



## TRADING UPDATE

### FOR THE THREE MONTHS ENDED 31 MARCH 2025

British American Tobacco Zimbabwe (Holdings) Limited (BAT Zimbabwe, the Company), provides the following Trading Update:

#### Business environment

Our operating environment remained dynamic and challenging during the reporting period. The macroeconomic landscape was marked by high United States Dollar (USD) inflation, liquidity constraints and ongoing electricity supply disruptions. These factors contributed to increased pressure on consumers, reflected by a decline in overall market volumes.

Despite these headwinds, the Company remains optimistic about the future and is focused on implementing strategies that will deliver sustained long-term value for all its stakeholders.

#### Financial performance

Macroeconomic factors prevailing during the reporting period resulted in a 25% decline in sales volumes compared to the same period in 2024. This decline was primarily driven by inflationary pressures and currency dynamics, which adversely impacted consumer purchasing power and behavior. As a result, revenue from cigarette sales declined by 50%, largely attributable to lower sales volumes and a strategic shift from forward pricing in Zimbabwean Dollar (ZWL) in Q1 2024 to USD pricing in Q1 2025.

Profit from operations increased by 181%, supported by effective cost management strategies that resulted in a 7% reduction in operating costs. The Company also benefited from the absence of foreign currency devaluation losses, which had negatively impacted the prior year's results due to the rapid devaluation of the ZWL. The transition to USD as the functional currency has mitigated this risk going forward. The Company remains focused on maintaining profitability through rigorous cost control and prudent financial management.

#### Strategic actions

In response to the prevailing economic challenges, the Company implemented a range of targeted strategic initiatives aimed at reinforcing business resilience and delivering sustained value:

- **Smart pricing strategies:** Calibrated price adjustments in key product segments to balance affordability for consumers while protecting margins. Additionally, the Company increased focus on the value-for-money segment to enhance value delivery for consumers in a highly price-sensitive market.
- **Market expansion initiatives:** Strengthened route-to-market execution through improved distributor partnerships and expanded retail coverage, particularly in under-served peri-urban and rural markets.

- **Brand portfolio optimisation:** Reinforced brand equity by investing in high-impact marketing campaigns and enhancing product visibility for key brands such as Rothmans.
- **Operational efficiency and cost management:** Continued business simplification efforts, achieving a 7% reduction in operating costs during the period. Further, process automation and supply chain efficiencies have been prioritised to sustain cost savings.

The Company remains focused on securing long-term business sustainability through disciplined financial management and excellence in execution.

#### 2024 Full Year Financial Statements Extension of publication timeline

As previously communicated in the Company's notice dated 8 April 2025, the Company has been granted an extension by the Zimbabwe Stock Exchange (ZSE) to publish the 2024 Full Year Financial Statements on or before 30 June 2025. This extension was necessitated by unforeseen complexities related to financial reporting under the new regulatory and currency environment.

The extension will allow the Company to ensure the Financial Statements are prepared accurately and in full compliance with all relevant regulatory requirements. We remain committed to delivering the Financial Statements within the set timeline and maintaining transparency with all our stakeholders.

#### Outlook

Looking ahead, the Company is focused on building a stronger and more sustainable business by:

- **Enhancing delivery of consumer value:** Through increased focus on the value segment and enhanced product availability across all markets.
- **Enhancing operational efficiency:** Continuing to optimise supply chain processes and reduce cost-to-serve to protect profitability.
- **Leveraging stakeholder engagements:** Engaging transparently with policy makers to contribute to a sustainable regulatory and fiscal environment.

We are confident that these actions will accelerate our transformation journey and position the Business to deliver sustained long-term value for all our stakeholders.

By Order of the Board

Lovemore T. Manatsa  
Chairman  
15 May 2025