

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

Gross revenue (Ushs)	Taxes paid (Ushs)	Profit before tax (Ushs)	Cash generated from operations (Ushs)
48.6bn	27.2bn	5.5bn	9bn

Condensed Statement of Comprehensive Income for the six months ended 30 June

	2023 Ushs' m	2022 Ushs' m
Gross revenue	48,576	50,671
Excise Duty and Value Added Tax	(24,404)	(25,650)
Net revenue	24,172	25,021
Total cost of operations	(18,660)	(19,584)
Profit from operations	5,512	5,437
Finance income/ (costs)	(24)	149
Profit before tax	5,488	5,586
Income tax expense	(1,695)	(1,713)
Profit after tax	3,793	3,873
Total comprehensive income	3,793	3,873
Basic and diluted earnings per share (Ushs)	77	79

Condensed Statement of Financial Position as at

	30 Jun 2023 Ushs' m	31 Dec 2022 Ushs' m
Capital and reserves		
Share capital	61	61
Revaluation surplus	12,687	12,819
Retained earnings	29,204	25,279
Shareholders' equity	41,952	38,159
Non-current liabilities	7,401	7,236
	49,353	45,395
Assets		
Non-current assets	27,981	28,249
Working capital		
Current assets	32,798	28,172
Current liabilities	(11,426)	(11,026)
Net working capital	21,372	17,146
	49,353	45,395

Condensed Statement of Cash Flows for the six months ended 30 June

	2023 Ushs' m	2022 Ushs' m
Cash generated from operations	9,012	5,399
Net interest paid	-	-
Tax paid	(2,038)	(2,291)
Net cash from operating activities	6,974	3,108
Net cash used in investing activities	-	-
Net cash used in financing activities	(409)	(344)
Movement in cash & cash equivalents	6,565	2,764
At the start of the period	10,533	9,346
Exchange (loss)/gain on cash at bank	(3)	13
At the end of the period	17,095	12,123

Condensed Statement of Changes in Equity

	Share capital Ushs' m	Revaluation surplus Ushs' m	Retained earnings Ushs' m	Total Ushs' m
At 1 January 2022	61	13,083	25,392	38,536
Profit for the year	-	(132)	4,005	3,873
Dividends 2021	-	-	(10,258)	(10,258)
At 30 June 2022	61	12,951	19,139	32,151
At 1 January 2023	61	12,819	25,279	38,159
Profit for the year	-	(132)	3,925	3,793
Dividends 2022	-	-	-	-
At 30 June 2023	61	12,687	29,204	41,952

The condensed Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by Companies Act, 2012 Laws of Uganda. These standards have been consistently applied to all years presented.

A challenging operating environment

During the period, business performance was adversely impacted by macro-economic volatility, high inflation, and the high prevalence of illicit trade in tax evaded cigarettes, which led to lower sales volume.

Legitimate industry volume and revenue continued to decline due to illicit trade estimated at 29% as at the end of 2022 (Source: 3rd party research). Illicit products are characterised by lack of tax stamps, absent or altered graphic health warnings, flavor features and significantly low prices which drive their prevalence. This further impacts the overall economy as it denies the government an estimated Ushs 30 billion in revenue annually.

It is critical that the menace of illicit trade in tax evaded cigarettes is addressed urgently. This will ensure sustainability of legitimate industry and government revenues. We once again call for all relevant authorities to take a multi-agency approach to ramp-up enforcement of tobacco control laws.

Financial highlights

- Gross revenue reduced by 4% to Ushs 48.6 billion driven by lower sales volume offset by improved product mix.
- Total cost of operations decreased by 4% to Ushs 18.7 billion, in line with lower sales volume offset by inflationary increase in input costs.
- Profit before tax decreased by 2% to Ushs 5.5 billion, in line with lower revenue partly offset by the decrease in cost of operations.
- Taxes paid in the form of Excise Duty, VAT, Pay As You Earn (PAYE) and Corporation Tax decreased by Ushs 1.1 billion (4%) to Ushs 27.2 billion in line with lower sales volume and reduced profit.

Dividend

The Board does not recommend an interim dividend.

Outlook

BAT is on a transformation journey anchored on our purpose to build A Better Tomorrow™ by reducing the health impact of our business. This is underpinned by our Environment, Social and Governance priorities; driving excellence in environmental management, delivering a positive social impact and ensuring robust corporate governance across the business.

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.