operating environment continues to be constrained by the prevalence of the COVID-19 pandemic. The adverse effects of the pandemic on Zambia's business environment and overall economy cannot be overstated. Over the period under review, a number of businesses suffered significant financial losses, and household incomes were adversely affected by the rising food and non-food inflation. This in turn has resulted in stretched consumer affordability. For the tobacco industry, this contributed to heightened illicit trade in cigarettes, in spite of restricted cross-border movement by government authorities in an effort to curb the spread of the COVID-19 pandemic.

The health and safety of our employees remains a priority throughout the duration of this pandemic as our Company strives to deliver shareholder value through various operational and sustainability strategies. To this end, the Company will continue to work with relevant Government agencies to ensure the maintenance of a stable and predictable regulatory environment as this plays a key role in supporting economic recovery.

Financial Performance

Despite the challenging operating environment, increased investment behind our brands and support to our trade partners has seen our volumes grow by 14% versus same period last year. The Company recorded an increase in gross revenue of 48% amounting to ZMW334.1million during the period under review compared to the ZMW226.2million recorded in same period in 2020. The increase was mainly attributed to optimal pricing strategies and an improved product mix. Net revenue increased by 53% to ZMW223.6million driven by the increase in gross revenue.

The total cost of operations increased by 38% to ZMW165.3million reflecting the impact of increased costs of production mainly driven by leaf and

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT		
	30 June 2021 ZMW'000	31 Dec 2020 ZMW'000
Non-current assets	147,652	156,214
Bank balances and cash	32,273	51,246
Other current assets	82,068	68,023
Total current assets	114,341	119,269
Total assets	261,993	275,483
Non-current liabilities	(196,697)	(5,658)
Current liabilities	(69,413)	(313,846)
Total net assets	(4,117)	(44,021)
Total shareholders' funds	(4,117)	(44,021)
Total capital employed	(4,117)	(44,021)

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE			
	Share capital ZMW'000	Accumulated (Losses)/ Profits ZMW'000	Total Equity ZMW'000
At 1 January 2020	2,125	(18,884)	(16,759)
Comprehensive Income	-	(27,262)	(27,262)
Other Comprehensive Income for the year	-	-	-
Dividends	-	-	-
At 31 December 2020	2,125	(46,146)	(44,021)
At 1 January 2021	2,125	(46,146)	(44,021)
Comprehensive Income	-	39,904	39,904
Other comprehensive income for the year	-	-	-
Dividends	-	-	-
At 30 June 2021	2,125	(6,242)	(4,117)

wrapping material imports which were impacted by the foreign exchange devaluation of the Kwacha against the United States Dollar.

Notably, the operating margin increased by 9.8 percentage points to 26.1% as a result of an increase in total revenues.

For the period ended 30 June 2021, the Company made a profit before taxation of ZMW39.9million compared to a loss before taxation in 2020 of ZMW26.4million. The increase in profit is largely attributed to an increase in gross revenue arising from the optimal pricing strategies and improved product mix management employed at the commencement of the year.

Contribution to Government Revenues

The Company continues to be a key and compliant contributor to the Zambian Government's Treasury through the payment of various taxes key among them; Excise, Corporate Tax, VAT, PAYE and Withholding Taxes. The Company's contribution to the Zambian Government treasury in various taxes for the period to 30 June 2021 was ZMW114.7million (2020: ZMW80.0 million).

Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2021 because of the Company still being in a negative net equity situation year to date.

Lusaka
August 2021

By Order of the Board
Zoe Chisanga Chilibozi
Company Secretary