

CONDENSED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2024

Chairman's Statement

Operating environment

The Company demonstrated resilience in the face of continued macro-economic headwinds. The operating landscape was characterised by monetary instability and substantial exchange rate distortions. Despite these challenges, the business remains optimistic about the future and continues to review its business model to ensure long-term sustainability and value creation for its stakeholders.

BAT Zimbabwe presents its Reviewed Condensed Consolidated Financial Results for the half year ended 30 June 2024.

Financial Results

Commentary on financial performance is based on the reviewed financial results.

- Sales volumes declined by 9% due to the change of trading currency and shortage of the new currency.
- Revenue decreased by 38% from ZWG 400 million when compared to the same period prior year. The decrease in revenue was due to a decline in sales volume. This resulted in a gross profit decline of 41% compared to the same period in the prior year.
- Production costs decreased to ZWG 47 million from ZWG 60 million in the prior year, driven by cost optimisation initiatives. The Company reduced its administrative expenses to ZWG 33 million from ZWG 42 million, a 20% decrease from the same period last year.
- The Company reported a loss before tax of ZWG 145 million compared to the loss before tax of ZWG 28 million in the same period last year. This was due to a decline in sales volume as well as foreign exchange losses from translation of monetary assets and liabilities at period end.

Dividend

In view of the financial performance recorded during the period under review, the Board of Directors has not declared an interim dividend for the period ended 30 June 2024.

Taxes

Taxes in the form of Excise Duty, Corporate Tax, Value Added Tax, Customs Duties, Pay as You Earn and Withholding Tax amounted to ZWG 112 million for the period ended 30 June 2024.

Corporate governance

The Company ensures compliance to applicable laws and corporate governance requirements. 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, King IV 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.

Sustainability

Our Sustainability Agenda is integral to the evolved Group strategy. It reflects our commitment to create A Better Tomorrow™. This is underpinned by excellence across our other ESG priorities.

Our Sustainability Agenda reflects the changing external environment. Specifically, we are clear that reducing the health impact of our business is our principal focus area, as well as placing a greater emphasis on the importance of addressing climate change and environmental management. At the same time, we remain committed to delivering a positive social impact and ensuring robust corporate governance across the Company.

Outlook

We are committed to sustainably delivering shareholder value. We remain confident in the resilience of our underlying business strategy which is anchored on our diversity, excellence in execution, world class talent, strong brands and effective business partnerships.

Although trading conditions are expected to remain challenging in 2024, the Board of Directors is confident that the Company is in a good position to navigate through the challenging operating environment.



Lovemore T. Manatsa

Chairman

24 October 2024

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE HALF YEAR ENDED 30 JUNE 2024

Notes	Reviewed Half Year Ended 30 June 2024	*Restated Reviewed Full Year Ended 31 Dec 2023
	ZWG 000	ZWG 000
ASSETS		
Non-current assets		
	87 543	78 299
	603	538
	304	793
	2 915	5 909
	91 365	85 539
Current assets		
	81 350	96 134
10	69 374	184 166
	81 879	180 334
	-	12 621
	232 603	473 255
	323 968	558 794
EQUITY AND LIABILITIES		
Equity attributable to the owners of the parent		
	19 446	19 446
	1 254	1 254
	186 742	372 493
	207 442	393 193
Current liabilities		
11	95 490	142 818
	12 486	22 765
	8	18
	8 542	-
	116 526	165 601
	116 526	165 601
	323 968	558 794

*The figures in the Condensed Consolidated Statement of Financial Position in the prior period were previously reported in ZWL. The numbers were restated by converting to the Group's new functional and presentation currency, ZWG. For details regarding the change in presentation currency, refer to **Note 3b(iii)**

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2024

Notes	Reviewed Half Year Ended 30 June 2024	*Restated Reviewed Half Year Ended 30 June 2023
	ZWG 000	ZWG 000
6	248 321	400 195
	(47 431)	(60 759)
	200 890	339 436
Gross profit		
	(18 441)	(41 557)
	(33 712)	(42 056)
	(420)	(1 106)
	-	(78)
	(2 301)	982
7	(73 949)	(112 591)
	(217 554)	(204 963)
	(145 487)	(61 933)
Operating Loss		
	-	33 530
	(145 487)	(28 403)
	(30 465)	(10 009)
	(175 952)	(38 412)
Attributable to:		
	(175 952)	(38 412)
Total comprehensive loss for the year		
	(175 952)	(38 412)
	(9)	(2)
	(9)	(2)
	(9)	(2)

*The figures in the Condensed Consolidated Statement of Comprehensive Income in the prior period were previously reported in ZWL. The numbers were restated by converting to the Group's new functional and presentation currency, ZWG. For details regarding the change in presentation currency, refer to **Note 3b(ii)**



Kenneth Gitonga
Managing Director



Lucy Irungu
Finance Director

CONDENSED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2024

CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE 2024

	Notes	Reviewed Half Year Ended 30 June 2024	*Restated Reviewed Half Year Ended 30 June 2023
		ZWG 000	ZWG 000
Cash flows from operating activities			
Cash generated from operations	5	144 944	202 649
Income tax paid		(24 838)	(30 941)
Net cash generated from operating activities		120 106	171 708
Cash flows from investing activities			
Purchase of property plant and equipment		-	(5 408)
Interest received		-	598
Net cash used in investing activities		-	(4 810)
Cash flows from financing activities			
Dividends paid to owners of the parent		(4 008)	(7 308)
Net cash used in financing activities		(4 008)	(7 308)
Inflation effect on cash and cash equivalents		(216 147)	(143 133)
Net (decrease)/increase in cash and cash equivalents		(100 049)	16 457
Cash and cash equivalents at the beginning of the year		180 334	23 600
Effects of movement in exchange rates on cash held		1 594	32 933
Cash and cash equivalents at the end of the year		81 879	72 990

*The figures in the Condensed Consolidated Statement of Cash flows in the prior period were previously reported in ZWL. The numbers were restated by converting to the Group's new functional and presentation currency, ZWG. For details regarding the change in presentation currency, refer to **Note 3b(iii)**.

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2024

	Share capital	Non distributable reserve	Retained earnings	Total
	ZWG 000	ZWG 000	ZWG 000	ZWG 000
*Restated Reviewed				
Balance as at 1 January 2023	19 446	1 254	171 059	191 759
Total comprehensive income	-	-	201 434	201 434
Balance as at 31 December 2023	19 446	1 254	372 493	393 193
Total comprehensive loss	-	-	(175 952)	(175 952)
Dividends	-	-	(9 799)	(9 799)
Balance as at 30 June 2024	19 446	1 254	186 742	207 442

*The figures in the Condensed Consolidated Statement of Changes in Equity in the prior period were previously reported in ZWL. The numbers were restated by converting to the Group's new functional and presentation currency, ZWG. For details regarding the change in presentation currency, refer to **Note 3b(iii)**.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2024

1. GENERAL INFORMATION

British American Tobacco Zimbabwe (Holdings) Limited ("the Group") and its subsidiaries (together "the Group") manufactures distributes and sells cigarettes through a network of independent retailers and distributors. The Group has a cigarette manufacturing plant in Zimbabwe and sells cigarettes entirely to the Zimbabwean market and exports cut rag outside Zimbabwe.

The Group is a limited liability company incorporated and domiciled in Zimbabwe. The address of its registered office is Number 1 Manchester Road Southerton Harare Zimbabwe. The Group has its primary listing on the Zimbabwe Stock Exchange.

2. MATERIAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial results are consistent with those followed in the preparation of the Group's annual financial statements as at 31 December 2023.

3(a) BASIS OF PREPARATION

The condensed consolidated financial results for the half year ended 30 June 2024 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as well as the requirements of the Companies and Other Business Entities Act (Chapter 24:31) and Zimbabwe Stock Exchange (ZSE) Listing Rules, 2019. The condensed consolidated financial results do not include the full information required for full financial statements. The condensed consolidated financial results have been prepared under the assumption the Group operates on a going concern basis. These financial statements are based on statutory records that are maintained under the historical cost convention except for investments in marketable securities that have been measured at fair value.

The condensed consolidated financial results are presented in Zimbabwe Gold ("ZWG") rounded to the nearest thousand. The Group changed its functional currency from ZWL to ZWG on 5 April 2024.

The condensed consolidated financial results were authorised for issue by the Group's Board of directors on 24 October 2024.

3(bi) Adoption of the IAS 29 (Financial Reporting in Hyperinflationary Economies)

In October 2019, the Public Accountants and Auditors Board (PAAB) issued a pronouncement prescribing that the application of financial reporting in hyperinflationary economies had become effective in Zimbabwe, for reporting periods on or after 1 July 2019. These condensed consolidated financial statements have been prepared in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies" together with International Financial Reporting Standards Committee (IFRIC) 7 for the periods up to 5 April 2024, as ZWL remained a hyperinflationary currency up to the date of its withdrawal.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2024 (continued)

3(bii) Adoption of the IAS 29 (Financial Reporting in Hyperinflationary Economies) (Cont.)

The ZWG was not considered to be hyperinflationary for the period from 5 April 2024 to 30 June 2024. Nonetheless, the management will continue to assess this assumption in the second half of the year considering the significant devaluation of the ZWG by 43% in September 2024.

The Group adopted the Zimbabwe Consumer Price Index ("CPI") and the Total Consumer Poverty Line ("TCPL") as the general price index to restate the transactions and balances. For the 5 days into April 2024, the Group used the exchange rates as the general price index to restate the transactions and balances for the 5 days period due to the unavailability of the "CPI" and "TCPL" as they are issued monthly. Non-monetary assets and liabilities carried in the Group's financial results as at 5 April 2024, have been restated by applying the general price index from dates when the transaction were initially recorded in the Group's financial records (transaction date). A net monetary adjustment was recognised in the statement of profit or loss for the half year ended 30 June 2024 and the comparative period. Comparative amounts in the financial results have been restated to reflect the change in general price index from 1 October 2019 to 5 April 2024, the day the economy ceased to be hyperinflationary. All items in the statement of cash flows are expressed based on the restated financial information for the period.

As noted above, the Group adopted the "TCPL" and exchange rates as the general price index and used the monthly indices to inflation adjust the historical figures for the period up to the 5th of April 2024.

The factors used in the periods under review are as follows:

Dates	Indices	Conversion factor
CPI as at 30 June 2022	8 707.35	68.56
CPI as at 31 December 2022	13 672.91	43.66
CPI as at 30 June 2023	42 710.71	13.98
CPI as at 31 December 2023	65 703.44	9.09
CPI as at 5 April 2024	596 950.22	1

3(bii) Conversion from Zimbabwean Dollar ("ZWL") to Zimbabwe Gold ("ZWG")

Following the introduction of the Zimbabwe Gold by the Reserve Bank of Zimbabwe (RBZ) on 5 April 2024 and the pronouncement of Statutory Instrument (SI) 60 of 2024 all previously existing Zimbabwe Dollar balances were converted into Zimbabwe Gold as at that date. The swap rate of ZWG 1 : ZWL 2 498.7242 was used as guided by the Reserve Bank of Zimbabwe.

Resultantly the Group applied the requirements of IAS 21 "The Effects of Changes in Foreign Exchange Rates" when converting the ZWL amounts to ZWG being the Group's functional and presentation currency. After the Group carried out the functional currency assessment, it was determined that the currency in which the group primarily generates and expends cash was ZWG hence ZWG was determined as the Group's functional currency.

Transactions between 1 January 2024 and 5 April 2024 were inflation adjusted to 5 April 2024 in compliance with the requirements of IAS 29 "Reporting in Hyper inflationary Economies". The amounts were then converted to ZWG using the swap rate of ZWG 1: ZWL 2 498.7242. Current results in the condensed consolidated financial results for the period ended 30 June 2024 are a combination of these transactions and transactions that occurred between 6 April 2024 and 30 June 2024 which have not been restated using inflation adjusting factors given that the ZWG had not exhibited all the characteristics that would indicate it is a currency of a hyper inflationary economy.

3(biii) Comparative financial information

ZWL amounts for the comparative periods were uplifted using the indices and conversion factors as at 5 April 2024 indicated in note 3(bii) and were then converted to ZWG using the conversion rate stipulated by the Reserve Bank of Zimbabwe.

4. BLOCKED FUNDS REGISTRATION

The Group registered blocked funds pursuant to a Reserve Bank of Zimbabwe ("RBZ") directive amounting to US\$ 16 352 138.92 (Sixteen million three hundred and fifty-two thousand one hundred and thirty-eight United States Dollars and ninety-two cents only) in respect of outstanding dividends in line with the blocked funds guidelines stipulated in the Exchange Control Directive RU28 dated 21 February 2019 read together with the Exchange Control Circular No. 8 of 24 July 2019. Following the registration of the blocked funds an amount of ZWL16 352 138.92 (Sixteen million three hundred and fifty-two thousand one hundred and thirty-eight Zimbabwean Dollars and ninety-two cents only) 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 now finalizing the appropriate instrument(s) to facilitate settlement of the registered 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).

Following the currency change on 5 April 2024 from ZWL to ZWG, the outstanding blocked funds were now converted to ZWG at a rate of ZWG1: ZWL2 498.7242.

	Reviewed	
	Half Year Ended 30 June 2024	Half Year Ended 30 June 2023
	ZW\$ 000	ZW\$ 000
5 CASH GENERATED FROM OPERATIONS		
Loss before income tax	(145 487)	(28 402)
Adjustment for:		
Depreciation	2 335	1 806
Fair value losses/(gains) on financial assets at Fair value through profit or Loss	176	(132)
Other non-cash items	-	(1 099)
Finance income	-	(598)
Effects of movement in exchange rates on cash held	(1 594)	(32 932)
Net monetary loss - IAS 29 Adjustment	217 554	204 963
Changes in working capital:		
Decrease/(Increase) in Inventories	14 784	(20 932)
Decrease/(Increase) in Trade and Other receivables	114 792	(5 232)
(Decrease)/ Increase in Trade and Other payables	(47 327)	74 990
(Decrease)/ Increase in Staff benefits liability	(10 279)	10 198
(Decrease)/ Increase in Share based payment provision	(10)	19
Cash generated from operations	144 944	202 649

CONDENSED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2024

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2024 (continued)

	Reviewed	
	Half Year Ended 30 June 2024	Half Year Ended 30 June 2023
	ZWG 000	ZWG 000
6 REVENUE		
Revenue from sale of goods in domestic market	204 975	378 364
Revenue from leaf and cut-rag exports to foreign market	43 346	21 831
	248 321	400 195
7 OTHER LOSSES		
Fair value (losses)/gains	(489)	132
Exchange losses	(73 460)	(112 723)
	(73 949)	(112 591)
8 CAPITAL EXPENDITURE	-	5 408

9 FINANCIAL INSTRUMENT BY CATEGORY

	Assets at amortised cost	Assets at fair value through profit or loss	Total
	ZWG 000	ZWG 000	ZWG 000
31 Dec 23			
Assets as per statement of financial position			
Trade and other receivables excluding prepayments	133 730	-	133 730
Financial assets at fair value through profit and loss	-	793	793
Cash and cash equivalents	180 334	-	180 334
Total	314 064	793	314 857

Other financial liabilities

Liabilities as per statement of financial position

Trade and other payables excluding statutory liabilities	101 058
Total	101 058

30 Jun 24

	Assets at amortised cost	Assets at fair value through profit or loss	Total
	ZWG 000	ZWG 000	ZWG 000
Assets as per statement of financial position			
Trade and other receivables excluding prepayments	65 003	-	65 003
*Financial assets at fair value through profit and loss	-	304	304
Cash and cash equivalents	81 879	-	81 879
Total	146 882	304	147 186

Other financial liabilities

Liabilities as per statement of financial position

Trade and other payables excluding statutory liabilities	93 888
Total	93 888

*The Group's Financial assets through profit and loss movement versus the prior period was due to the changes in the share price.

10 TRADE AND OTHER RECEIVABLES

	Reviewed	*Restated
	Half Year Ended 30 June 2024	Full Year Ended 31 Dec 2023
	ZWG 000	ZWG 000
Trade receivables	63 744	132 018
Amounts due from related parties	411	716
Other receivables	848	996
Prepayments	4 371	50 436
	69 374	184 166

Included in prepayments is an amount of ZWG6 544.20 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	*Restated
	Half Year Ended 30 June 2024	Full Year Ended 31 Dec 2023
	ZWG 000	ZWG 000
Trade payables	887	2 219
Amounts due to related parties	81 655	51 778
Social security and other taxes	442	15 599
Accrued expenses	1 160	26 161
Dividends payable	5 601	1 225
Other	5 745	45 836
	95 490	142 818

12 SEGMENT INFORMATION

	Reviewed		
	Cigarettes	Cut-rag	Total
	ZWG 000	ZWG 000	ZWG 000
30 Jun 2024			
Net Revenue	204 975	43 346	248 321
Loss before tax	(138 213)	(7 274)	(145 487)
Total Assets	323 557	411	323 968
Total Liabilities	116 526	-	116 526
30 Jun 2023			
Net Revenue	378 364	21 831	400 195
Loss before tax	(26 853)	(1 549)	(28 402)
31 Dec 2023			
Total Assets	558 078	716	558 794
Total liabilities	165 601	-	165 601

13 GOING CONCERN

The group recorded a net loss of ZWG176 million for the half year ended 30 June 2024 (2023: loss of ZWG38 million). This was driven by foreign exchange losses arising from foreign currency translation of monetary assets and liabilities at period end.

The directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate.

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 28 March 2024, in not seeking repayment of the outstanding dividends within 12 months of that date.

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

14 SUBSEQUENT EVENTS

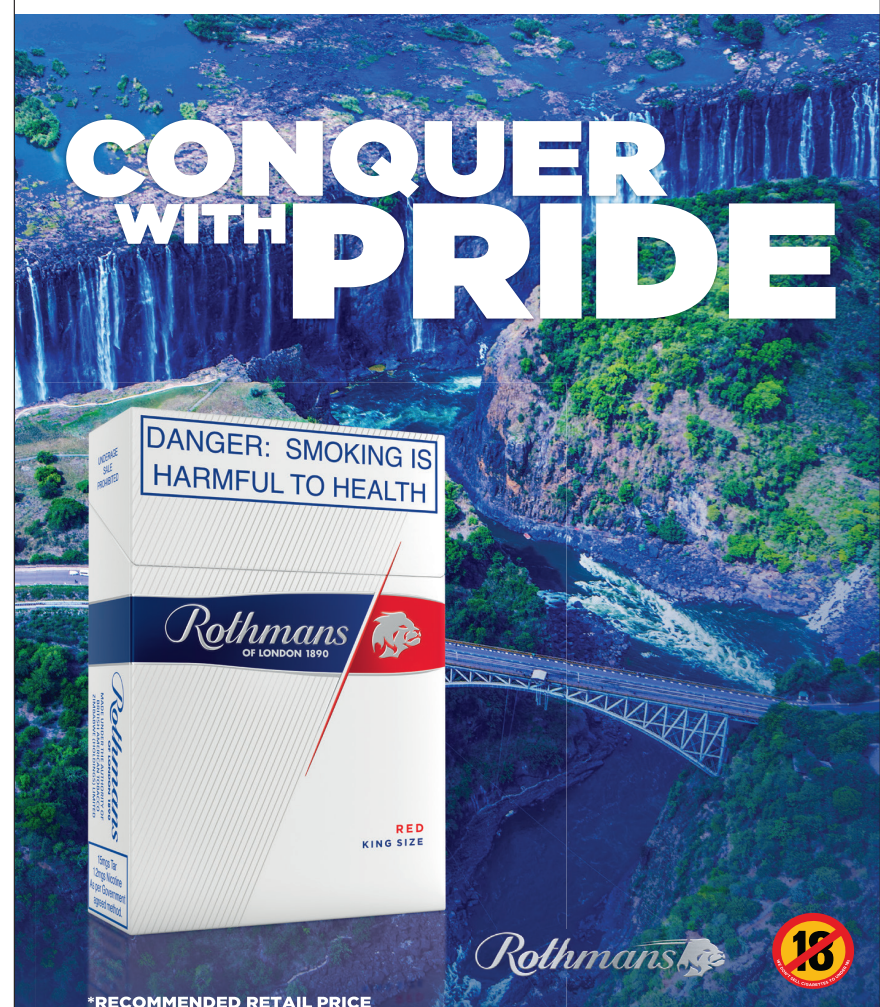
Subsequent to period end the Reserve Bank of Zimbabwe Monetary Policy Committee resolved to devalue the (ZWG) by 43% following increased inflationary pressures as evidenced by month-on-month inflation of 1.4 percent in August 2024 and 5.8% in September 2024. This change resulted in the Group having to remeasure its foreign denominated positions in accordance with the requirements of IAS 21 "The Effects of Changes in Foreign Currency" for all of its transactions post the pronouncement date of 27 September 2024.

15 STATEMENT ON REVIEW REPORT

These condensed consolidated financial results for the half year ended 30 June 2024 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 described 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 Practising Certificate Number 0569).

DANGER: SMOKING IS HARMFUL TO HEALTH

15mgs Tar 1.2mgs Nicotine. As per Government Agreed Method



NOT FOR SALE TO PERSONS UNDER THE AGE OF 18