

Audited Abridged Financial Results

For the Year Ended 31 December 2023

Chairman's Statement

Introduction

The trading environment for the year ended 31 December 2023 was characterized by hikes in retail prices for basic commodities triggered by rising inflation resulting in pressure on consumer purchasing power. Excise Duty remained unchanged for the year 2023.

Notwithstanding the challenging economic environment, British American Tobacco Zimbabwe (Holdings) Limited (hereinafter referred to as 'the Group and Company') recorded a remarkable financial performance for the year ended 31 December 2023 delivering 147% and 101% growth in revenue and profit before tax respectively compared to same period last year.

The Group and Company remains committed to ensuring that long-term sustainability for the business and value for its stakeholders is created and maintained.

Board Resignations and Appointments

Mr. Kimesh Naidoo resigned from the position of Managing Director of the Group and Company effective 25 March 2024. The Board of Directors would like to thank Mr. Kimesh Naidoo for his contribution to the success of the Group and Company and wish him all the best in his future endeavours.

Mr. Wilson Chitsonga resigned from his position of Finance Director of the Group and Company effective 25 March 2024. The Board of Directors would like to thank Mr. Wilson Chitsonga for his contribution to the success of the Group and Company and wish him all the best in his future endeavours.

The Board is pleased to announce the appointment of Mr. Ken Gitonga as the new Managing Director with effect from 26 March 2024.

The Board is pleased to announce the appointment of Ms. Lucy Irungu as the new Finance Director with effect from 26 March 2024.

Volumes

The Group and Company's total volume for the period under review declined by 5% from 1 054 million sticks reported similar period last year to 1 003 million sticks. Due to the challenging operating environment the Group and Company has recorded lower volumes and an increased credit defaulting rate from the customers. Export volumes of cut rag tobacco decreased to 282 940 kgs, a

32% decline during the period under review compared to prior year.

The Group and Company also launched Vuse 'New Category' Products into the Zimbabwean market in the month of October 2023 which realized a total sale of 34 thousand devices.

Financial Results

The Group and Company achieved total revenue of ZW\$288 billion for the year ended 31 December 2023, an increase of 147% above last year. The growth was driven by the continuous price reviews in line with the currency devaluation together with revenue generated from cut-rag tobacco and leaf exports.

Selling and marketing costs increased by 109% compared to the same period in prior year and administrative expenses also increased by 46% versus last year and the increase in costs was attributable to the significant devaluation of the currency which led to suppliers revising their prices and charging more for their goods and services.

Nonetheless the Group and Company recorded a significant increase in profit after tax of 131% compared to prior year. The amount recorded for the year ended 31 December 2023 was ZW\$55.4 billion and the earnings per share increased to ZW\$ 2 684.85 from ZW\$ 1 163.51 in the prior year.

Blocked Funds

The Group and Company 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 and bills for material supplies 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 ZW\$16 352 138.92 (Sixteen million three hundred and fifty-two thousand one hundred and thirty-eight Zimbabwe Dollars and ninety-two cents only) was transferred to the RBZ to allow settlement of the registered blocked funds.

In 2021, the Treasury assumed the liability from RBZ in relation to the blocked funds. The Treasury is currently working on 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). Management has continued to account for the outstanding blocked funds at a rate of US\$1: ZW\$1.

Dividends

The Group and Company continues to hold in the highest regards the interest of its shareholders to achieve maximum returns on their investment. In view of the profit for the period under review the Board proposes the declaration of a final dividend of ZW\$ 1 186.70 per share. Further details on the payment of the dividend will be communicated in a separate dividend announcement.

Contributions to the Government Treasury

The Group and Company continues to contribute to the Government Treasury through various tax heads which include Excise Duty, Corporate Tax, Value Added Tax, Custom Duties, Pay As You Earn and Withholding Tax. The Group and Company's contribution to the Zimbabwe Revenue Authority (ZIMRA) in the year under review increased from ZW\$ 12.5 billion (historical cost) in 2022 to ZW\$ 1 152 billion (historical cost) for the year ending 31 December 2023.

Sustainability

Our Sustainability agenda is integral to our evolved Group strategy. It reflects our commitment to reducing the health impact of our business as our principal focus area. This is underpinned by excellence across our Environmental, Social and Governance (ESG) priorities.

Our Sustainability agenda has been refreshed to reflect 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 Group.

A key strength of our approach to sustainability is a robust process to identify and understand the most material ESG topics that drive our long-term business sustainability and value creation. Each year we engage with a wide range of stakeholders to understand what matters to them most and complement this with ongoing risk monitoring research and benchmarking.

Outlook

Although trading conditions are expected to remain challenging in 2024, the Board is confident that the Group and Company are on a sound footing to navigate

through the oscillating economic environment through the implementation of effective Business Strategies, the equity of our brands and the quality of our people. The Group and Company will continue to deliver growth and value for its stakeholders.

Conclusion

I would like to express my appreciation to my fellow Directors on the Board, the Management team, staff, shareholders and all other stakeholders for their support throughout the year.

Lovemore T. Manatsa
Chairman
28 March 2024

DIVIDEND NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT the Board of Directors of British American Tobacco Zimbabwe (Holdings) Limited ("the Group and Company") has declared a final dividend of ZW\$ 1 186.70 per share amounting to ZW\$ 24 486 367 800 in respect of the financial year ended 31 December 2023, payable in respect of all ordinary shares of the and Company.

ACTION	DATE
Announcement Date	28 March 2024
Last Date to Trade-cum dividend	15 April 2024
Share Trade Ex Dividend	16 April 2024
Last Record Date	19 April 2024
Payment Date	31 May 2024
Dividend per share	ZW\$ 1 186.70

Non-resident shareholders' tax and resident shareholders' tax will be deducted from the gross dividends where applicable.

By Order of the Board

Phyllis Chenjera
Company Secretary
28 March 2024

DANGER: SMOKING IS HARMFUL TO HEALTH
15mg Tar 1.2mg Nicotine. As Per Government Agreement Method

A FUTURE FIT PORTFOLIO



NOT FOR SALE TO PERSONS UNDER THE AGE OF 18

Directors: L. T. Manatsa (Chairman), F. C. Chikosi (Non-Executive Director), R. P. Kupara (Non-Executive Director), E. I. Manikai (Non-Executive Director), P. Kipkemoi (Non-Executive Director), K. Gitonga (Managing Director), L. Irungu (Finance Director).

Vuse

CHARGE BEYOND

18+

NEW VUSE GO

DISPOSABLES

FULLY CHARGED

FLAVOURS

GLOBAL VAPING BRAND

*Based on laboratory testing of newly manufactured product and may vary depending on individuals usage behaviour. **Based on Vype/Vuse estimated value share from RRP in measured retail for vapour (i.e. total vapour category value in retail sales) in key vapour markets: USA, Canada, France, UK, Germany as of May 2022.

This product contains nicotine which is a highly addictive substance.

adrenalin 16891

Audited Abridged Financial Results

For the Year Ended 31 December 2023



AUDITED ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	31 Dec 23 ZW\$ Mn	31 Dec 22 ZW\$ Mn	31 Dec 23 ZW\$ Mn	31 Dec 22 ZW\$ Mn
Revenue	288 338	116 670	180 955	17 448
Cost of sales	(44 364)	(28 921)	(26 300)	(2 966)
Gross profit	243 974	87 749	154 655	14 482
Selling and marketing costs	(22 361)	(10 725)	(12 203)	(1 569)
Administrative expenses	(21 522)	(14 779)	(13 387)	(2 286)
Impairment (loss)/ reversal on trade receivables	(619)	163	(280)	33
Re-measurement of share-based payment liability	(1)	74	(1)	1
Other income	1 080	500	785	100
Other losses	(27 910)	(10 974)	(27 976)	(3 067)
Monetary loss on hyperinflation adjustment	(94 897)	(12 659)	-	-
Operating profit	77 744	39 349	101 593	7 694
Net Finance Income	8 993	3 894	5 223	610
Profit before income tax	86 737	43 243	106 816	8 304
Income tax expense	(31 338)	(19 235)	(25 866)	(2 228)
Total comprehensive income for the year	55 399	24 008	80 950	6 076

Attributable to:				
Owners of the parent	55 399	24 008	80 950	6 076
Basic earnings per share (ZW\$)	2 684.85	1 163.51	3 923.15	294.46
Diluted earnings per share (ZW\$)	2 684.85	1 163.51	3 923.15	294.46
Headline earnings per share (ZW\$)	2 684.85	1 163.51	3 923.15	294.46

AUDITED ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2023

	INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	31 Dec 23 ZW\$Mn	31 Dec 22 ZW\$Mn	31 Dec 23 ZW\$Mn	31 Dec 22 ZW\$Mn
ASSETS				
Non-current assets				
Property, plant and equipment	21 534	19 436	3 288	2 188
Investment property	148	148	-	-
Financial assets at fair value through profit or loss	218	32	218	7
Deferred tax asset	1 625	-	8 459	678
	23 525	19 616	11 965	2 873
Current assets				
Inventories	26 439	20 396	19 945	2 761
Trade and other receivables	50 650	47 690	47 365	6 796
Cash and cash equivalents	49 596	20 274	49 596	4 219
Current income tax asset	3 471	-	3 471	-
	130 156	88 360	120 377	13 776
Total assets	153 681	107 976	132 342	16 649
EQUITY AND LIABILITIES				
Equity attributable to the owners of the parent				
Share capital	5 348	5 348	5	5
Non- distributable reserve	345	345	-	-
Retained earnings	102 650	47 251	86 999	6 049
Total equity	108 343	52 944	87 004	6 054
Non-Current liabilities				
Deferred tax liability	-	4 125	-	-
Current Liabilities				
Trade and other payables	39 278	45 435	39 278	9 457
Staff benefits liability	6 055	4 519	6 055	940
Share-based payment liability	5	24	5	5
Current tax liability	-	929	-	193
	45 338	50 907	45 338	10 595
Total equity and liabilities	153 681	107 976	132 342	16 649

The notes are an integral part of these consolidated financial statements. These financial statements were authorized for use by the board of directors on 28 March 2024 and signed on its behalf by:


Kenneth Gitonga
Managing Director


Lucy Irungu
Finance Director

AUDITED ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

INFLATION ADJUSTED			
ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital ZW\$ Mn	⁽¹⁾ Non-dis- tributable reserves ZW\$ Mn	Retained earnings ZW\$ Mn	Total ZW\$ Mn
5 348	345	32 003	37 696
-	-	24 008	24 008
-	-	(8 760)	(8 760)
5 348	345	47 251	52 944
5 348	345	47 251	52 944
-	-	55 399	55 399
5 348	345	102 650	108 343

¹Non-distributable reserves
These reserves arose as a result of the change in the Company's functional currency from the Zimbabwe dollar to the United States dollar in 2009. It represents the residual equity that existed as at 1 February 2009 the date of the changeover.

UNAUDITED HISTORICAL COST			
ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital ZW\$ Mn	⁽¹⁾ Non-dis- tributable reserves ZW\$ Mn	Retained earnings ZW\$ Mn	Total ZW\$ Mn
5	-	1 796	1 801
-	-	6 076	6 076
-	-	(1 823)	(1 823)
5	-	6 049	6 054
5	-	6 049	6 054
-	-	80 950	80 950
-	-	-	-
5	-	86 999	87 004

¹Non-distributable reserves
These reserves arose as a result of the change in the Company's functional currency from the Zimbabwe dollar to the United States dollar in 2009. It represents the residual equity that existed as at 1 February 2009, the date of the changeover.

AUDITED ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
31 Dec 23 ZW\$ Mn	31 Dec 22 ZW\$ Mn	31 Dec 23 ZW\$ Mn	31 Dec 22 ZW\$ Mn
Cash flows from operating activities			
Cash generated from operations	160 157	34 916	79 600
Income tax paid	(40 753)	(16 996)	(37 311)
Net cash generated from operating activities	119 404	17 920	42 289
Cash flows from investing activities			
Purchase of property, plant and equipment	(2 800)	(13 747)	(1 382)
Proceeds from sale of scrap	643	5	536
Interest received	277	1 109	180
Dividends received from investments	2	-	1
Net cash used in investing activities	(1 878)	(12 633)	(665)
Cashflows from financing activities			
Dividends paid to owners of the parent	(1 363)	-	(1 363)
Net cash used in financing activities	(1 363)	-	(1 363)
Effect of movement in exchange rates on cash held	8 789	2 433	5 116
Effect of inflation on cash and cash equivalents	(95 630)	(12 309)	-
Net increase/ (decrease) in cash and cash equivalents	29 322	(4 589)	45 377
Cash and cash equivalents at the beginning of the year	20 274	24 863	4 219
Cash and cash equivalents at end of the year	49 596	20 274	49 596

Audited Abridged Financial Results

For the Year Ended 31 December 2023



NOTES TO THE FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. General Information

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

These financial statements are presented in Zimbabwean dollars (ZW\$) rounded to the nearest million dollars (“Mn”).

The Company 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 Company has its primary listing on the Zimbabwe Stock Exchange.

2. SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS Accounting Standards as issued by the International Accounting Standards Board”) and IFRS Interpretations Committee (“IFRIC”) pronouncements and the requirements of the Companies and Other Business Entities Act (Chapter 24:31). The financial statements have been prepared under the historical cost convention except for financial assets and financial liabilities at fair value through profit and loss which are measured at fair value. Financial liabilities measured at fair value are the Share-Based Payments liabilities as explained in Note 2.24 and Note 15.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company’s accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 31.

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 and Company.

The Directors adopted the following accounting treatments and exchange rates:

- October 2018 to February 2019: exchange rate of US\$1: ZW\$1 (as prescribed by SI 33)
- 1 January to 23 June 2020: interbank exchange provided by the Reserve Bank of Zimbabwe (RBZ)
- 24 June 2020 to 11 December 2023: auction exchange rates provided by RBZ
- 12 December to 31 December 2023: interbank exchange provided by RBZ

The amounts in the 2022 financial statements are the basis for the comparative financial information presented in 2023.

In October 2019 the Public Accountants and Auditors Board confirmed the general market consensus that Zimbabwe had become a hyperinflationary economy with effect from 1 July 2019.

IAS 29 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. In the absence of a reliable index an entity may determine or estimate an index that it deems reasonable in determining the upliftment factors to enable comparability.

The Group and Company, therefore carried out the restatement by means of conversion factors derived from the Zimbabwe Consumer Price Index (CPI) issued by the Zimbabwe Central Statistical Agency (ZIMSTAT), as below;

- Periods up to January 2023: coversion factors were derived from ZW\$ CPI issued by ZIMSTAT
- February 2023 to December 2023: adjusted the January 2023 published ZW\$ CPI by the monthly movement of the Total Consumption Poverty Line (TCPL)^{1,2}

¹The TCPL is published by ZIMSTAT monthly and measures the amount required to purchase both non-food and food items

²In March 2023 the Minister of Finance and Economic Development through SI27 of 2023 gave a notice re-defining the “rate of inflation” and introduced a new weighted average inflation rate based on the ZW\$ and US\$. Subsequently, only blended CPI figures were officially published and ZW\$ inflation rates were no longer available.

The indices and conversion factors used to restate the accompanying financial statements at 31 December 2023 are as follows:

Dates	Indices	Conversion Factor
CPI as at 31 December 2023	65 703.43	1.00
CPI as at 31 December 2022	13 672.91	4.81
Average CPI 2023	35 114.22	
Average CPI 2022	9 189.69	

The main procedures applied for the above-mentioned restatement are as follows:

- Monetary assets and liabilities that are carried at amounts at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.
- Non-monetary assets and liabilities that are not carried at amounts current at the balance

Directors: L. T. Manatsa (Chairman), F. C. Chikosi (Non-Executive Director), R. P. Kupara (Non-Executive Director), E. I. Manikai (Non-Executive Director), P. Kipkemoi (Non-Executive Director) K. Gitonga (Managing Director), L. Irungu (Finance Director).

NOTES TO THE FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023 (cont'd)

- sheet date and components of shareholders' equity are restated by applying the relevant conversion factors.
- Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Zimbabwe dollars at the foreign exchange rate ruling at that date.
 - Deferred tax items are re-measured in accordance with IAS 12 after restating the nominal carrying amounts of non-monetary items at the date of the opening statement of financial position of the reporting period by applying the measuring unit at that date. The deferred tax items are restated for the change in the measuring unit from the date of the opening statement of financial position of the reporting period to the end of that reporting period.
 - An impairment loss is recognized in profit or loss if the remeasured amount of a non-monetary item exceeds its recoverable amount.
 - Comparative financial statements are restated by applying the relevant year end conversion factors.
 - All items in the statement of profit or loss and other comprehensive income with the exception of unrealized gains and losses are restated by applying the relevant monthly conversion factors.
 - All items in the statement of cash flows are stated in terms of the measuring unit current at the balance sheet date.
 - The effect of inflation on the net monetary position of the Group and Company is included in profit or loss as a gain or loss on net monetary position.

The Group and Company financial statements have been prepared on the going concern basis which the Directors believe to be appropriate (refer to note 33).

3. Blocked funds registration

The Group and Company registered blocked funds pursuant to 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 and bills for material supplies 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 ZW\$ 16 352 138.92 (Sixteen million three hundred and fifty-two thousand one hundred and thirty-eight Zimbabwe Dollars and ninety-two cents only) was transferred to the RBZ to allow settlement of the registered blocked funds.

In 2021, the Treasury assumed the liability from RBZ in relation to the blocked funds. The Treasury is currently working on 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). Management has continued to account for the outstanding blocked funds at a rate of US\$1: ZW\$1.

Supplementary information

4. Depreciation	INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	31 Dec 23 ZW\$ Mn	31 Dec 22 ZW\$ Mn	31 Dec 23 ZW\$Mn	31 Dec 22 ZW\$Mn
Depreciation charge	(701)	(440)	(282)	(79)
5. Other (losses)/gains – net				
Gains on sale of property, plant and equipment	643	5	536	1
Fair value gains/(losses)	186	(104)	211	(2)
Exchange losses	(28 096)	(10 870)	(28 187)	(3 066)
	(27 267)	(10 969)	(27 440)	(3 067)
6. Capital expenditure	(2,800)	(13,747)	(1,382)	(2,181)

7. Trade and other receivables	INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	31 Dec 23 ZW\$ Mn	31 Dec 22 ZW\$ Mn	31 Dec 23 ZW\$Mn	31 Dec 22 ZW\$Mn
Trade receivables	36 614	12 906	36 614	2 686
Amounts due from related parties	197	666	197	139
Other receivables	274	1 374	274	286
Prepayments	13 871	32 871	10 586	3 712
Provision for impairment	(306)	(127)	(306)	(26)
	50 650	47 690	47 365	6 797

Included in other receivables is an amount of ZW\$ 16 352 138.92 which is a prepayment made to the RBZ towards settlement of blocked funds in line with the relevant exchange control directives.

Supplementary information (cont'd)

	INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	31 Dec 23 ZW\$ Mn	31 Dec 22 ZW\$ Mn	31 Dec 23 ZW\$ Mn	31 Dec 22 ZW\$ Mn
8. Trade and other payables				
Trade payables	610	1 509	610	314
Amounts due to related parties	14 240	31 498	14 240	6 555
Social security and other taxes	4 290	5 587	4 290	1 163
Accrued expenses	7 195	1 808	7 195	376
Dividends payable	337	5 008	360	1 042
Other	12 606	25	12 606	7
	39 278	45 435	39 278	9 457

Included in trade payables and amounts due to related parties is an amount of US\$ 16 352 138.92 which is legacy debt and was registered by the RBZ as blocked funds. The legacy debt has been translated at a rate of 1:1 between ZW\$ and US\$.

9. Segment Information

	INFLATION ADJUSTED		
	Cigarettes ZW\$ Mn	Leaf and Cut-rag To- bacco ZW\$ Mn	Total ZW\$ Mn
2023			
External revenue	415 779	6 327	422 106
Tobacco duties	(133 768)	-	(133 768)
Net revenue	282 011	6 327	288 338
Profit before interest, taxation, depreciation and amortization	77 870	575	78 445
Depreciation	(701)	-	(701)
Interest	8 993	-	8 993
Profit before income tax	86 162	575	86 737
Total assets	153 484	197	153 681
Total liabilities	45 338	-	45 338

	INFLATION ADJUSTED		
	Cigarettes ZW\$ Mn	Leaf and Cut-rag Tobacco ZW\$ Mn	Total ZW\$ Mn
2022			
External revenue	177 182	4 442	181 624
Tobacco duties	(64 954)	-	(64 954)
Net revenue	112 228	4 442	116 670
Profit before interest, taxation, depreciation and amortization	39 385	404	39 789
Depreciation	(440)	-	(440)
Interest	3 894	-	3 894
Profit before income tax	42 839	404	43 243
Total assets	107 310	666	107 976
Total liabilities	55 032	-	55 032

	HISTORICAL		
	Cigarettes ZW\$ Mn	Leaf and Cut-rag Tobacco ZW\$ Mn	Total ZW\$ Mn
2023			
External revenue	257 051	1 831	258 882
Tobacco duties	(77 927)	-	(77 927)
Net revenue	179 124	1 831	180 955
Profit before interest, taxation, depreciation and amortization	101 709	166	101 875
Depreciation	(282)	-	(282)
Interest	5 223	-	5 223
Profit before income tax	106 650	166	106 816
Total assets	132 145	197	132 342
Total liabilities	45 338	-	45 338

Segment Information (cont'd)

	HISTORICAL		
	Cigarettes ZW\$ Mn	Leaf and Cut-rag Tobacco ZW\$ Mn	Total ZW\$ Mn
2022			
External revenue	26 702	480	27 182
Tobacco duties	(9 734)	-	(9 734)
Net revenue	16 968	480	17 448
Profit before interest, taxation, depreciation and amortization	7 729	44	7 773
Depreciation	(79)	-	(79)
Interest	610	-	610
Profit before income tax	8 260	44	8 304
Total assets	16 510	139	16 649
Total liabilities	10 595	-	10 595

10. Going concern

The Directors are confident that the Group and Company has adequate resources to continue in operational existence for the foreseeable future and is expected to continue to generate profits.

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

11. Subsequent events

Before the end of the year, the Group and Company entered into a sales agreement to dispose off three properties. As at 31 December 2023, the sale for the three properties was still not yet concluded. This transaction was concluded in the subsequent period in February 2024, and the proceeds from the disposal of the three properties amounted to ZW\$ 5,054,324,700 (Historical cost).

12. Auditor's statement

The financial statements should be read in conjunction with the complete set of financial statements for the year ended 31 December 2023 which have been audited by Messrs KPMG Chartered Accountants (Zimbabwe) who expressed a qualified audit opinion 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 foreign creditors registered as blocked funds as described in note 3. A copy of the Auditor's opinion is available for inspection at the Company's registered office. The engagement partner for this audit is Vinay Ramabhai (PAAB Practicing Certificate Number 0569).

DANGER: SMOKING IS HARMFUL TO HEALTH
15mg Tar 1.2mg Nicotine. As Per Government Agreement Method

A FUTURE FIT PORTFOLIO

The image displays seven cigarette packs arranged in two rows against a dark blue background with a subtle star pattern. The top row features four packs: Lucky Strike Wild Fusion (black and red), Dunhill Portico (black and green), Dunhill Signature Blue (blue), and Dunhill Extra Mild (white and blue). The bottom row features three packs: Lucky Strike Madison Toasted (white and red), Lucky Strike Everest Menthol (white and green), and Rothmans King 100s (white and blue). Each pack prominently displays the brand name and a warning label at the top: "DANGER: SMOKING IS HARMFUL TO HEALTH".

18
NO SELL CHARETTES TO UNDER 18

NOT FOR SALE TO PERSONS UNDER THE AGE OF 18



KPMG
Mutual Gardens 100 The Chase (West)
Emerald Hill, Harare, Zimbabwe
Telephone +263 430 2600
Internet www.kpmg.com/zw

Independent Auditors' Report

To the shareholders of British American Tobacco Zimbabwe (Holdings) Limited

Qualified opinion

We have audited the inflation adjusted consolidated and separate financial statements of British American Tobacco Zimbabwe (Holdings) Limited (the Group and Company) comprise the inflation adjusted consolidated and separate statement of financial position as at 31 December 2023, and the inflation adjusted consolidated and separate statement of profit or loss and other comprehensive income, inflation adjusted consolidated and separate changes in equity and inflation adjusted consolidated and separate cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, except for the possible effect of the matter described in the Basis for qualified opinion section of our report, the inflation adjusted consolidated and separate financial statements present fairly, in all material respects, the inflation adjusted consolidated and separate financial position of British American Tobacco Zimbabwe (Holdings) Limited as at 31 December 2023, and its inflation adjusted consolidated and separate financial performance and inflation adjusted consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the manner required by the Companies and Other Business Entities Act [Chapter 24:31].

Basis for qualified opinion

Blocked Funds

As described in note 33 to the consolidated and separate inflation adjusted financial statements, the Group and the Company have continued to account for foreign liabilities amounting to US\$16.3 million, approved as blocked funds, at an exchange rate of US\$1:ZW\$1, as included in Trade and other payables. No legally binding instrument has been issued by the Government of Zimbabwe to confirm the contractual terms supporting settlement of the approved blocked funds.

The accounting of these foreign liabilities at a rate of US\$1:ZW\$1 is not in line with the requirement of IAS 21 - The Effects of Changes in Foreign Exchange Rates, which requires foreign currency denominated liabilities to be translated at the closing spot rates at the respective period ends. In addition, the non-compliance over the blocked funds will impact, IAS 29 - Financial Reporting in Hyperinflation Economies (IAS 29).



In the current year, as a result of the non-compliance with IAS 21 and IAS 29, trade and other payables balance is understated by ZW\$99.8 billion (2022: ZW\$53.7 billion), and the income statement impact is split between the current year, with other losses being understated by ZW\$88.6 billion (2022: ZW\$45.2 billion) and the monetary loss being overstated by ZW\$42.4 billion (ZW\$20.6 billion), and the prior year with the opening retained earnings balance as at 1 January 2023 is overstated by ZW\$53.6 billion (2022: ZW\$29.1 billion).

These departures from IAS 21 and non-compliance with IAS 29 has resulted in a qualified audit opinion being issued on the inflation adjusted consolidated and separate financial statements for the year ended 31 December 2023 and comparative period.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the inflation adjusted consolidated and separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the inflation adjusted consolidated and separate financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key audit matters

Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the inflation adjusted consolidated and separate financial statements of the current period. Except for the matter described in the Basis for qualified opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "British American Tobacco (Holdings) Limited consolidated and separate financial statements 31 December 2023" but does not include the inflation adjusted consolidated and separate financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the inflation adjusted consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the inflation adjusted consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

As described in the Basis for qualified opinion section above, the Group and Company have continued to account for foreign liabilities amounting to US\$16.3 million, approved as blocked funds, at an exchange rate of US\$1:ZW\$1, which is not in compliance with IAS 21. This also results in non-compliance with IAS 29. We have, therefore, concluded that the other information is materially misstated for the same reasons with respect to the amounts or other items in the Chairman's statement, Managing Director's report, Finance Director's report, Report of the Audit Committee and the Financial highlights.



Responsibilities of the directors for the inflation adjusted consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the manner required by the Companies and Other Business Entities Act [Chapter 24:31], and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the inflation adjusted consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these inflation adjusted consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the inflation adjusted consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the inflation adjusted consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group and/or company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated and separate financial statements, including the disclosures, and whether the inflation adjusted consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

Vinay Ramabhai
Chartered Accountant (Z)
Registered Auditor
PAAB Practicing Certificate Number 0569

28 March 2024

For and on behalf of, KPMG Chartered Accountants (Zimbabwe), Reporting Auditors

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