

# CONDENSED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2023

## Chairman's Statement

### Operating environment

The Company continues to demonstrate resilience, notwithstanding pressure from the challenging operating environment which is threatening the sustainability of our business. On-going currency volatility and shortages coupled with the hyper-inflationary environment have led to liquidity constraints for both consumers and the business community, thereby impacting sales volumes for the Group. Despite these challenges, we continue to implement robust mitigatory measures so as to ensure business continuity.

### Financial highlights

Commentary on financial performance is based on inflation-adjusted figures in a challenging operating environment.

Cigarette sales volumes declined by 15%, impacted by the scarcity of ZW\$ across the domestic value chain.

Gross revenue increased to ZW\$71.5 billion, driven by optimal cigarette pricing strategies and revenue from cut-rag tobacco exports.

Cost of sales increased by 89% to ZW\$7.4 billion, mainly driven by currency devaluation.

Cash generated from operations increased by 281% to ZW\$36.2 billion driven by working capital management initiatives implemented during the period under review.

Administrative expenses increased by 112% to ZW\$ 7.5 billion compared to the same period in prior year driven by inflationary cost increases. Exchange losses increased by 497% to ZW\$20.1 billion driven by the revaluation of foreign currency denominated balances due to significant devaluation of the ZW\$ during the period under review. Consequently, loss before tax increased by 773% to ZW\$5.1 billion compared to the same period in prior year, as a result of high exchange losses.

Taxes paid in the form of Excise Duty, Corporate Tax, Value Added Tax, Customs Duties, Pay as You Earn, and Withholding Tax were ZW\$14 billion (historical).

### Dividend

Considering the business performance during the period under review, the Board has not declared an interim dividend.

### Corporate governance

Christelle Supparayen-Romeo and Sivenasen Moodley resigned as Non- Executive Director and the Managing Director of the Group respectively, effective 20 June 2023. Further, The Board appointed Philemon Kipkemoi and Kimesh Naidoo as Non-Executive Director and Managing Director of the Group respectively, with effect from 21 June 2023. The appointments will be confirmed at the next Annual General Meeting of the Group.

The Group continues to drive robust corporate governance across the Business. The Board confirms that the condensed financial results have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting and in line with the requirements of the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, 2019 as well as the Zimbabwe National Code on Corporate Governance, KingIV Code on Corporate Governance for South Africa and principles of the UK Code on Corporate Governance as read with the British American Tobacco Corporate Governance Booklet.

### Outlook

BAT is on a transformation journey anchored on our purpose which is to **build A Better Tomorrow™**, by reducing the health impact of our business through offering a greater choice of enjoyable and less risky products. With sustainability at the front and centre of everything we do, this transformation is underpinned by our Environment, Social and Governance (ESG) priorities: driving excellence in environmental management, delivering a positive social impact, and ensuring robust corporate governance across the business. We look forward to working with various stakeholders to achieve this.

Looking ahead, we are confident that our continued investment in the simplification of our business model, 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.



Lovemore T. Manatsa

Chairman

26 September 2023

## Condensed consolidated inflation adjusted statement of comprehensive income for the half year ended 30 June 2023

	Reviewed inflation adjusted Half Year ended 30 June		Unreviewed historical cost Half Year ended 30 June	
	2023	2022	2023	2022
Notes	ZW\$ 000	ZW\$ 000	ZW\$ 000	ZW\$ 000
<b>Revenue</b>	<b>71 546 659</b>	<b>33 814 347</b>	<b>37 118 217</b>	<b>4 791 332</b>
Cost of sales	(10 862 526)	(11 418 660)	(5 266 173)	(1 045 933)
<b>Gross profit</b>	<b>60 684 133</b>	<b>22 395 687</b>	<b>31 852 044</b>	<b>3 745 399</b>
Selling and marketing costs	(7 429 547)	(3 931 005)	(5 249 938)	(680 959)
Administrative expenses	(7 518 741)	(3 545 666)	(4 351 534)	(620 883)
Impairment loss on trade receivables	(197 658)	-	(51 339)	-
Remeasurement of share-based liability	(13 904)	3 786	(13 904)	772
Other income	175 572	24 167	(7 263)	3 823
Other losses – net	(20 128 941)	(3 369 483)	(22 750 388)	(723 281)
Monetary loss on hyperinflation adjustment adjustments	(36 643 148)	(10 823 492)	-	-
<b>Operating (loss)/profit</b>	<b>(11 072 234)</b>	<b>753 994</b>	<b>(572 322)</b>	<b>1 724 871</b>
Finance income	5 994 501	-	5 401 481	-
<b>(Loss)/profit before income tax</b>	<b>(5 077 733)</b>	<b>753 994</b>	<b>4 829 159</b>	<b>1 724 871</b>
Income tax expense	(1 789 464)	(4 082 629)	(1 789 464)	(465 840)
<b>Total comprehensive (loss) / income for the period</b>	<b>(6 867 197)</b>	<b>(3 328 635)</b>	<b>3 039 695</b>	<b>1 259 031</b>
<b>Attributable to:</b>				
Owners of the parent	<b>(6 867 197)</b>	<b>(3 328 635)</b>	<b>3 039 695</b>	<b>1 259 031</b>
Basic earnings per share (ZW\$)	(332.81)	(161.32)	147.31	61.02
Diluted earnings per share (ZW\$)	(332.81)	(161.32)	147.31	61.02
Headline earnings per share (ZW\$)	(332.81)	(161.32)	147.31	61.02

## Condensed consolidated inflation adjusted statement of financial position as at 30 June 2023

	Reviewed inflation adjusted		Unreviewed historical cost	
	30 Jun 23	31 Dec 22	30 Jun 23	31 Dec 22
Notes	ZW\$ 000	ZW\$ 000	ZW\$ 000	ZW\$ 000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	13 278 098	12 634 482	2 373 100	2 187 540
Intangible assets	281	281	-	-
Investment property	96 346	96 356	137	141
Financial assets at fair value through profit or loss	44 276	20 736	44 276	6 638
Deferred tax asset	817 458	-	6 676 966	677 629
	<b>14 236 459</b>	<b>12 751 855</b>	<b>9 094 479</b>	<b>2 871 948</b>
<b>Current assets</b>				
Inventories	17 000 620	13 258 383	14 221 454	2 762 230
Trade and other receivables	31 936 353	31 000 934	21 402 936	6 795 577
Cash and cash equivalents	13 048 973	13 179 480	13 048 973	4 219 124
	<b>61 985 946</b>	<b>57 438 797</b>	<b>48 673 363</b>	<b>13 776 931</b>
<b>Total assets</b>	<b>76 222 405</b>	<b>70 190 652</b>	<b>57 767 842</b>	<b>16 648 879</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to the owners of the parent</b>				
Share capital	3 476 737	3 476 737	5 214	5 214
Non distributable reserve	224 386	224 386	337	337
Retained earnings	23 848 193	30 715 390	9 089 202	6 049 507
<b>Total equity</b>	<b>27 549 316</b>	<b>34 416 513</b>	<b>9 094 753</b>	<b>6 055 058</b>
<b>Non-current liabilities</b>				
Deferred tax liability	-	2 681 715	-	-
<b>Current liabilities</b>				
Trade and other payables	41 635 455	29 535 365	41 635 455	9 455 105
Staff benefits liability	4 760 551	2 937 378	4 760 551	940 338
Share based payment liability	18 864	15 494	18 864	4 960
Current tax liability	2 258 219	604 187	2 258 219	193 418
	<b>48 673 089</b>	<b>33 092 424</b>	<b>48 673 089</b>	<b>10 593 821</b>
<b>Total equity and liabilities</b>	<b>76 222 405</b>	<b>70 190 652</b>	<b>57 767 842</b>	<b>16 648 879</b>

The notes are an integral part of these condensed consolidated financial results. This financial information was approved by the Board of Directors on 26 September 2023 and signed on its behalf by:



Kimesh Naidoo  
Managing Director



Wilson Chitsonga  
Finance Director

# CONDENSED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2023

## Condensed consolidated inflation adjusted statement of changes in equity for the half year ended 30 June 2023

	Reviewed inflation adjusted			
	Attributable to owners of the parent			
	Share capital	Non-distributable reserves <sup>1</sup>	Retained earnings	Total
	ZW\$ 000	ZW\$ 000	ZW\$ 000	ZW\$ 000
<b>Balance at 1 January 2022</b>	3 476 737	224 386	20 803 506	<b>24 504 629</b>
Total comprehensive income for the year	-	-	15 606 386	<b>15 606 386</b>
Dividends	-	-	(5 694 502)	<b>(5 694 502)</b>
<b>Balance at 31 December 2022</b>	<b>3 476 737</b>	<b>224 386</b>	<b>30 715 390</b>	<b>34 416 513</b>
<b>Balance at 1 January 2023</b>	3 476 737	224 386	30 715 390	<b>34 416 513</b>
Total comprehensive loss for the half year	-	-	(6 867 197)	<b>(6 867 197)</b>
Dividends	-	-	-	-
<b>Balance at 30 June 2023</b>	<b>3 476 737</b>	<b>224 386</b>	<b>23 848 193</b>	<b>27 549 316</b>

### <sup>1</sup>Non-distributable reserve

This reserve arose as a result of the change in the Group's functional currency from the Zimbabwe Dollar to the United States Dollar. It represents the residual equity that existed as at 1 February 2009, the date of the changeover.

## Condensed consolidated statement of changes in equity for the half year ended 30 June 2023

	Unreviewed historical cost			
	Attributable to owners of the parent			
	Share capital	Non-distributable reserves <sup>1</sup>	Retained earnings	Total
	ZW\$ 000	ZW\$ 000	ZW\$ 000	ZW\$ 000
<b>Balance at 1 January 2022</b>	5 214	337	1 795 677	<b>1 801 228</b>
Total comprehensive income for the year	-	-	6 076 801	<b>6 076 801</b>
Dividends	-	-	(1 822 971)	<b>(1 822 971)</b>
<b>Balance at 31 December 2022</b>	<b>5 214</b>	<b>337</b>	<b>6 049 507</b>	<b>6 055 058</b>
<b>Balance at 1 January 2023</b>	<b>5 214</b>	<b>337</b>	<b>6 049 507</b>	<b>6 055 058</b>
Total comprehensive income for the half year	-	-	3 039 695	<b>3 039 695</b>
Dividends	-	-	-	-
<b>Balance at 30 June 2023</b>	<b>5 214</b>	<b>337</b>	<b>9 089 202</b>	<b>9 094 753</b>

### <sup>1</sup>Non-distributable reserve

This reserve arose due to the change in the Group's functional currency from the Zimbabwe Dollar to the United States Dollar. It represents the residual equity that existed as on 1 February 2009, the date of the changeover.

## Condensed consolidated inflation adjusted statement of cash flows for the half year ended 30 June 2023

	Notes	Reviewed inflation adjusted Half Year ended 30 June		Unreviewed historical cost Half Year ended 30 June	
		2023	2022	2023	2022
		ZW\$ 000	ZW\$ 000	ZW\$ 000	ZW\$ 000
<b>Cash flows from operating activities</b>					
Cash generated from operations	14	36 229 347	9 498 979	10 580 042	2 380 360
Income tax paid		(5 531 505)	(3 586 962)	(5 531 505)	(633 657)
<b>Net cash generated from operating activities</b>		<b>30 697 842</b>	<b>5 912 017</b>	<b>5 048 537</b>	<b>1 746 703</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	8	(966 903)	(524 772)	(313 667)	(71 900)
Interest received		106 890	-	106 890	-
<b>Net cash used in investing activities</b>		<b>(860 013)</b>	<b>(524 772)</b>	<b>(206 777)</b>	<b>(71 900)</b>
<b>Cashflows from financing activities</b>					
Dividends paid		(1 306 502)	-	(1 306 502)	-
<b>Net cash used in financing activities</b>		<b>(1 306 502)</b>	<b>-</b>	<b>(1 306 502)</b>	<b>-</b>
Inflation effect on cash and cash equivalents		(25 589 089)	2 827 888	-	-
<b>Net increase in cash and cash equivalents</b>		<b>2 942 238</b>	<b>8 215 133</b>	<b>3 535 258</b>	<b>1 674 803</b>
Cash and cash equivalents at the beginning of the period		4 219 124	7 382 894	4 219 124	1 505 136
Effects of movement in exchange rates on cash held		5 887 611	340 398	5 294 591	69 396
<b>Cash and cash equivalents at end of the period</b>		<b>13 048 973</b>	<b>15 938 425</b>	<b>13 048 973</b>	<b>3 249 335</b>

## Notes to the condensed consolidated inflation adjusted financial results for the half year ended 30 June 2023

### 1. General information

British American Tobacco Zimbabwe (Holdings) Limited ("the Group") manufactures, distributes and sells cigarettes to a network of independent distributors, wholesalers and retailers. The Group has a cigarette manufacturing factory in Zimbabwe and sells cigarettes solely in the domestic market while cut rag is exported.

### 2. Basis of preparation

The Group's condensed consolidated inflation adjusted interim financial results were prepared in accordance with IAS 34, *Interim Financial Reporting*, in the manner required by the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, 2019. The Group's condensed consolidated inflation adjusted interim financial results are based on statutory records that are maintained under the historical cost convention, except for financial assets at fair value through profit and loss. Appropriate adjustments for changes in the general purchasing power of the Zimbabwe Dollar for the purposes of fair presentation in accordance with IAS 29 *Financial Reporting in Hyperinflationary Economies*, have been made in these Financial Statements to the historical cost financial information of the Group.

IAS 29 *Financial Reporting in Hyperinflationary Economies* requires that the Financial Statements be prepared in the currency of a hyperinflationary economy and be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures for previous periods be restated in the same terms. The restatement was calculated by means of conversion factors derived from the Zimbabwe Consumer Price Index (CPI) issued by the Zimbabwe Central Statistical Office for the period up to January 2023. For the period commencing February 2023 to June 2023, an estimated CPI was used, by adjusting the January 2023 published CPI by the monthly movement of the Total Consumption Poverty Line (TCPL). The indices and conversion factors used to restate the accompanying Financial Statements at 30 June 2023, are as follows:

Dates	Indices	Conversion factor
CPI as at 30 June 2023	42 710.71	1.00
CPI as at 31 December 2022	13 672.91	3.12
CPI as at 30 June 2022	8 707.35	4.91
Average CPI 2023 for the half year	19 752.40	
Average CPI 2022 for the half year	5 719.29	

### 3. Accounting policies and reporting currency

The same accounting policies and methods of computation are followed in these condensed financial results as compared with the most recent annual Financial Statements. These financial results are presented in Zimbabwe dollars (ZW\$), being the currency of the primary economic environment in which the Group operates.

### 4. Blocked funds registration

As at 30 June 2023, the Reserve Bank of Zimbabwe ("RBZ") registered blocked funds amounting to US\$15.7 million. This was in respect of outstanding dividends and foreign suppliers, consistent with the blocked funds guidelines provided in the Exchange Control Directive RU28 dated 21 February 2019 and Exchange Control Circular No. 8 of 24 July 2019. Following the registration of the blocked funds, an amount of ZW\$15.7 million was transferred to the RBZ to allow settlement of the registered blocked funds.

In line with the provisions of the February 2019 Monetary Policy Statement on the settlement arrangements for these blocked funds, RBZ is still working on an appropriate Instrument(s) to facilitate settlement of the registered blocked funds. As a result of the registration of the blocked funds, which were listed as approved blocked funds under Annex 1 of the Finance Act (no 7) of 2021, (gazetted on 21 December 2021), Management has continued to account for the outstanding blocked funds at a rate of US\$1: ZW\$1 and a receivable of ZW\$15.7 million was recognised for the amount transferred to RBZ for the registered blocked funds.

The Group received US\$ 10,009.05 from the RBZ under the registered blocked funds in the previous period.

### Supplementary information

	Reviewed inflation adjusted 30 June		Unreviewed historical cost 30 June	
	2023	2022	2023	2022
	ZW\$ 000	ZW\$ 000	ZW\$ 000	ZW\$ 000
<b>5. Revenue</b>				
Revenue from sale of goods in domestic market	67 643 659	31 779 601	35 548 192	4 606 774
Revenue from cut rag exports to foreign market	3 903 000	2 034 746	1 570 025	184 558
	<b>71 546 659</b>	<b>33 814 347</b>	<b>37 118 217</b>	<b>4 791 332</b>
<b>6. Depreciation</b>				
Depreciation charge	322 915	223 000	127 988	8 271
Amortization charge	-	16	-	-
	<b>322 915</b>	<b>223 016</b>	<b>127 988</b>	<b>8 271</b>
<b>7. Other (losses)/gains – net</b>				
Fair value gains/(losses)	23 539	(35 981)	37 637	2 467
Exchange losses	(20 152 480)	(3 333 502)	(22 788 025)	(725 748)
	<b>(20 128 941)</b>	<b>(3 369 483)</b>	<b>(22 750 388)</b>	<b>(723 281)</b>
<b>8. Capital expenditure</b>	966 903	524 772	313 667	71 900



# CONDENSED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2023

## 9. Financial instruments by Category

	Reviewed inflation adjusted			Unreviewed historical cost		
	Assets at amortised cost	Assets at fair value through profit or loss	Total	Assets at amortised cost	Assets at fair value through profit or loss	Total
	ZW\$ 000	ZW\$ 000	ZW\$ 000	ZW\$ 000	ZW\$ 000	ZW\$ 000
<b>30 June 2023</b>						
<b>Assets per the statement of financial position</b>						
Trade and other receivables excluding prepayments	13 052 446	-	13 052 446	13 052 446	-	13 052 446
Financial assets at fair value through profit and loss	-	44 276	44 276	-	44 276	44 276
Cash and cash equivalents	13 048 973	-	13 048 973	13 048 973	-	13 048 973
<b>Total</b>	<b>26 101 419</b>	<b>44 276</b>	<b>26 145 695</b>	<b>26 101 419</b>	<b>44 276</b>	<b>26 145 695</b>

	Other financial liabilities	Total	Other financial liabilities	Total
	ZW\$ 000	ZW\$ 000	ZW\$ 000	ZW\$ 000
<b>Liabilities per the statement of financial position</b>				
Trade and other payables excluding statutory liabilities	37 314 146	37 314 146	37 314 146	37 314 146
<b>Total</b>	<b>37 314 146</b>	<b>37 314 146</b>	<b>37 314 146</b>	<b>37 314 146</b>

	Reviewed inflation adjusted			Unreviewed historical cost		
	Assets at amortised cost	Assets at fair value through profit or loss	Total	Assets at amortised cost	Assets at fair value through profit or loss	Total
	ZW\$ 000	ZW\$ 000	ZW\$ 000	ZW\$ 000	ZW\$ 000	ZW\$ 000
<b>31 December 2022</b>						
<b>Assets per the statement of financial position</b>						
Trade and other receivables excluding prepayments	9 632 751	-	9 632 751	3 083 716	-	3 083 716
Financial assets at fair value through profit and loss	-	20 736	20 736	-	6 638	6 638
Cash and cash equivalents	13 179 480	-	13 179 480	4 219 124	-	4 219 124
<b>Total</b>	<b>22 812 231</b>	<b>20 736</b>	<b>22 832 967</b>	<b>7 302 840</b>	<b>6 638</b>	<b>7 309 478</b>

	Other financial liabilities	Total	Other financial liabilities	Total
	ZW\$ 000	ZW\$ 000	ZW\$ 000	ZW\$ 000
<b>Liabilities per the statement of financial position</b>				
Trade and other payables excluding statutory liabilities	20 209 049	20 209 049	6 469 488	6 469 488
<b>Total</b>	<b>20 209 049</b>	<b>20 209 049</b>	<b>6 469 488</b>	<b>6 469 488</b>

## 10. Trade and other receivables

	Reviewed inflation adjusted		Unreviewed historical cost	
	30 Jun 23	31 Dec 22	30 Jun 23	31 Dec 22
	ZW\$ 000	ZW\$ 000	ZW\$ 000	ZW\$ 000
Trade receivables	11 858 775	8 306 838	11 858 775	2 659 253
Amounts due from related parties	713 325	432 929	713 325	138 593
Other receivables	480 346	892 984	480 346	285 870
Prepayments	18 883 907	21 368 183	8 350 490	3 711 861
<b>Total</b>	<b>31 936 353</b>	<b>31 000 934</b>	<b>21 402 936</b>	<b>6 795 577</b>

Included in other receivables is an amount of ZW\$15 738 847 which is a prepayment made to the Reserve Bank of Zimbabwe, towards settlement of legacy debt in line with the relevant exchange control directives

## 11. Trade and other payables

	Reviewed inflation adjusted		Unreviewed historical cost	
	30 Jun 23	31 Dec 22	30 Jun 23	31 Dec 22
	ZW\$ 000	ZW\$ 000	ZW\$ 000	ZW\$ 000
Trade payables	2 093 576	981 016	2 093 576	314 051
Amounts due to related parties	31 405 221	18 027 905	31 405 221	5 771 242
Social security and other taxes	4 321 309	4 201 264	4 321 309	1 344 943
Accrued expenses	3 436 404	1 175 033	3 436 404	376 161
Dividends payable	336 877	5 133 501	336 877	1 643 379
Other	42 068	16 646	42 068	5 329
<b>Total</b>	<b>41 635 455</b>	<b>29 535 365</b>	<b>41 635 455</b>	<b>9 455 105</b>

## 12. Related party transactions

The Group is controlled by British American Tobacco International Holdings Limited, incorporated in the United Kingdom, which owns 43% of the Group's shares. The remaining 57% shares are widely held. The ultimate holding company of the Group is British American Tobacco Plc, incorporated in the United Kingdom.

	Reviewed inflation adjusted		Unreviewed historical cost	
	30 Jun 23	30 Jun 22	30 Jun 23	30 Jun 22
	ZW\$ 000	ZW\$ 000	ZW\$ 000	ZW\$ 000

### The following transactions were carried out with related parties:

Sales	3 903 000	2 034 746	1 570 025	184 558
Purchase of goods and services	4 877 806	2 244 876	2 975 930	341 633

## 13. Segment information

	Reviewed inflation adjusted		
	Cigarettes	Cut rag	Total
	ZW\$ 000	ZW\$ 000	ZW\$ 000
<b>30 June 2023</b>			
Net revenue	67 643 659	3 903 000	71 546 659
Profit before tax	(4 800 733)	(277 000)	(5 077 733)
Total assets	75 509 080	713 325	76 222 405
Total liabilities	48 673 089	-	48 673 089

<b>30 June 2022</b>			
Net revenue	31 779 601	2 034 746	33 814 347
Profit before tax	708 623	45 371	753 994

<b>31 December 2022</b>			
Total assets	69 757 724	432 929	70 190 653
Total liabilities	35 774 140	-	35 774 140

	Unreviewed historical cost		
	Cigarettes	Cutrag	Total
	ZW\$ 000	ZW\$ 000	ZW\$ 000

<b>30 June 2023</b>			
Net revenue	35 548 192	1 570 025	37 118 217
Profit before tax	4 624 896	204 263	4 829 159
Total assets	57 054 517	713 325	57 767 842
Total liabilities	48 673 089	-	48 673 089

<b>30 June 2022</b>			
Net revenue	4 606 774	184 558	4 791 332
Profit before tax	1 658 431	66 440	1 724 871

<b>31 December 2022</b>			
Total assets	16 510 285	138 593	16 648 878
Total liabilities	10 593 821	-	10 593 821

## 14. Cash generated from operations

	Reviewed inflation adjusted		Unreviewed historical cost	
	Half Year ended 30 June		Half Year ended 30 June	
	2023	2022	2023	2022
	ZW\$ 000	ZW\$ 000	ZW\$ 000	ZW\$ 000
(Loss)/Profit before income tax	(5 077 733)	753 994	4 829 159	1 724 871
<b>Adjustment for:</b>				
Depreciation	322 915	223 016	127 988	8 271
Fair value (gains)/losses on financial assets at fair value through profit or loss	(23 539)	35 981	(37 637)	(2 467)
Other non-cash items	(196 422)	298	(192 371)	60
Finance income	(106 890)	-	(106 890)	-
Effects of movement in exchange rates on cash held	(5 887 611)	(340 398)	(5 294 591)	(69 396)
Net monetary loss - IAS 29 Adjustment	36 643 148	10 823 492	-	-
Changes in working capital:				
(Increase)/decrease Inventories	(3 742 236)	6 145 847	(11 459 225)	257 866
(Increase)/decrease in trade and other receivables	(935 419)	(5 206 204)	(14 607 359)	(1 430 609)
Increase/(decrease) in trade and other payables	13 406 592	(3 728 360)	33 486 851	1 753 277
Increase in staff benefits liability	1 823 172	752 275	3 820 213	139 259
Increase/(decrease) in share based payment provision	3 370	39 038	13 904	(772)
<b>Cash generated from operations</b>	<b>36 229 347</b>	<b>9 498 979</b>	<b>10 580 042</b>	<b>2 380 360</b>

## 15. Going concern

The Group recorded a net loss of ZW\$6.87 billion for the half year ended 30 June 2023 (2022: loss of ZW\$3.33 billion). This was driven by foreign exchange losses of ZW\$2.01 billion arising from foreign currency translation of monetary assets and liabilities at period end. Foreign currency movements have stabilised since July 2023. The Directors are confident that the Group has adequate resources to continue as a going concern for the foreseeable future.

The Directors have considered the impact of outstanding dividends as detailed in Note 4 and the related approved blocked funds as confirmed through Finance Act (No 7) of 2021. British American Tobacco International Holdings (UK) Limited, had also confirmed its intention to provide continuing financial support as at 14 April 2023, in not seeking repayment of the outstanding dividends, within 12 months of that date.

The condensed consolidated inflation adjusted financial results have been prepared on a going concern basis, which assumes that the Group will be able to settle all its outstanding obligations.

## 16. Subsequent events

The Group has evaluated events from 30 June 2023 and reports that no subsequent events require disclosure.

## 17. Statement on review report

These condensed consolidated financial results for the period ended 30 June 2023 have been reviewed by Messrs KPMG Chartered Accountants (Zimbabwe) who expressed a qualified review conclusion because of non-compliance with International Accounting Standard 21, *The Effects of Changes in Foreign Exchange Rates* in the current and prior years, IAS 8, *Accounting policies, Changes in Accounting Estimates and Errors*, and the consequential impact on the inflation adjusted amounts determined in terms of IAS 29, *Financial Reporting in Hyperinflationary Economies*, in respect of the accounting for legacy debt registered in note 4. A copy of the auditor's review conclusion is available for inspection at the company's registered office. The engagement partner for this review is Vinay Ramabhai (PAAB Practicing Certificate Number 0569).