

TRADING UPDATE

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

BUSINESS ENVIRONMENT

The trading environment for the nine months ended 30 September 2022 was characterised by rising inflation, with month-on-month inflation averaging 14% over the period. Year-on-year inflation closed off at 280.4%, compared to 51.5% reported in the same period in the prior year. However, towards the end of the quarter, month-on-month inflation decelerated to 3.5%. This decrease was attributable to policy interventions.

Notwithstanding the challenging environment, the Company remains optimistic about the future and will continue reviewing its business model to ensure long-term sustainability and value creation for its stakeholders.

BUSINESS PERFORMANCE

For the period under consideration, the Company experienced a 10% decline in volumes compared to the same period last year. This was due to a decrease in demand, owing to a decline in consumers' disposable income. This was further compounded by a shortage of local currency, which impacted traders' ability to pay. This in turn meant that BAT was forced to stop supplying these traders.

Export volumes of leaf and cut rug tobacco were relatively flat in the period under review when compared to the prior year, due to subdued demand in the Company's export markets. Pricing reviews conducted during the period resulted in the Company recording a 458% growth in net turnover (297% in historical terms), when compared to the same period prior year.

OUTLOOK

While the Company expects trading conditions to remain challenging for the remainder of 2022, mainly as a result of macro-economic variables, the Company believes its current business strategy will deliver value growth for shareholders.

By Order of the Board



Lovemore T. Manatsa
Chairman

27 October 2022