2024 Annual Report and Audited Financial Statements

BAT ZIMBABWE

A Better Tomorrow™

A refined purpose:
The best choice any adult smoker can make will always be quitting combustible tobacco products completely.

For the last few years, the BAT Group's aim has been to build A Better Tomorrow™. This has meant working to reduce the health impact of our business by offering adult consumers a greater choice of reduced-risk* products compared to cigarettes.

Now is the time to take a step forward.

BAT's New Category products are not smoking cessation devices and are not marketed for that purpose.

A Better Tomorrow™ means Building a Smokeless World.

A Smokeless World built on Smokeless products where, ultimately, cigarettes have become a thing of the past.

A world where smokers have migrated from cigarettes to smokeless alternatives.

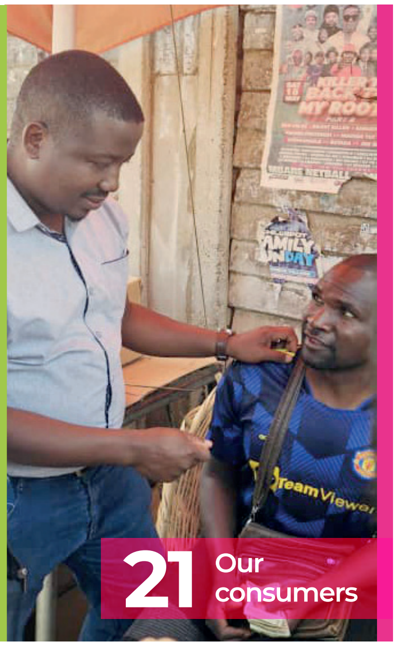
A world where Tobacco Harm Reduction is both understood and accepted.

A world where smokers make a switch to better.

A BETTER TOMORROW™

*Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk-free and are addictive.

In this year's **report**



PREAMBLE

This is the Annual Report and audited Financial Statements (Annual Report) for British American Tobacco Zimbabwe (Holdings) Limited (BAT Zimbabwe) comprising of the Strategic Report, Governance Report and Reports of the Directors and audited Financial Statements for the year ended 31 December 2024.

This Annual Report has been drawn up and is presented in accordance with and reliance upon applicable Zimbabwean Company Laws, including the Zimbabwe Stock Exchange (ZSE) Listing Rules. The liabilities of the Directors in connection with this Report shall be subject to the limitations and restrictions provided by the law. A soft copy of the Annual Report is emailed to the shareholders with valid email addresses in the database of our Share Registrar. A digital copy can also be accessed on our website: www.batzimbabwe.com.

References in this publication to 'BAT Zimbabwe', 'the Company', 'the Business' 'we', 'us' and 'our', refer to British American Tobacco Zimbabwe (Holdings) Limited. References to BAT refer to the BAT Group.

Cautionary Statement

The material in this Annual Report is provided for the purpose of giving information about BAT Zimbabwe to shareholders and is not provided for tobacco or nicotine product advertising, promotional or marketing purposes. This material does not constitute and should not be construed as constituting an offer to sell, or solicitation of an offer to buy any of our tobacco products. Our products are sold in compliance with the laws of Zimbabwe. The Strategic Report and certain other sections of the Annual Report contain forward-looking statements that are subject to risk factors associated with, amongst other things, the changing economic and business dynamics affecting Zimbabwe. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a wide range of variables that could cause actual results to differ materially from those actually anticipated.

Any forward-looking statements reflect knowledge and information available at the date of preparation of this Report and BAT Zimbabwe undertakes no obligation to update or revise these forward-looking statements, whether because of new information, future events or otherwise. Readers are cautioned not to place undue reliance on such forward-looking statements.

About Us

BAT Zimbabwe is the leading manufacturer of tobacco products in Zimbabwe by market share. BAT Zimbabwe is part of the British American Tobacco Group (The BAT Group or BAT) and has been operating in Zimbabwe for over 60 years. BAT Zimbabwe is a company incorporated in terms of the laws of Zimbabwe and has been listed on the (ZSE) since 1961.

We are a strong forward-looking Company with a proven strategy to deliver sustained value for our shareholders. BAT Zimbabwe's diverse strengths, unique brands, new product innovations and our talented people are the foundations of our continuing progress.

We continue to build a sustainable business and contribute to Zimbabwe's socio-economic growth in various ways, including through partnerships with our trade and business partners as well as other industry stakeholders.

We are aligned to the BAT Group's Sustainability Strategy anchored on five Impact Areas: Tobacco Harm Reduction, Climate, Nature, Circularity and Communities, which are adapted to meet local realities. Reflective of this, BAT Zimbabwe implements various initiatives including economic empowerment, skills development, waste management and environmental conservation.


UNLEASHING
GREAT
TOGET

DANGER: SMOKING IS HARMFUL TO HEALTH

15mg Tar 1.2mg Nicotine. As Per Government Agreement Method

A WINNING FUTURE FIT PORTFOLIO

NOT FOR SALE TO PERSONS UNDER THE AGE OF 18

Corporate **Information**

Board of Directors

Mr. Lovemore T. Manatsa**	(Chairperson)
Mr. Kenneth Gitonga*	(Managing Director)
Ms. Lucy Irungu*	(Finance Director)
Mrs. Rachel P. Kupara**	
Mr. Edwin I. Manikai**	
Mr. Philemon Kipkemoi**	
Mr. Constantine F. Chikosi**	
Mr. Crispin O. Achola**	
Mr. Takudzwa Mashanda	(Company Secretary)

** Non-Executive Director
* Executive Director

Audit, Risk and Sustainability Committee

Mrs. Rachel P. Kupara	(Chairperson)
Mr. Edwin I. Manikai	
Mr. Constantine F. Chikosi	
Mr. Philemon Kipkemoi	
Mr. Lovemore T. Manatsa	
Mr. Takudzwa Mashanda	(Company Secretary)

Remuneration and Nominations Committee

Mr. Edwin I. Manikai	(Chairperson)
Mrs. Rachel P. Kupara	
Mr. Lovemore T. Manatsa	
Mr. Constantine F. Chikosi	
Mr. Philemon Kipkemoi	
Mr. Takudzwa Mashanda	(Company Secretary)

Company Secretary
Registered Office
1 Manchester Road
P. O. Box ST98
Southerton
Harare

Auditor
KPMG Chartered Accountants (Zimbabwe)
Mutual Gardens
100 The Chase (West)
Emerald Hill
Harare

Legal Practitioners
Mtizwa Mhlanga and Partners
7 Lawson Avenue
Milton Park
Harare

Mawere and Sibanda Commercial Lawyers
3 Elsworth Road
Belgravia
Harare

Principal Bankers
Stanbic Bank
Africa Unity Branch
68 Nelson Mandela Building
P. O. Box 60
Harare

Transfer Secretaries
First Transfer Secretaries
1 Armagh Avenue
Off Enterprise Road
Eastlea
Harare

Registered Office
1 Manchester Road
P. O. Box ST98
Southerton
Harare

Chairman's **Statement**

> **The Business delivered resilient performance during the period under review, and its fundamentals remain solid.**

On behalf of the Board, Management, and employees, I am pleased to present BAT Zimbabwe's Annual Report for the year ended December 31, 2024. The Business delivered a resilient performance during the period under review, and its fundamentals remain solid.

Operating environment and business overview

In 2024, the Business navigated a challenging operating environment, largely driven by the negative effects of commodity prices shocks, policy uncertainty, supply chain bottlenecks, and, hard currency shortages. Despite these challenges, the Business successfully transitioned from the Zimbabwe Dollar (ZWL) to the Zimbabwe Gold (ZWG), and subsequently to the United States Dollar (USD), demonstrating resilience in the face of economic headwinds whilst driving business continuity. During the period in review, we simplified our Route to Consumer (RTC) model and thus leveraged excellence in commercial execution to drive revenue growth and partially cushion profitability from the impact of commodity prices volatility. Further, we transitioned from solely trading in the local currency to a multi-currency approach, reducing supply chain pressures and contributing towards delivering sustainable shareholder value.

Blocked funds

The Reserve Bank of Zimbabwe (RBZ) approved and registered the Company's blocked funds amounting to USD16.4 million. This is in respect of outstanding amounts consistent with the blocked funds guidelines provided in the Exchange Control Directive RU28 dated 21 February 2019, Exchange Control Circular No. 8 of 24 July 2019. In line with the provisions of the February 2019 Monetary Policy Statement on the settlement arrangements for these blocked funds, the RBZ is now working on an appropriate instrument(s) to facilitate settlement of the registered blocked funds. The Board of Directors is confident that the RBZ will honour its commitment to settle the business' outstanding foreign liabilities.

Contributions to the Government Treasury

BAT Zimbabwe continues to contribute to the economic development of the country through payment of various taxes to the Government treasury including; Excise Duty, Corporate Tax, Value Added Tax (VAT), Custom Duties, Pay As You Earn (PAYE) and Withholding Tax. The Company's contribution to the Zimbabwe Revenue Authority (ZIMRA) in 2024 decreased by 2% compared to prior year, predominantly due to unpredictable regulatory changes that impacted business.

Sustainability front and centre

The BAT Group has refined its Sustainability Strategy and is seeking to take a leading role in tackling some of the biggest global sustainability challenges. The Strategy is underpinned by five impact areas, namely: *Tobacco Harm Reduction, Climate, Nature, Circularity and Communities.* The Group aims to responsibly build a Smokeless World, by reducing the use of natural resources and delivering climate goals as the business transitions to **A Better Tomorrow™.** BAT Zimbabwe is aligned to the refined Group Sustainability Strategy which has been adapted to local realities and is striving to create a meaningful impact in the communities in which we operate.

At our factory, our sustainability efforts are guided by both short-term and long-term strategies focused on improving energy efficiency and reducing environmental impact. We leverage Integrated Work Systems (IWS) tools, such as daily direction setting, to prioritise and address operational losses. These efforts are essential for driving immediate improvements in our operations and ensuring continuous optimisation. In terms of energy management, we have implemented various initiatives to improve energy efficiency, reduce power consumption, and reduce emissions.

On the talent front, we continue to champion diversity and inclusion with key initiatives such as driving the increased representation of women and Persons with Disabilities (PWDs) across the business, as well as the introduction of an Apprenticeship Programme. Through the Apprenticeship Programme we aim to bridge the skills gap between tertiary education and practical industry needs, creating workplace-ready future leaders.

The Business is tracking at pace and has already scored a number of milestones including receiving Core certification by the Alliance for Water Stewardship (AWS) for our efforts in driving Good Water Governance (GWG) in our catchment area, maintaining our zero-waste to landfill status, increasing representation of women and PWDs across the Business, successfully implementing skills training initiatives for adult graduates, as well as supporting the health and safety of all our employees.

Reflective of the above, the Board of Directors believes that BAT Zimbabwe is in a strong position to continue delivering sustained value for shareholders.

Board resignations and appointments

Company Secretary

Ms. Phyllis Farah Chenjera resigned from the position of Company Secretary effective 1 March 2024. She was reassigned to a new role within BAT Zimbabwe. The Board subsequently appointed Ms. Mirirai Apolonia Washaya as Acting Company Secretary effective 28 March 2024. She resigned from this role effective 1 March 2025, to pursue interests outside of the BAT Group.

The Board of Directors thank Phyllis and Mirirai for their contribution to the success of the Business and wish them all the best in their future endeavours

In light of these changes, the Board is pleased to announce the appointment of Mr. Takudzwa Mashanda as Company Secretary effective 1 March 2025. Prior to joining the Company, he was Legal and Investment Counsel at Masawara Group Holding and practiced with two leading corporate and commercial law firms in Zimbabwe being; Dube Manikai Hwacha Law Chambers and BeraMasamba Legal Practitioners, where he specialised in corporate law.

Alternate Non-Executive Director

The Board of Directors is pleased to announce the appointment of Mr. Crispin Ouma Achola effective 1 May 2025 as an Alternate Director to Mr. Philemon Kipkemoi who is currently serving as a Non-Executive Director on the Board. Crispin is the Cluster Director for BAT East & Southern Africa Markets (ESA) based in Nairobi, Kenya. Prior to rejoining BAT in 2021, Crispin worked for Kimberly-Clarke Corporation where he held the position of General Manager West, East & Central Africa (WECA) and Managing Director Nigeria. Prior to this, Crispin had worked with BAT from 1999 to 2017, during which time he held various senior roles, including Managing Director Mozambique, Cluster General Manager Mozambique, Zambia, Zimbabwe and Malawi and Managing Director Sudan. The Board welcomes Cris to the Board and looks forward to his contribution.

Dividends

Notwithstanding a tough business environment and reflective of our commitment to deliver sustained value for shareholders, the Board has proposed a final dividend of USD 0.20 per share in respect of the year ended 31 December 2024. This will be recommended for approval by shareholders at the Annual General Meeting to be held on 21 July 2025.

The dividend, which is subject to Withholding Tax, will be paid to shareholders on the register at the close of business on 25 July 2025. Further details on the payment of the dividend will be communicated in a separate dividend announcement.

Looking ahead

BAT Zimbabwe's Board and the Leadership Team remain focused and confident in the Company's ability to deliver long-term, sustained shareholder value, in line with our purpose to create **A Better Tomorrow™.** We remain optimistic of a positive future on the back of demonstrated solid fundamentals, a proven business strategy, an innovative product portfolio as well as the right people to accelerate the transformation of our business.

Lastly, I extend my gratitude and appreciation to my fellow Directors of the Board, the Leadership Team, employees, strategic partners, shareholders, and all other stakeholders for their contribution to our resilient performance in 2024.

Lovemore T Manatsa
Chairman

26 June 2025

Managing Director's **Report**

> Despite the continued economic headwinds, the Company's underlying financial performance and position remains strong.

Introduction

As we present the British American Tobacco Zimbabwe (Holdings) Limited (the Company) Annual Report and Financial Statements for the year ended 31 December 2024, I am pleased to report that the Company remained resilient in a particularly challenging environment.

Accelerating business transformation

The year under review was characterised by economic challenges primarily due to local currency devaluation and constrained money supply. Liquidity constraints and reduced consumer purchasing power significantly affected the Company's sales volume which decreased by 11% compared to 2023. This was driven by stretched consumer affordability and strained operations of key retail partners, including closure of some of their branches. Export volumes of cut rag tobacco decreased to 67,320 kgs, representing a 76% decrease compared to same period prior year. The decrease in cut rag exports was due to reduced demand from our business partners.

These challenges notwithstanding, the Company maximised revenue performance by simplifying our Route to Market model which enabled effective and efficient delivery to our customers. The Company also transitioned from trading solely in the local currency to a multicurrency approach, which enhanced competitiveness in market with our suppliers, customers and consumers.

Effective regulation of both combustible and nicotine products is critical to our business sustainability and the value that the Company creates in the Zimbabwean economy. We continue to transparently engage various stakeholders to support this transformation through balanced, evidence based regulatory and fiscal frameworks that support innovation in our product portfolio.

Despite the continued economic headwinds, the Company's underlying financial performance and position remains strong, as detailed in the Finance Director's review.

Sustainable business

Sustainability remains central to the BAT Group's Strategy as well as our purpose to create **A Better Tomorrow™.** Our progress in reducing our carbon footprint, driving water stewardship, maintaining a zero-waste to landfill status, and ensuring the health and safety of our workforce is a testament to the effectiveness of our strategic initiatives. These initiatives are not just about meeting regulatory requirements or achieving short-term goals; they represent our dedication to creating longterm value for all our stakeholders.

Looking ahead, we will continue to build on these successes by advancing renewable energy adoption, enhancing our water management practices, and further embedding circular economy principles into our waste management approach. Our Sustainability Strategy is aligned with global best practices, and we remain committed to meeting the 2025 targets set by the BAT Group, whilst striving for continuous improvement. As we progress, we will keep our focus on achieving net-zero emissions, further reducing our environmental impact, and ensuring the sustainability of our business for generations to come.

A purposeful place to work

Our people are the foundation of our long-term success. We continue making efforts to ensure fair and competitive compensation, while reinforcing the Company's position as an employer of choice in a challenging economic environment. In 2024, the Company continued to enhance its Employee Value Proposition (EVP) through competitive remuneration, robust learning and development programs, and building an engaging work environment. This enabled us to better position the Company as a future-fit business, guided by its corporate values and refreshed People Strategy.

Looking ahead with confidence

The fundamentals of our business remain solid. Our strategy is clear and we will approach 2025 with renewed focus to accelerate transformation through continued investment in our people, simplification of our operations, and initiatives to build a future-fit enterprise.

The Company will continue to pursue the recovery of the blocked funds from the Reserve Bank of Zimbabwe (RBZ) in respect of outstanding dividends and goods consistent with the blocked funds guidelines provided in the Exchange Control Directive RU28 dated 21 February 2019, Exchange Control Circular No. 8 of 24 July 2019. The legacy debt remains at USD 16.4 million (Sixteen million four hundred thousand United States Dollars only).

On behalf of the Board and Management, I take this opportunity to thank all stakeholders, from our employees, and traders to our business partners for their sustained contribution to drive excellence in execution.

I am optimistic about the future and look forward to accelerating our transformation journey, delivering sustained value for all our stakeholders and creating **A Better Tomorrow™.**

Kenneth Gitonga
Managing Director

26 June 2025

*Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk-free and are addictive.

Finance Director's **Report**

Our resilient core business and disciplined financial approach provide a solid foundation for the future.

On behalf of the Board Directors, I have the pleasure of presenting the audited Financial Statements of British American Tobacco Zimbabwe (Holdings) Limited (the Company) for the year ended 31 December 2024.

The Finance Director's report has been developed and is presented in accordance with and reliance upon applicable Zimbabwe Company law. The liabilities of the Directors in connection with the report shall be subject to the applicable limitations.

Operating environment

The year presented a number of macroeconomic challenges, with the Company navigating inflationary pressures, strained financial conditions, and regulatory uncertainty. Despite these headwinds, the Company maintained its financial resilience and remains focused on sustained value creation. The Company transitioned its functional currency from ZWL to ZWG and subsequently to USD, introduced multi-currency trading and streamlined its route to market operations, thus ensuring continued business sustainability. In response to the functional currency changes during the year, the Company has been enhancing its reporting systems to ensure the delivery of accurate, meaningful, and relevant financial information.

Financial highlights

Prior year Financial Statements were reported under hyperinflationary accounting standards, in accordance with IAS 29. As such, prior year figures reflect hyperinflated values that were subsequently converted to the presentation currency at the closing exchange rate. In contrast, following the transition to ZWG and USD functional currencies, a significant portion of 2024 financials were not hyperinflationary and have been reported under standard historical cost accounting. This difference in accounting treatment significantly distorts the year-on-year comparison, making percentage variances appear disproportionately large.

Despite these technical impacts, our core performance remained resilient. The Company delivered strong cash generation, effectively managed working capital, and maintained healthy liquidity throughout the year.

- Revenue was 23% lower at USD 36.4 million (2023 restated: USD 47.2 million) on the back of lower domestic and export sales due to adverse macroeconomic conditions and lower export demand for cut rag as well as a change in the pricing strategy from ZWL to USD.
- Operating loss was USD 0.9 million (2023 restated profit: USD 12.7 million) due to the reduction in revenue, offset by an increase in other income arising from disposal of investment properties.
- Loss for the year was USD 7.1 million (2023 restated profit: USD 9.1 million) driven by finance losses arising out of the effects of movements in exchange rates on cash balances held at various points during the year

- The company reported a total comprehensive income of USD 1.9 million (2023 restated: USD 2.6 million) reflecting the impact of currency translation. These exchange rate exposures have since been addressed, and barring any regulatory shifts, similar impacts are not expected to recur in future reporting periods.

Internal controls and reporting systems

During the year, we commenced an upgrade of our financial reporting systems in order to better respond to the changing economic environment. As the transition is still ongoing, certain processes are currently being managed using a combination of automated and manual controls.

We recognise that manual controls inherently carry a higher level of operational risk. As such, we have implemented enhanced oversight to ensure the integrity of our financial reporting during this interim period and we remain confident in the effectiveness of our control environment.

The system upgrade is progressing in line with expectations and will continue into the next financial year. We are committed to completing the transition in a controlled and well-governed manner, with continuous monitoring to ensure no lapses in financial integrity or reporting accuracy.

Share Capital & Directors' Interest

As at 31 December 2024, the Company had an authorised issued share capital comprising of 20,633,517 ordinary shares.

Of these shares, 3,252,000 shares are held as treasury shares. As at 31 December 2024, the Directors held, directly and indirectly, an interest of 0.005% (31 December 2023: 0.005%) in the issued share capital of the Company. No change in the interest of Directors has taken place between the financial year end and the date of this report.

Going Concern

The Company recognised a net loss after tax of USD 7.1 million for the year ended 31 December 2024 (2023 restated: profit of USD 9.1 million). The total current assets exceeded current liabilities by USD 12.7 million (2023 restated: USD 13.9 million (restated).

The Directors continue to engage with relevant Government bodies on the release of the Company's outstanding blocked funds (USD 16.4 million) registered as per Exchange Control Directive 28 of 2020. The Directors further believe that the Reserve Bank of Zimbabwe will honour its commitment to settle the blocked funds in a timely manner. The majority shareholder, British American Tobacco International Holdings (UK) Limited, and the ultimate parent company, British American Tobacco plc, continue to offer financial support to the Company since the majority of the foreign outstanding obligations are owed to related companies within the BAT Group.

The Directors are confident that the 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 Company will be able to settle all its outstanding obligations.

Auditors

KPMG Zimbabwe have been reappointed as the Auditors of the Company.

Outlook

Looking ahead, we remain optimistic. With the foreign exchange related impacts behind us, continued progress on our systems upgrade, and a strong liquidity position, we are well-placed to pursue our strategic objectives. The strength of our balance sheet, resilient core business, and disciplined financial approach provide a solid foundation for the future. We will continue to invest in our people, processes, and systems to support long-term success.

Lucy Irungu
Finance Director

26 June 2025

GROUP STRATEGIC FRAMEWORKS

Group Strategic **Navigator**

A BETTER
TOMORROW™

Building a Smokeless World

Quality Growth
Transitioning to a more balanced focus on top-line and bottom-line delivery, focusing on BAT brands and innovation, and continuing to seek long-term opportunities Beyond Nicotine.

Sustainable Future
Seeking to actively migrate consumers away from cigarettes and to smokeless alternatives sustainably, responsibly and with integrity.

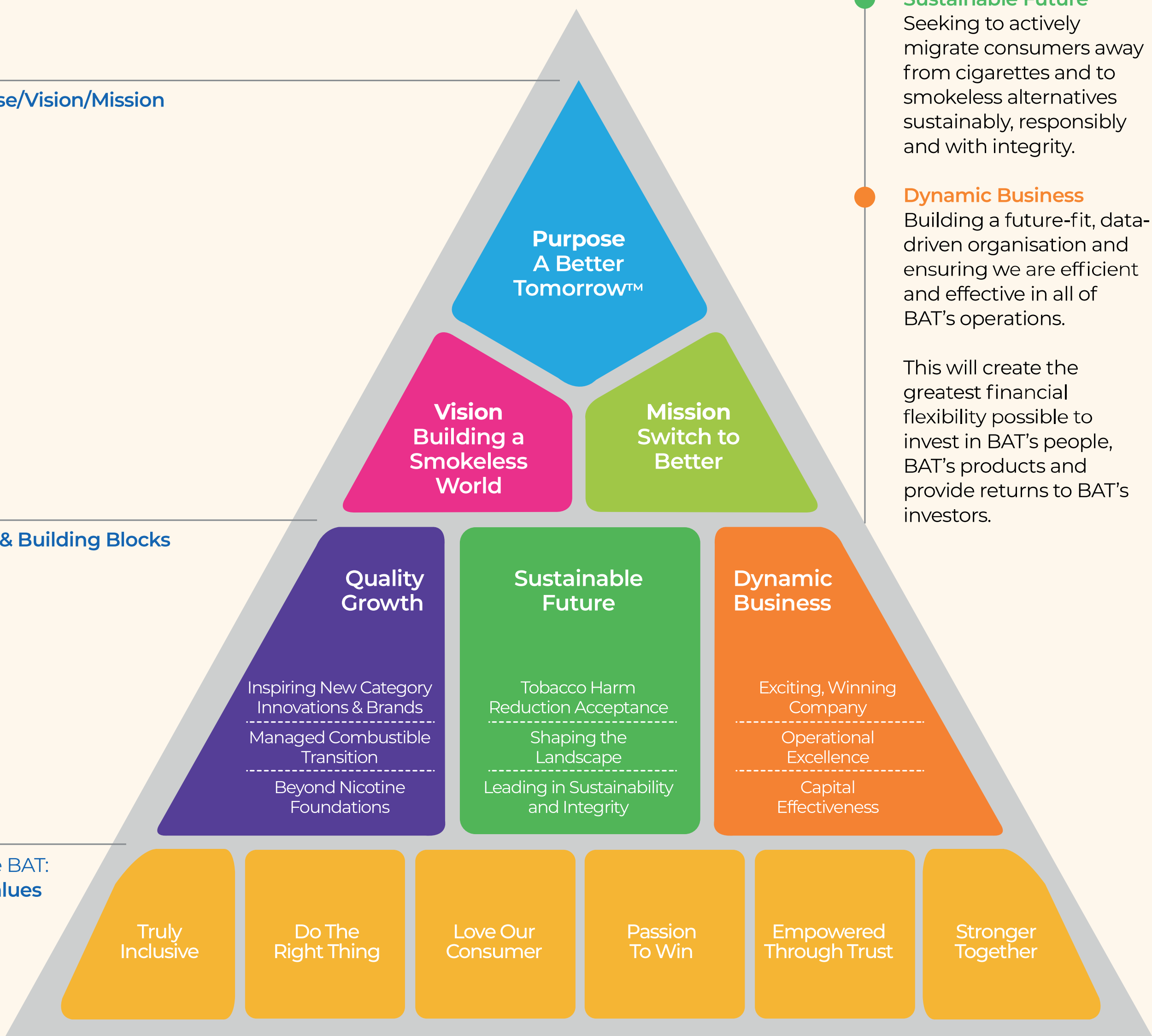
Dynamic Business
Building a future-fit, data-driven organisation and ensuring we are efficient and effective in all of BAT's operations.

This will create the greatest financial flexibility possible to invest in BAT's people, BAT's products and provide returns to BAT's investors.

Purpose/Vision/Mission

Pillars & Building Blocks

We are BAT:
Our Values



Delivering for	Consumers	Society	Employees	Shareholders & Investors

Group **Values**

Our purpose is to create A Better Tomorrow™ by building A Smokeless World.

A key driver to deliver this will be our Values which guide behaviour across the entire BAT Group. It has been developed with significant input from employees and promotes a culture that is future-fit by providing a foundation for sustainable growth.

We embrace diversity and celebrate our differences.

We are curious and safeguard the right to say what you think.

We debate constructively yet progress together.

We act with integrity to achieve results.

We care about our impact on society and our planet.

We are thoughtful in our decision making.

We understand the consumer better than anyone

We are obsessed with innovation and our brands.

We have the courage to test, fail fast, and learn to improve.

We equally value "How" and "What", and go the extra mile for success.

We prioritise effectively and act like owners of our business.

We own our purpose with determination and resilience.

We start with trust and believe in each other.

We ensure decisions are made at the right level.

We understand that empowerment comes with accountability.

We pull together as one team, through good and bad.

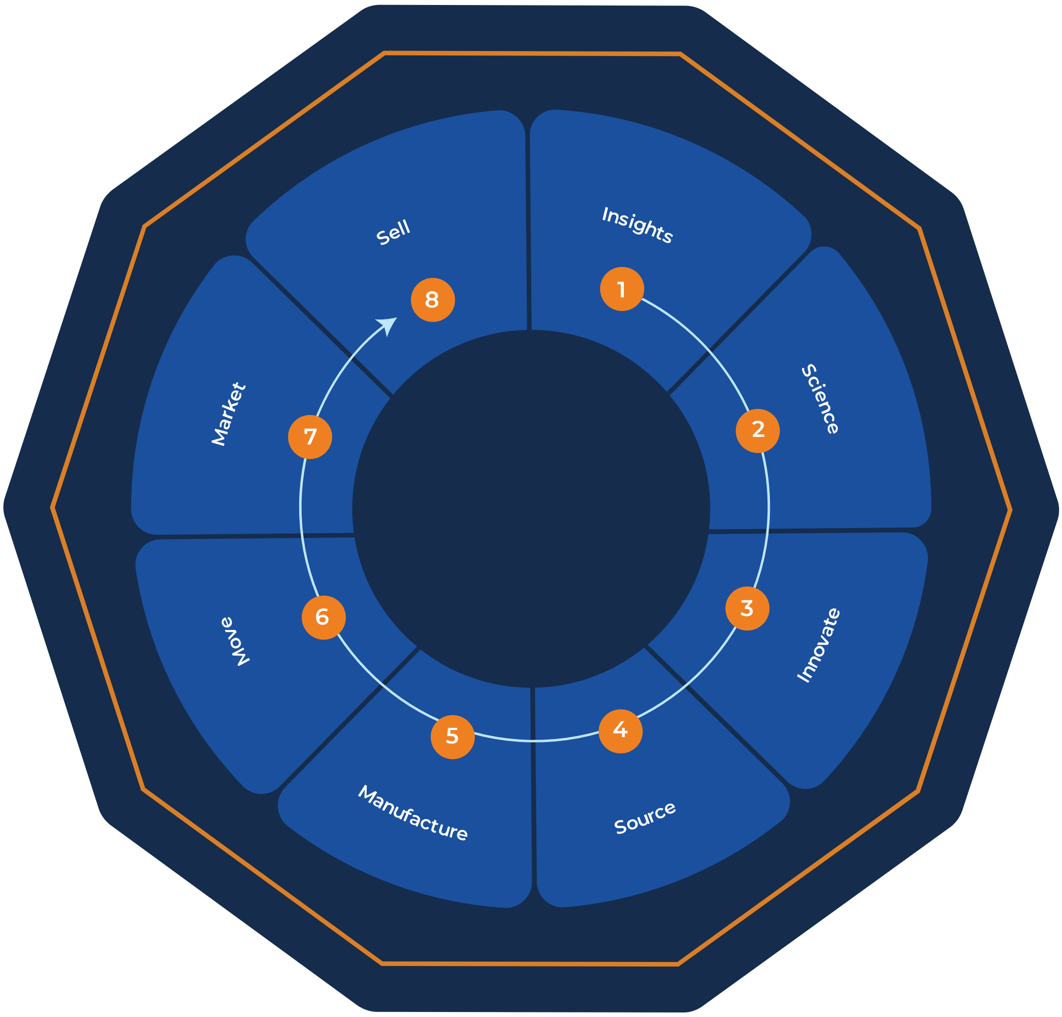
We collaborate beyond borders and functions.

We help each other grow and succeed.

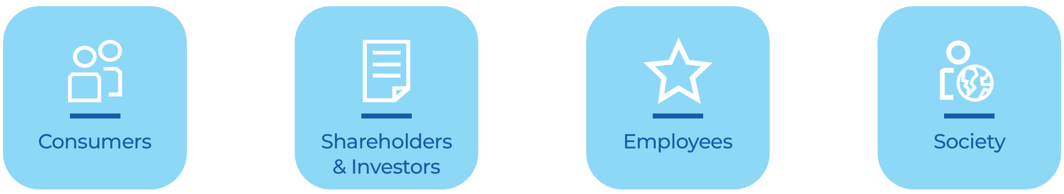
Group Business **Model**

As a global business, the BAT Group strives to understand its diverse consumers, develop products to satisfy their preferences and ultimately distribute them to consumers around the world.

Taking into account feedback from stakeholders enables BAT to refine its strategy, deliver sustained value and build A Better Tomorrow™



A Better Tomorrow™ for:



Key **Enablers**

1. Seeing over the horizon

BAT possesses a deep understanding of consumers and their diverse preferences. This is aided by BAT's rich heritage as one of the most established tobacco and nicotine businesses in the world, and its data and analytics-led approach.

These insights enable the development and responsible marketing of BAT products, so that they are fit to satisfy consumer preferences.

Powered by the BAT Group's consumer insights platform, BAT focuses on product categories and consumer segments that have the best potential for long-term sustainable growth.

2. Accelerating Tobacco Harm Reduction acceptance

To substantiate the product safety, quality and reduced-risk potential of BAT Group's New Category products, BAT relies on world-class science. It is crucial for building trust with consumers and regulators and encouraging adult smokers to completely switch to less risky* alternatives.

Chemistry, molecular biology and toxicology are just some of the fields that BAT's extensive scientific research programme covers. BAT is transparent about its science and has recently published a compendium of information in the Omni™ , which explores over a decade's worth of Tobacco Harm Reduction evidence, alongside science and research.

3. Staying ahead of the curve

With consumer preferences and technology evolving at pace, BAT relies on its growing global network of digital hubs, innovation hubs, world class Research and development (R&D) laboratories, external partnerships and BAT's corporate venturing initiative, Btomorrow Ventures.

Innovation is central to BAT driving sustainable growth, and BAT invests significantly in research and development to create incredible products that satisfy consumer tastes. Led by data and consumer insights, each innovation takes BAT a step further towards building A Better Tomorrow™ by reducing the health impact of BAT's business.

4. Sourcing materials responsibly

Most of BAT Group's tobacco is sourced by BAT's Group-owned vertically integrated Leaf Operations through direct contracts with c.91,000 farmers. The remaining tobacco is sourced from third-party suppliers that in turn, contract with an estimated 157,000 farmers. The vast majority of tobacco farms in BAT's supply chain are smallholder family farms.

Beyond tobacco, BAT sources product materials like paper and filters for cigarettes and for its New Category products, BAT has a growing supply chain in consumer electronics and e-liquids. BAT also has a vast network of suppliers of indirect goods and services, that are unrelated to its products, such as IT services and facilities management.

5. Utilising BAT's manufacturing footprint

BAT's high-quality products are manufactured in BAT's facilities across the globe. These products and the tobacco leaf that BAT sources, are then optimised for distribution and sale.

BAT's New Category products are manufactured in a mix of BAT's own and third party factories. BAT works to keep its costs globally competitive and endeavours to use its resources as effectively as possible.

6. Moving BAT products seamlessly everywhere

Using modern technologies, including AI and machine learning, helps BAT to get its products to the right place at the right time.

BAT products are sold around the world and distributed efficiently using distribution models tailored to suit local circumstances and conditions.

These distribution models include retailers, supplied through BAT's direct distribution capability or distributors and BAT Group's direct to Consumer business.

7. Marketing BAT products responsibly

Using a globally responsible approach to marketing, BAT seeks to help raise standards and prevent underage access, while meeting the preferences of adult consumers.

BAT's marketing across all its tobacco, nicotine and nicotine-free products and brands is governed by BAT's Responsible Marketing Principles (RMP) and Responsible Marketing Code. They include strict requirements to be accurate, responsible and targeted at adult consumers only.

8. Offering the consumer choice

The BAT Group is proud of its powerful portfolio of brands. This includes BAT's combustible portfolio and its Smokeless product brands which BAT believes will accelerate the BAT Group's strategic aim.

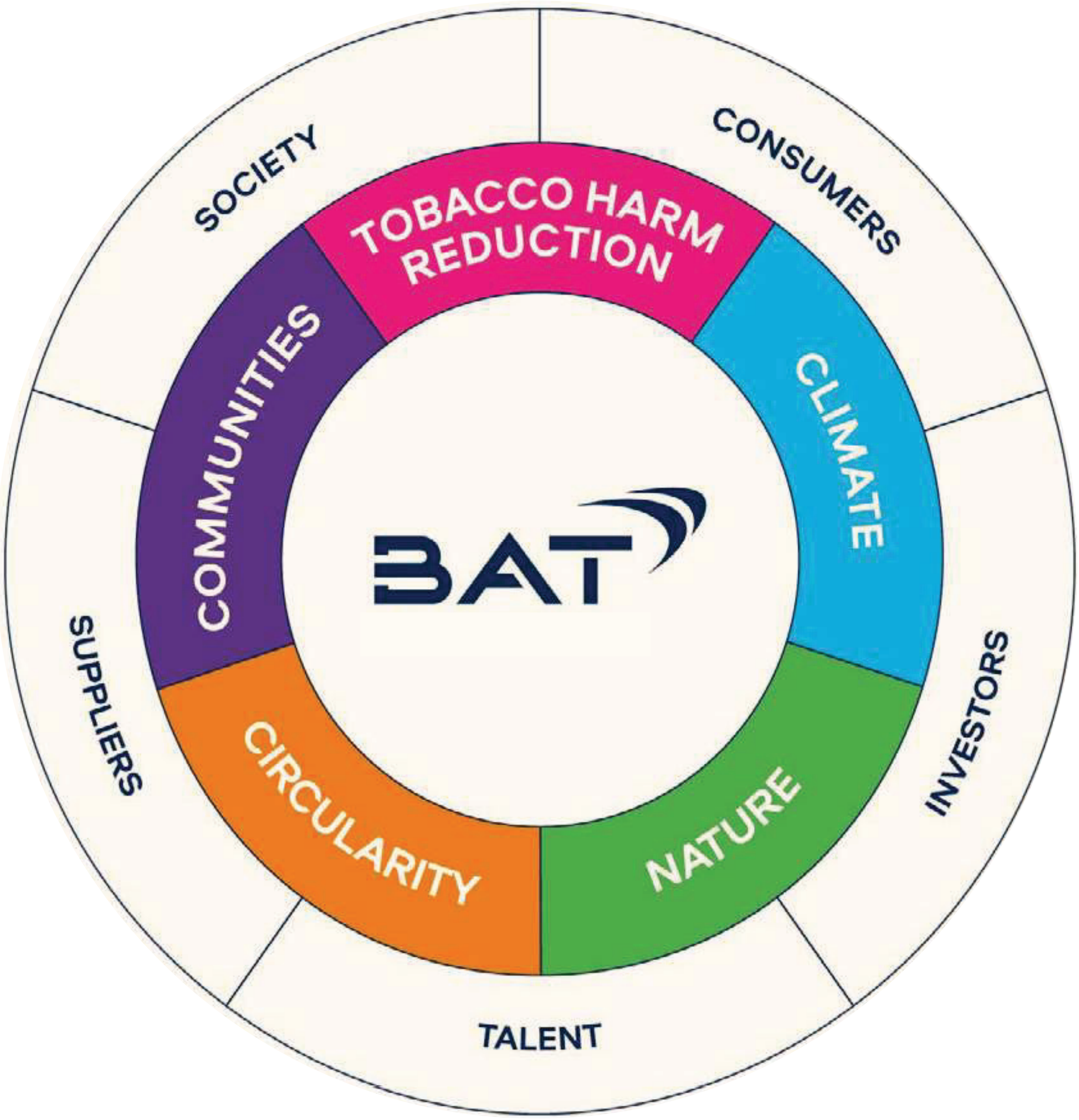
BAT's product pipeline is strong, aided by its quality insights, science and innovation and being well-positioned globally. BAT offers adult consumers all over the world, a range of high-quality products, from value-for-money to premium, including combustible products, Vapor, Modern Oral and Heated Products.

Group Sustainability **Agenda**

BAT has refined the Group Sustainability Strategy.

BAT seeks to take a leading role in tackling some of the biggest global sustainability challenges. It aims to do this by responsibly Building a Smokeless World, reducing its use of natural resources and its climate goals as it transitions to A Better Tomorrow™. BAT strives to create a meaningful impact in the communities where it operates and inspires all its people to drive change.

BAT Zimbabwe is aligned to the Group Sustainability Strategy which is adapted to local realities.



Strategic **Impact Areas**

Tobacco harm reduction

Over the past decade, BAT has transformed its business and made progress towards its goals. However, building a Smokeless World is not without its roadblocks.

BAT believes that progressive, evidence-based regulation, supported by meaningful enforcement is key to reducing smoking rates. BAT openly and transparently engages with public health authorities and regulators to support the development of policies and strategies that balance Tobacco Harm Reduction objectives with key concerns such as underage access, environmental impacts and product safety.

Omni

Omni™ is an evidence-based manifesto for change, which captures BAT's commitment and progress towards Building a Smokeless World to create A Better Tomorrow™

www.asmokelessworld.com

Climate

BAT continues to reduce its Scope 1 and 2 GHG emissions through improving energy efficiencies and increasing renewable energy use where available.

BAT also continues to engage suppliers through its supplier enablement programme to tackle scope 3 GHG emissions.

In line with its climate transition efforts, BAT continues to focus on responsible sourcing practices and innovative product design to reduce its carbon footprint.

Nature

For many years, BAT Group's Global Leaf Agronomy Development (GLAD) Centre has worked with BAT's directly contracted farmers and Leaf suppliers to promote improved agricultural practices.

Adoption of technology in agriculture is a core part of BAT's nature strategy.

BAT is investing in AI-driven tools to accelerate the analysis of agricultural data, to help farmers increase yields, reduce costs and minimise their environmental impact.

Circularity

Transitioning to a portfolio of Smokeless products presents challenges, particularly in relation to plastic waste.

BAT's focus is on prioritising the use of materials that are sustainably produced and have a lower carbon footprint.

BAT Group's venturing arm, Btomorrow Ventures (BTV) actively scouts for and collaborates with start ups to identify sustainable materials as well as solutions for waste reduction and resource recovery.

Communities

BAT group's global footprint covers multiple supply chains, from agriculture to electronics and manufacturing.

BAT supports its farmers to enhance their livelihoods and build resilience, while keeping in mind its ambition to transition to a Smokeless World.

BAT's direct employees are an integral part of its communities. BAT continues to build on its culture so that everyone feels welcome and valued for their unique contribution at work.

We continue to evolve in response to shifting consumer preferences, global health priorities, and sustainability expectations, ensuring our product portfolio meets the needs of our consumers. In line with this, we are accelerating the transformation of our Business, anchored on the BAT Group's purpose to create A Better Tomorrow™ by building A Smokeless World. This ambition is underpinned by Tobacco Harm Reduction (THR), which we believe is one of the greatest public health opportunities for global society today. BAT is clear that the only way to avoid the health risks related with combustible cigarettes is to not start smoking or to quit. THR is a well-recognised public health strategy that aims to minimise the harm caused by smoking. This is done by encouraging adult smokers who would otherwise continue to smoke, to switch completely to reduced-risk*, Smokeless alternatives.

Building value from combustibles

Our combustibles business is founded on understanding and meeting the preferences of adult smokers in Zimbabwe. While we remain aligned to the BAT Group's vision to build A Smokeless World, our cigarette products remain at the core of our value proposition for the foreseeable future. As such, we continuously invest on our cigarette manufacturing factory processes to help ensure that every product we deliver meets the highest standards of quality, consistency and safety.

Building sustainable trade partnerships and future-fit capabilities

Our trade partners are valued stakeholders who are key in ensuring that we are able to meet consumer needs.

In 2024, we actively supported our trade partners in the responsible marketing and sale of our products through:

- Marketing initiatives and trade engagements directed strictly at adult consumers.
- Deployment of data driven insights to enhance understanding of evolving adult consumer preferences and drive excellence in execution in the trade.

We will continue to implement various programmes to enhance their capabilities and business competitiveness, and building more sustainable businesses.

Insights and foresights

We are confident in our ability to navigate today's challenges while preparing for tomorrow's opportunities. Insights and foresights are key in guiding us to anticipate and shape the future by deploying relevant consumer products. Through operational excellence, digital platforms, data analytics, and smarter route-to-market tools, we are reshaping how we serve our retail network and consumers. We leverage real-time customer and consuer insights to drive excellence in execution, foster competitiveness and enhance business responsiveness to changing consumer needs.

Responsible marketing

BAT is clear that its products are targeted at adults only. Further to applicable local laws, the sale of our products is governed by the BAT Group's Responsible Marketing Principles (RMPs). A fundamental requirement of the RMP is that BAT's tobacco and nicotine products be sold responsibly to adult consumers only and not to appeal to underage persons. To this end, BAT Zimbabwe implements an Underage Access Prevention (UAP) programme which is consistently reviewed and updated to enhance effectiveness. This programme includes various initiatives, such as:

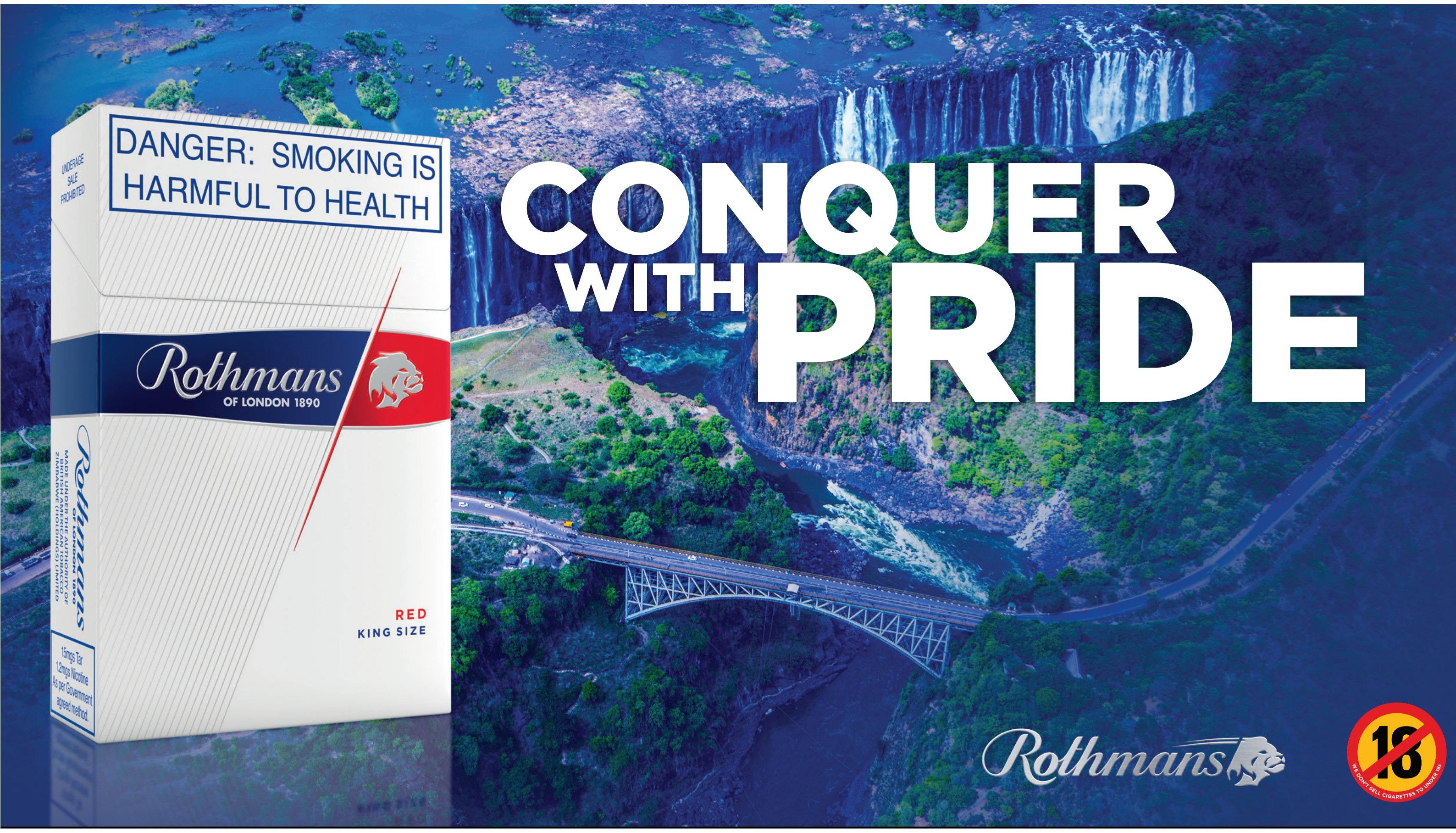
- Ensuring compliance with the applicable regulations and guidelines on the sale of our products.
- Retailer spot checks at all points of sale - to drive display of appropriate health warning messages and minimum legal age information notices.
- Contractual requirements and undertaking by traders to adhere to applicable regulations.
- Affixing clear health warnings and minimum age requirements on product packaging - to ensure that all stakeholders are clear and are informed that we do not sell cigarettes to anyone under the age of 18 years.
- Identification of active ingredients on product packaging.
- Execution of routine audits and trainings - to keep marketing teams abreast on regulatory/policy changes and evolving best practices..

*Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk-free and are addictive.

A Better Tomorrow™ for Consumers

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

A Better Tomorrow™ for Employees

A Better Tomorrow™ for **Employees**

Our people are a cornerstone of our success as a business, and as we continue on the journey of transforming our business, we want to attract the best people and offer an inspiring place to work.

The BAT Group's People Strategy is centered around three ambitions set to be achieved by 2030: enabling tomorrow's success for our business and colleagues, creating an amazing people experience, and providing a purposeful place for both current and prospective talent. These ambitions are anchored on our six corporate values, which serve as a guide on what is expected from employees in achieving the collective vision of building A Smokeless World. Additionally, these frameworks apply:

- BAT Group Standards of Business Conduct (SOBC) – which include the Respect in the Workplace Policy, outlining commitments to equality, diversity, anti-harassment and safeguarding employee wellbeing.
- BAT Group Employment Principles - which encompass commitments to a diverse workforce, reasonable working hours, employee wellbeing, talent, performance, equal opportunities and competitive remuneration.

Building a legacy of leaders

We take proactive steps to develop and nurture top quality talent through various programmes, covering personal and professional growth. We offer a diverse array of leadership programs designed to support employees at their current level and guide them upon promotion. These programs encompass a wide range of topics, including Line Manager upskilling, and effective leadership of self, teams, and others. We believe in nurturing and accelerating careers internationally, leveraging on BAT's global presence.

In 2024, various employees changed roles by way of promotions, demonstrating our commitment to continuous talent development and internal career progression. In addition, over the reporting period, we noted the return of one Zimbabwean (previously working in another BAT entity) to the role of the Head of Trade. Further, we exported talent to BAT Mozambique on transfer as a Human Resources Business Partner, overseeing HR operations for BAT Malawi and BAT Angola.

As part of building future-fit talent, we leverage on our established internship programme across various Functions including Finance, Marketing and Operations. Successful candidates are identified after a robust recruitment process and placed on a fixed term twelve (12) month contracts.

An Apprenticeship Programme is currently running under our Operations Function. In 2024, the programme onboarded seven (7) recent Degree and Diploma graduates specialising mostly in Mechanical and Electrical Engineering. Of these, two (2) were women. The apprentices underwent comprehensive training

encompassing theoretical and practical aspects of Engineering, Process Improvement, Production Planning, Scheduling, and Quality Control.

Organisational culture

We kicked off 2024 with the launch of the BAT Group Values and a refreshed People Strategy. In addition to impactful communication, various activities were undertaken to embed these Values further into our collective DNA, bringing our Values to life and creating a more purposeful place to work

Workforce engagement

Our workforce engagement strategy is centred on ongoing, open dialogue between employees and the leadership, enabling us to create a more collaborative, diverse and inclusive culture.

BAT Zimbabwe utilises a wide range of engagement channels to enhance understanding of employee perspectives, including regular employee engagement meetings/townhalls, monthly employee driven business briefings, frequent market and site visits by the regional market and local leadership, Question and Answer sessions and surveys, amongst others. This has helped accelerate a culture where employees feel empowered and valued, driving a collective passion to win.

Enhanced employee listening

The BAT Group's Your Voice Survey (YVS) is one of BAT's key listening channels. It helps us understand what our employees value, what they believe is working well, and what areas need improvement. In 2024, we carried out short surveys and 1-on-1 sessions, to gather feedback on core topics such as engagement, strategy and culture as well as key workplace moments such as onboarding and promotions.

Diversity and Inclusion

We are committed to driving an inclusive culture that respects and embraces the diversity of employees, stakeholders and society. Diversity is central to business sustainability, creating a

A Better Tomorrow™ for Employees

respectful and inclusive environment where people can thrive, and building talented and diverse teams to drive business results. BAT Zimbabwe's Diversity and Inclusion (D&I Strategy) is built on strategic pillars for ownership, accountability, diverse talent pipelines and enablers, all fostering an inclusive culture. This strategy covers various aspects, including but not limited to; Gender, Persons with Disabilities (PWD) and Generations.

Persons with Disabilities

We continue to promote accessibility and inclusion for PWDs. This includes employees with hidden or visible disabilities and those with neurological and mental health conditions. We champion diversity awareness activities to sensitise employees on more inclusive workplace practices for PWDs.

Generations

We believe that diversity in age representation brings about different perspectives which enrich our business strategy and ways of working.

Employee wellness

As part of our journey to continuously improve our Employee Value Proposition, we seek to support on the wellbeing of our employees. This is anchored on four key pillars: Physical, Emotional Social, and Financial wellness. Through these wellness initiatives, we support and meet the needs of our diverse employee population. In 2024, we prioritised and focused on the wellbeing of our employees and engaged in a variety of wellness initiatives throughout the year to support and meet the needs of our diverse employee population. In line with this, the Company facilitated medical check-ups for all employees, hosted wellness days to drive physical wellness, and rolled out a series of financial and mental wellness seminars.

Reward and remuneration

In our quest to provide fair and competitive remuneration and benefits to our employees, we continue to make reward-related investments and decisions to support our employees, based on a robust review of prevailing organisational and market realities.

In 2024, the Company achieved a significant milestone in progressing employees welfare by deploying a more competitive remuneration model that is market relevant and safeguarded employee purchasing power in market. The shift to a more competitive remuneration model had a notable impact on employee morale, retention, and overall productivity. It reflects our ongoing effort to ensure fair and competitive compensation, while reinforcing the Company's position as an employer of choice in a challenging economic environment.

This change was made possible through the introduction of multi-currency trading for the business. We remain focused on sustaining this approach and continuing to invest in our people as the foundation of our long-term success.

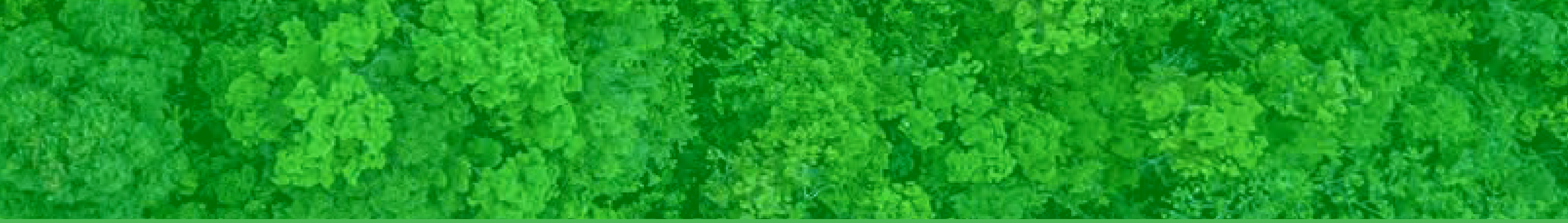
Parents@BAT

This is a BAT Group programme that seeks to support both biological and adoptive parents at the workplace. Its benefits exceed existing legal requirements, including a minimum of 16 weeks fully paid maternity leave for new mothers and adoptive parents and a return-to-work guarantee. It also includes flexible working opportunities and an online advice service offering coaching support.

LiveWell

A Better Tomorrow™ starts with you


SSA



A Better Tomorrow™ for Society and the Environment

Sustainability is front and center of all that we do. Through a series of strategic initiatives, we made substantial progress in improving energy efficiency, reducing power consumption, championing water stewardship, maintaining a zero-waste status, supporting the health and safety of our workforce, and implementing a number of initiatives to reduce our emissions.

These accomplishments reflect our long-term strategy of aligning business operations with environmental best practices, and future-proofing our business.

Environmental management

We strive to follow standards of environmental protection and adhere to the principles of sustainable development and protection of biodiversity in our direct operations and supply chain. Our environmental management framework incorporates proactive measures in energy management, circular economy, biodiversity conservation, and water stewardship.

Promoting sustainable environmental practices and integrating risk management strategies into our decision-making processes is key to addressing both the current and potential future impacts of climate change, which is a focus area in the management of our environmental footprint and across our value chain.

Reducing emissions

Climate change remains one of the most salient global threats of our time. Its effects threaten business continuity and can impact our ability to secure the natural resources required to run our business. Shifts in the way we operate our business are required in order to reduce Greenhouse Gas emissions and mitigate climate risks.

We are addressing climate change and accelerating our Scope 1 and 2 pathway to a low carbon footprint through two main elements:

- Energy management
- Renewable energy

BAT Zimbabwe is aligned to the BAT Group targets on reduction of emissions, as follows:

- 50% absolute reduction in Scope 1 and 2 GHG emissions Target by 2030 (vs 2020 baseline),
- 50% renewable energy use by 2030.

As part of efforts to achieve these targets, the Company has put in place plans to implement a rooftop solar energy solution by 2030. To this end, a feasibility study has already been concluded and extensive market engagements with potential partners to deliver a Power Purchase Agreement are underway. This initiative will lower our reliance on electricity from non-renewable sources and reduce general fuel consumption , reflecting our broader strategy of transitioning to cleaner energy sources and actively contributing to climate change mitigation efforts.

Health and safety

BAT Zimbabwe has an annual 'zero accidents' target which places emphasis on the timely and continuous identification hazards, assessment of workplace health risks and maintenance of appropriate controls. Our focus on health and safety has been pivotal in ensuring that our employees and contractors operate in a secure and supportive environment. This year, the Business celebrated sustained achievement in our health and safety record when we recorded two years without Lost-

Time Injury (LTI). This progress demonstrates the impact of our proactive safety culture and sustained approach to risk management.

Looking ahead we will strive to maintain a zero-accident record and build on this achievement by continuously reinforcing our safety culture. Through ongoing training, hazard identification, and timely interventions, we are committed to creating a work environment where safety is a shared responsibility across all levels of the organisation.

Water stewardship

We understand that water is a key, yet scarce resource and should be used efficiently and responsibly with equitable sharing by all end users. Protecting and conserving water through good water management practices and governance systems is very important for operations across the country.

In 2024, the Company recorded a reduction in water withdrawal, made possible by several strategic initiatives, including infrastructure upgrades, enhanced monitoring systems, and employee training. Our factory received certification under the Alliance for Water Stewardship (AWS) Standard. This recognition is aligned with the BAT Group's broader water management goals and underscores our progressive approach to sustainable water use and good water governance.

Attainment of this certification was anchored on an number of key actions including; upgrading factory infrastructure by rerouting underground water pipes to surface-level installations, enhancing capacity to detect and repair leaks. Additionally, we installed advanced sub-meters and check meters enabling us to monitor and optimise water usage across the site.
Significant investment was made into sensitising and enhancing employee education through awareness

Health
2 years no Lost Time to Injury

Water
Attained Alliance for Water Stewardship Certification

Waste
Zero waste to landfill

campaigns and training sessions, further embedding water stewardship into our company culture.

We are on track to meet our target for 35% reduction in water withdrawn from our operations by 2025. To enhance this, we will continue to refine our water stewardship practices and explore innovative solutions to reduce our water consumption. Through collaboration with our stakeholders and ongoing investment in water-saving technologies, we aim to further strengthen our role in sustainable water management.

Waste management

Our waste management practices continue to evolve, reflecting our strong commitment to the principles of the circular economy. In the first half of 2024, we successfully maintained our zero waste to landfill status. This is a direct result of our ongoing efforts to minimise waste generation and maximise resource recovery through recycling.

Our Waste Management Strategy is focused on reducing waste at source, improving recycling processes, and ensuring that materials are recovered and reused wherever possible. We continuously explore innovative technologies and solutions to enhance these practices, with a particular focus on expanding our recycling capabilities and developing closed-loop systems that minimise waste and reduce environmental impact.

As we look to the future, we remain committed to maintaining our zero waste to landfill status while driving further improvements in waste reduction and resource recovery. We will continue to explore opportunities to optimise our waste management systems and reduce the environmental footprint of our operations.

WSAS WATER STEWARDSHIP ASSURANCE SERVICES

ALLIANCE FOR WATER STEWARDSHIP

CERTIFICATE CERT-000221

Issue Date:	2024-11-26
Effective Date:	2024-11-26
Valid Until:	2027-11-25
First Certification:	2024-11-26

CERTIFICATION

Certification Date:	2024-11-26
Valid Until:	2027-11-25

CERTIFICATE

AWS International Water Stewardship Standard v2.0

BAT Zimbabwe - Harare

No. 1 Manchester Road, Southerton
Harare, 11111
ZIMBABWE

AWS Reference Number: AWS-000564

WSAS herewith certifies that the above mentioned site or group is in compliance with the AWS International Stewardship Standard v2.0. This certificate is valid for a period of three (3) years, contingent upon annual surveillance audits and provided that the site or group continues to meet the conditions as laid out in the AWS Standard, AWS Certification Requirements and the Certification Agreement with WSAS.

Catchment: Upper Manyame Sub-Catchment
Industry Sector: Other
Scope: Single Site

Certification level

Certified Core

Authorised by Lisa Seufert, Head of Certification

TOBACCO HARM REDUCTION (THR) IS A PUBLIC HEALTH POLICY THAT AIMS TO MINIMISE THE POPULATION LEVEL HARM ASSOCIATED WITH USING TOBACCO, THROUGH ENABLING ADULT CONSUMERS WHO WOULD OTHERWISE CONTINUE TO SMOKE, TO SWITCH TO ALTERNATIVE FORMS OF TOBACCO AND NICOTINE PRODUCTS THAT HAVE A LOWER RISK* PROFILE, IN COMPARISON TO CIGARETTES. IT IS WIDELY ACKNOWLEDGED THAT MOST OF THE HARM ASSOCIATED WITH CONVENTIONAL CIGARETTES IS CAUSED BY THE TOXICANTS IN THE SMOKE PRODUCED BY THE BURNING OF TOBACCO. BAT SEEKS TO ACTIVELY MIGRATE ADULT SMOKERS FROM CIGARETTES TO SMOKELESS ALTERNATIVES. THESE PRODUCTS INCLUDE HEATING PRODUCTS (HP), VAPOUR PRODUCTS COMMONLY REFERRED TO AS E-CIGARETTES AND ORAL NICOTINE PRODUCTS (NICOTINE POUCHES). BAT IS ALSO VERY CLEAR THAT SMOKELESS PRODUCTS ARE NOT RISK-FREE. THE BEST CHOICE ANY ADULT SMOKER CAN MAKE WILL ALWAYS BE TO QUIT COMBUSTIBLE TOBACCO PRODUCTS COMPLETELY. GLOBALLY, TOBACCO HARM REDUCTION ACCEPTANCE IS NOT WITHOUT ROADBLOCKS. FOR BAT, ACHIEVING ITS THR AMBITION REQUIRES APPROPRIATE REGULATION AND PUBLIC HEALTH POLICIES, AS WELL AS CHANGES IN CONSUMER BEHAVIOUR AND SOCIETY ITSELF. IN KENYA, THIS INCLUDES INTRODUCING REGULATION THAT DIFFERENTIATES SMOKELESS PRODUCTS FROM CIGARETTES TO ENABLE SMOKERS TO SWITCH, AS WELL AS WORKING DELIBERATELY TOWARDS (THR) ACCEPTANCE.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CORPORATE GOVERNANCE REPORT

BOARD **OF DIRECTORS**

LOVEMORE T. MANATSA
Chairman

KENNETH GITONGA
Managing Director

LUCY IRUNGU
Finance Director

Mr. Lovemore T. Manatsa was appointed Chairman of the Board of BAT Zimbabwe in 2016, having served as Managing Director of the Company since September 2008. He holds an MSc in Leadership & Change Management (Leeds Metropolitan University), Bachelor of Commerce (University of South Africa) and a Diploma in Journalism (international Press Institute). He joined BAT Zimbabwe as Advertising Manager in 1995 and subsequently served in various senior roles within the Company and the previous BAT Southern African Markets cluster. In mid-2007, he was appointed Country Manager for the BAT Zambia & Malawi Cluster based in Lusaka. He retired from his last position as Managing Director of the Company on 31 January 2016 but remained as a Non-Executive Director. He also sits on the Board of Irvines Zimbabwe.

Mr. Gitonga was appointed Managing Director of the Company in March 2024. He rejoined BAT Kenya in April 2017, having initially joined the Company in 2011 as a Brand Manager for the then BAT East and Central Africa Markets Cluster. Mr. Gitonga has held various senior roles within BAT, including Trade Marketing Manager for the Americas and Sub-Sahara Africa region and subsequently, International Brand Manager for the Modern Oral Nicotine portfolio, based at the BAT Group office in UK, Head of Activations for the East & Southern Africa Area based in South Africa and his immediate former role as Head of Commercial for BAT East & Southern Africa Markets, based in Kenya.

Ms. Irungu was appointed Finance Director for BAT Zimbabwe in March 2024. She joined the BAT Group in April 2020 and has since held several senior finance leadership positions, including Head of Commercial Finance for East and Southern Africa (ESA) and Head of Finance for the Indian Ocean Islands and the Horn of Africa. In these roles, she was instrumental in driving pricing strategy, streamlining the operating model to improve efficiency, and supporting key product launches and brand extensions across multiple markets. Her contributions have supported sustained business growth and improved operational agility.

Prior to joining BAT, Ms. Irungu worked with Pricewaterhouse Coopers East and Central Africa, Safaricom plc and Coca Cola Central East and West Africa, and brings a wealth of experience gained over 19 years across several African markets. She holds an MBA in Finance and International Business and is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

CONSTANTINE F. CHIKOSI
Non-Executive Director

Mr. Chikosi holds a law degree from the University of Zimbabwe and MSc (Economics) from the University of Surrey (UK). He is a Chartered Management Accountant (UK) and a graduate of INSEAD Business School (France). Mr. Chikosi, served for over 19 years with the World Bank Group, where he held operational, management and strategy roles delivering development solutions for the Bank's client countries through analytical work, high level policy dialogue and advising the Board on internal corporate strategy and forward-looking initiatives. He oversaw a threefold growth of the Bank's investment portfolio in South East Asia as Chair of committees that shaped the Bank's investment portfolios. He led the opening of the World Bank Office in Mauritius where he assisted the government in developing policy responses to the 2008 global financial crisis. He is an Independent director of Mauritius Commercial Bank Group Ltd and serves on its Group Strategy Committee.

RACHEL P. KUPARA
Non-Executive Director

Mrs. Kupara holds a Bachelor of Accountancy (Hons) and is a Chartered Accountant. She also has an MBA from Bradford University (UK). She has previously worked in the financial services sector, specifically banking and insurance at various senior levels. She is the former Managing Director of Zimnat Life Insurance Company Limited and Zimnat Life Assurance Company Limited. She also served as Finance Director and Chief Executive Officer of Ariston Holdings Limited, a ZSE listed, agriculture and agro-processing business.

EDWIN I. MANIKAI
Non-Executive Director

Mr. Manikai has been a Senior Partner 1972 of Dube Manikai and Hwacha law firm since 1998. He holds a BL {Hons), LLB (UZ) and was admitted as a legal practitioner in 1986. He has over 30 years' experience as a lawyer focusing on commercial legal practice, having commenced practice as an attorney in 1985 with one of Harare's established law firms Godlonton & Gerran. He was a partner at this firm until he co-founded the commercial law firm, Dube Manikai & Hwacha Legal Practitioners in June 1998. He has advised on significant mining energy and telecommunications transactions at world class levels. He is a leading expert in business restructuring in Zimbabwe. He sits on the Board of the Reserve Bank of Zimbabwe.

PHILEMON KIPKEMOI
Non-Executive Director

Mr. Kipkemoi was appointed as a Non-Executive Director of the Company, effective 21 June 2023. He has been with the BAT Group for 17 years. He joined BAT Kenya in 2007 from PricewaterhouseCoopers (PwC), where he served as an Internal Audit Manager. He has subsequently held various senior Finance Leadership roles within the Group, including, Finance Controller (Uganda, and Big Ben Tobacco The Democratic Republic of Congo (DRC)), Finance Controller (East & Central Africa), Head of Operations Finance (East & Central Africa) and Head of Finance (Horn of Africa & Indian Ocean Islands). He is currently the Head of Finance for BAT East & Southern Africa markets.

CRISPIN O. ACHOLA
Alternate Non-Executive Director

Mr. Achola was appointed Alternate Non-Executive Director for Mr. Kipkemoi effective 01 May 2025. Mr. Achola currently serves as the Cluster Manager for BAT East & Southern Africa Markets (ESA) based in Nairobi Kenya. He recently worked for Kimberly-Clarke Corporation where he held the position of General Manager West, East & Central Africa (WECA) and Managing Director Nigeria. Prior to this, Mr. Achola worked for BAT from 1999 through to 2017, during which time he held various senior roles within BAT Kenya and the BAT Group, including Managing Director Mozambique, Cluster General Manager Mozambique, Zambia, Zimbabwe and Malawi and Managing Director Sudan.

TAKUDZWA MASHANDA
Company Secretary

Mr. Mashanda was appointed Company Secretary of the Company effective 1 March 2025. He is a seasoned corporate lawyer, governance, and investment professional. He was appointed as Head of Legal for the Company effective 1 November 2024, with accountabilities for legal, governance and compliance. Prior to joining the Company, Mr. Mashanda was a Legal and Investment Counsel at Masawara Group Holding. He previously practiced with two leading corporate and commercial law firms in Zimbabwe, being Dube Manikai Hwacha Law Chambers and Bera Masamba Legal Practitioners, where he specialised in corporate law. He is a holder of a Bachelor of Laws Degree as well as various corporate finance qualifications.

LEADERSHIP TEAM

Leadership **Team**

1

Kenneth Gitonga
MANAGING DIRECTOR

2

Lucy Irungu
FINANCE DIRECTOR

3

Emmanuel Chesire
HEAD OF OPERATIONS

4

Blessing Shumba-Hove
HEAD OF TRADE

1

Mr. Gitonga was appointed Managing Director of the Company in March 2024. He rejoined BAT Kenya in April 2017, having initially joined the Company in 2011 as a Brand Manager for the then BAT East and Central Africa Markets Cluster. Mr. Gitonga has held various senior roles within BAT, including Trade Marketing Manager for the Americas and Sub-Saharan Africa region and subsequently, International Brand Manager for the Modern Oral Nicotine portfolio, based at the BAT Group office in UK, Head of Activations for the East & Southern Africa Area based in South Africa and his immediate former role as Head of Commercial for BAT East & Southern Africa Markets, based in Kenya.

2

Ms. Irungu was appointed Finance Director for BAT Zimbabwe in March 2024. She joined the BAT Group in April 2020 and has since held several senior finance leadership positions, including Head of Commercial Finance for East and Southern Africa (ESA) and Head of Finance for the Indian Ocean Islands and the Horn of Africa. In these roles, she was instrumental in driving pricing strategy, streamlining the operating model to improve efficiency, and supporting key product launches and brand extensions across multiple markets. Her contributions have supported sustained business growth and improved operational agility.

3

Mr. Chesire was appointed the Head of Operations for Southern African Markets since July 2022 and has been with BAT for over 12 years. Prior to his current appointment, he served as the Engineering and Projects Manager for BAT Kenya. Mr. Chesire has vast knowledge and experience and has risen through the ranks in BAT, holding various roles including Shift Manager, Quality Assurance Manager, Production Manager and Head of Operations in BAT Papua New Guinea. He is a holder of a Master's of Science Degree in Accounting and Finance and a Bachelor of Chemical and Process Engineering. Mr. Chesire is also a member of the Association of Chartered Accountants.

4

Mrs. Shumba-Hove is a holder of a Bachelor's in Commerce Marketing Management from the University of South Africa and is a member of the Marketers Association of Zimbabwe. Mrs. Shumba-Hove has over 12 years' working experience in sales, brand management and marketing. She joined BAT Zimbabwe in August 2013 as a Trade Marketing Representative and sub-sequently held various positions including roles in Botswana, Mozambique and Zambia before assuming her current role, as Head of Trade, Zimbabwe effective 1 April 2024.

5

Sarudzai Matsike
HUMAN RESOURCES BUSINESS PARTNER

6

Takudzwa Mashanda
HEAD OF LEGAL

7

Phyllis Chenjera
CORPORATE AND REGULATORY AFFAIRS MANAGER

8

Simbarashe Nyaruwanga
MARKETING DEPLOYMENT MANAGER

5

Ms. Matsike is a holder of a Master's in Business Administration, Bachelor of Science Honors in Psychology and a Diploma in People Management. She is a member of the Institute of People Management of Zimbabwe . She has over 19 years of diverse experience across government, pharmaceutical, financial, and manufacturing sectors including cement and lime, serving in a regional role looking after Zimbabwe, Botswana, Angola and Mozambique. She was appointed to her current role, effective 1 July 2024.

6

Mr.Mashanda was appointed Company Secretary of the Company effective 1 March 2025. He is a seasoned corporate lawyer, governance, and investment professional. He was appointed as Head of Legal for the Company effective 1 November 2024, with accountabilities for legal, governance and compliance. Prior to joining the Company, Mr. Mashanda was a Legal and Investment Counsel at Masawara Group Holding. He previously practiced with two leading corporate and commercial law firms in Zimbabwe, being Dube Manikai Hwacha Law Chambers and Bera Masamba Legal Practitioners, where he specialised in corporate law. He is a holder of a Bachelor of Laws Degree as well as various corporate finance qualifications.

7

Ms. Chenjera is a seasoned Lawyer with vast experience in the fields of Corporate Governance, Corporate Litigation, Internal and External Stakeholder Management. She holds a Master of Laws degree from Stellenbosch University and a Bachelor of Law (Honors) Degree from Midlands State University. She has held various senior legal positions in reputable organisations such as Old Mutual Zimbabwe and Powertel Communications.

8

Mr. Nyaruwanga holds a Bachelor of Arts with specialty in Business and Marketing from the University of Bedfordshire. He is also a member of the Marketers Association of Zimbabwe. He has over 15 years experience gained from the Fast-Moving Consumer Goods Industry and brings significant experience in Trade, Marketing, Route to market, Brand and Customer Management. Over the past 10 years with BAT, He has held various positions including Area Manager for Zimbabwe and Route to Market Manager for Southern African Markets Cluster before his current role of Marketing Deployment Manager.

Audit, Risk and Sustainability Committee **Report**

"The Audit, Risk and Sustainability Committee is responsible for oversight over financial reporting and related internal controls, risk management and the appointment of independent external auditors and the overall environmental, social and governance strategy of the Business."

Introduction

During the period under review, the Audit, Risk and Corporate Social Responsibility Committee was renamed to the Audit, Risk and Sustainability Committee to allow the Committee to adapt and cater for the growing need to incorporate sustainability priorities into the business operations.

The Audit, Risk and Sustainability Committee is responsible for oversight over financial reporting and related internal controls, risk management, the appointment of independent external auditors and the overall sustainability strategy of the business.

The Audit, Risk and Sustainability Committee meets four times a year and receives reports from the Finance Director, Company Secretary, Security Manager, the Corporate and Regulatory Affairs Manager and the External Auditors.

Financial Reporting

The Audit, Risk and Sustainability Committee reviews the half year and full year financial statements prior to the Board's approval.

In the current financial year, the key issues highlighted were as follows:

Accounting for blocked funds: The Reserve Bank of Zimbabwe (RBZ) approved and registered the Company's blocked funds amounting to USD 16.4 Million in respect of outstanding dividends and payments for goods and services. These amounts have not yet been settled and the Company continues to engage with the RBZ for an appropriate instrument(s) to facilitate settlement of the registered blocked funds. The Company accounted for these amounts on a USD1:ZW$1 basis; however, in line with IAS 21, at the current exchange of USD1: ZWG25 as at 31 December 2024, the related liabilities should have been recorded as ZWG405 million.

Functional currency assessment: In line with IAS 21, during the year the company assessed its functional currency with the following key considerations:

- The currency that mainly influences sales prices, including the currency in which sales transactions are denominated and settled
- The currency of the country whose competitive forces and regulations most influence pricing
- The currency that mainly influences costs such as labour, materials, and other costs

Further to this assessment, the company determined that its functional currency had changed from ZWL to ZWG in April 2024 and from ZWG to USD in August 2024.

Hyperinflationary accounting: During the year the Company transitioned its functional currency from ZWL to ZWG and subsequently to USD. For the period to 5 April 2024 the Company prepared its Financial Statements on a hyper inflationary basis in accordance with IAS 29. Following the change to ZWG and USD, the Financial Statements were prepared on a historical cost basis. For presentation purposes, prior period Financial Statements were translated to USD at the closing rates on the respective balance sheet dates.

Appropriateness of Exchange Rates Applied:
The disparity between the exchange rates increased since the introduction of the ZWG in April 2024 which increases the risk that the rate may be inappropriate.

Investment Property Classification: The risk is in respect of whether these assets meet the definition of assets held for sale for the year ended 31 December 2024, considering the criteria set out in IFRS 5. IFRS 5 requires the results in respect of discontinued operations to be presented separately from continuing operations and there is a risk that this requirement is not complied with.

Internal controls and risk management

The Internal Controls Report was presented for review, incorporating the following elements:

- The Control Navigator framework which the BAT Group uses to monitor the effectiveness and implementation of internal controls.
- The Business Risk Register, detailing key risks that the Company is facing and mitigations in place. The risk register is updated and reviewed on a quarterly basis.
- The internal audit and compliance plan, incorporating various controls reviews and health checks carried out during the year and various areas of improvements identified.

Other reports presented to the Audit, Risk and Sustainability Committee included:

- The Loss and Security Incidents Report detailing various incidents during the year.
- The Legal Report, outlining all key governance, regulatory and legislation matters which affected the Company.
- The Corporate and Regulatory Affairs Report together with the various sustainability initiatives implemented by the Company.

Appointment of Auditors

The Audit, Risk and Sustainability Committee recommends the reappointment of KPMG Chartered Accountants (Zimbabwe) as the Company's external auditors for the financial year ending 31 December 2025. With KPMG currently serving their 10th year, an exemption has been sought from the Zimbabwe Stock Exchange (ZSE) to allow KPMG to serve for an additional one year, making their full tenure 11 years. The request was granted by the ZSE, and the Company will ensure that upon the expiry of the extension period, a suitable replacement is identified and appointed in compliance with the ZSE Listing Requirements.

Rachel P. Kupara
Audit, Risk and Sustainability Committee

26 June 2025

Company Secretary's **Report**

> **The Board is satisfied that the Directors have the appropriate balance of knowledge, skills, experience, diversity and independence to govern the Company effectively.**

Overview

Corporate governance refers to the structures and processes that guide the effective, accountable and prudent leadership of the Business. The Company has put in place systems to ensure that high standards of corporate governance are maintained at all levels of the Company. The Company remains committed to the principles of transparency, responsibility, integrity, accounting, independence and fairness in its dealings with stakeholders.

The Board of Directors

The Board of Directors is the custodian of corporate governance exercising its oversight role by monitoring the implementation of the Company`s strategy and business plan. The Directors confirm that the company materially complied with the National Corporate Governance Code of Zimbabwe, the Companies and Other Business Entities Act, principles of the United Kingdom (UK) Code on Corporate Governance as read together with the British American Tobacco Group Corporate Governance Booklet throughout the financial year.

Directors' Responsibilities

The Board's responsibilities include providing the Company with clear strategic direction, reviewing operational performance, ensuring the integrity of the Company's internal controls, liaising with internal and external auditors on the financial and business affairs of the Company and reviewing, deciding and acting on material business transactions and or matters among other responsibilities.

The Board recognises the synergy between effective governance, sustainable performance and creating long term value for all its stakeholders.

To ensure that the Board retains decision-making power over material matters, the Board has put in place a governance framework to support the creation of long-term value for stakeholders. The Board is collectively responsible to its shareholders for the longterm sustainable success of the Company and for the Company's vision, strategic direction, its values, and governance.

Board Composition

The Board composition ensures a well-balanced directorate and is constituted with an equitable ratio of executive and non-executive directors.

The Board structure and composition is reviewed in terms of the Company's constitutive documents and governance practice. The Board is satisfied that the Directors have the appropriate balance of knowledge, skills, experience, diversity and independence to govern the Group effectively, considering its nature, size, the scale of operations, and the laws and customs governing its actions.

The Board comprises five (5) Non-Executive Directors and two (2) Executive Directors. The Chairman is a Non-Executive Director, and the Managing Director is responsible for the day-to-day management of the Company. There is a clear separation of responsibilities between the Board and Management.

2024 Board **Attendance**

Attended/Eligible to Attend

		Board attendance in 2024		
Director	**Year of Appointment**	**Main Board**	**Audit, Risk and Sustainability Committee**	**Remuneration and Nominations Committee**
Mr. Lovemore T. Manatsa	2016	4/4	4/4	4/4
Mr. Edwin I. Manikai	2017	4/4	4/4	4/4
Mr. Constantine F. Chikosi	2019	4/4	4/4	4/4
Mrs. Rachel P. Kupara	2019	4/4	4/4	4/4
Mr. Kenneth Gitonga	2024	4/4	4/4	4/4
Mr. Philemon Kipkemoi	2023	4/4	4/4	4/4
Ms. Lucy Irungu	2024	4/4	4/4	4/4

The Company Secretary is responsible for the Board operations and ensures that correct procedures are followed as well as adherence to corporate governance principles and standards. The Board meets at least four (4) times a year. Additional meetings may be convened to consider specific business issues which may arise between scheduled meetings. For the year under review, no additional meetings were required.

The key responsibilities of the Board include:

- Approving the Company's business strategy and ensuring necessary financial and human resources are in place to meet agreed objectives;
- Establishing and agreeing an appropriate governance framework;
- Reviewing the sufficiency and effectiveness of risk management and internal control systems; •
- Approving the Company's performance objectives and monitoring their achievement;
- Reviewing and agreeing Board succession plans and approving Non-Executive Director appointments;
- Approving the Company's budget;
- Reviewing periodic financial and governance reports;
- Approving the Annual Report, Company results and public announcements;
- Declaring an interim/recommending a final dividend for shareholder approval;
- Approving Company Policies and monitoring compliance with the Standards of Business Conduct.

Board Appointments

The Board notes the resignation of Ms. Phyllis Farah Chenjera and Ms. Mirirai Washaya as Company Secretary and Acting Company Secretary respectively effective 28 February 2025. Ms. Chenjera diligently served the Company since April 2021, with Ms. Washaya serving for a period of 10 months. The Board extends its appreciation to them for their service and dedication and wishes them the very best in their future endeavors.

The Board further congratulates Mr. Takudzwa Mashanda for his appointment as the Company Secretary effective 01 March 2025.

The Board further congratulates Mr. Crispin Achola for his appointment as an Alternate Director to Mr. Philemon Kipkemoi effective 1 May 2025.

In terms of Article 96 of the Company's Memorandum of Incorporation, at least one third of the Directors are subject to retirement by rotation in each year. In this regard, Mr. Edwin I. Manikai and Ms. Rachel P. Kupara will retire at the next Annual General Meeting and being eligible, offer themselves for re-election in terms of the Company's Articles of Association. In accordance with Article 88 of the Company's Articles of Association, all newly appointed Directors will also retire at the AGM for shareholder reappointment.

Annual Board work plan

The Board has in place an annual work plan that sets out its activities for the year. The work plan is designed to enable the Board to drive strategy forward across all the elements of the Company's business model. During the year ended 31 December 2024, the Board held four (4) Board meetings; a strategic planning session was held in December 2024. The Company held its Annual General Meeting in April 2024.

Board Committees

The Board discharges some of its responsibilities directly and others through two principal Committees i.e. Remuneration & Nomination Committee and the Audit, Risk & Sustainability Committee. The Board Committees are chaired by Non-Executive Directors and governed by specific Terms of Reference. The following is the composition of the Board Committees:

Corporate Governance **Report**

The Remuneration and Nominations Committee

This Committee comprises of four (4) Non-Executive Directors. The Committee is chaired by Mr. Edwin I. Manikai. The Committee is responsible for assisting the Board in fulfilling Corporate Governance responsibilities regarding remuneration matters including the following:

- Remuneration framework for Non-Executive Directors;
- Remuneration and incentive framework including any proposed equity incentive awards to Executive Directors and other senior employees;
- Strategic human resources direction.
- Review of resignation and nomination for appointment of directors to the Board.

Audit, Risk & Sustainability Committee

The Committee comprises of four (4) Non-Executive Directors. The Committee is chaired by Mrs. Rachel P. Kupara. The Committee is responsible for assisting the Board in fulfilling its corporate governance responsibilities in relation inter alia to the following:

- The integrity of financial reporting;
- The Company's full year and half year financial results;
- Compliance with legal and regulatory obligations;
- Monitoring the effectiveness of BAT Zimbabwe's enterprise-wide risk management and internal controls framework;
- Oversight of the independence of external auditors, the external audit report and audit work plan.
- Reports on security risks, fraud and resultant losses; and,
- Reports on compliance with the Company's Standards of Business Conduct, any whistleblowing received and investigations into potential breaches.

Conflicts of Interest

The Board has formal procedures for managing conflicts of interest in accordance with the provisions of the Companies and Other Business Entities Act (Chapter 24:31) as read together with the Company's constitutional documents. Directors are required to give advance notice of any conflict issues to the Company Secretary or Board Chair, and these are considered at the next Board meeting. No material conflicts were reported by Directors in the year 2024.

The Board also requires all Directors to disclose on appointment and annually any circumstance which may give rise to an actual or potential conflict of interest with their roles as Director.

ZSE Listing Rules Annual Compliance Certificate

I, Takudzwa Mashanda in my capacity as Company Secretary of British American Tobacco Zimbabwe (Holdings) Limited (the Company), being duly authorised hereto, certify that the Company has, during the twelve months ended 31 December 2024, complied with every disclosure requirement for continued listing on the Zimbabwe Stock Exchange (ZSE) imposed by the Committee of the ZSE during that period.

Takudzwa Mashanda
Company Secretary

26 June 2025

Statement Of Directors **Responsibility**

The Directors of the Company are required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) to maintain adequate accounting records and to prepare financial statements that present a true and fair view of the state of affairs of the Company and the Group at the end of each financial year and of the profit and cash flows for the period. In preparing the accompanying financial statements, generally accepted accounting practices have been followed. Suitable accounting policies have been used and consistently applied, and reasonable and prudent judgements and estimates have been made.

The principal accounting policies of the Group are consistent with those applied in the previous year and conform to the IFRS Accounting Standards.

The Directors have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

The Board recognises and acknowledges its responsibility for the Group's systems of internal financial control. BAT Zimbabwe maintains internal controls and systems that are designed to safeguard the assets of the Group, prevent and detect errors and fraud and ensure the completeness and accuracy of the Group's records. The Group's Audit Risk and Sustainability Committee has met with the external auditors to discuss their reports and the results of their work, which includes assessments of the relative strengths and weaknesses of key control areas. In a growing Group of the size, complexity and diversity of BAT Zimbabwe may be expected that occasional breakdowns in established control procedures may occur; any such breakdowns have been reported to the Group's Audit and Risk Committee and the Board.

The Financial Statements for the year ended 31 December 2024, which appear on pages 44 to 95 have been approved by the Board of Directors and are signed on its behalf by:

Lovemore Manatsa
Chairman
Harare

Kenneth Gitonga
Managing Director
Harare

These consolidated Financial Statements have been prepared under the supervision of Lucy Irungu.

Lucy Irungu
Finance Director
Harare

Company Secretary`s certification
I certify that, to the best of my knowledge and belief the Company has lodged with the Registrar of Companies all such returns as are required to be lodged by the entity in terms of the Companies and Other Business Entities Act [Chapter 24:31] and all such returns are true, correct and up to date.

Takudzwa Mashanda
Company Secretary

26 June 2025

FINANCIAL STATEMENTS

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FOR THE YEAR ENDED 31 DECEMBER 2024

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FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDED 31 DECEMBER 2024

Group summary (USD)

		YEAR ENDED 31 DECEMBER	
	2024	**Year on year**	**2023 Restated***
	USD		**USD**
USD			
Revenue	36 420 840	(23%)	47 231 988
Monetary loss on hyperinflationary adjustment	(17 070 995)	(10%)	(15 544 670)
Operating profit	(881 072)	(107%)	12 735 142
Profit before income tax	(3 987 096)	(128%)	14 208 262
(Loss)/Profit attributable to shareholders	(7 109 135)	(178%)	9 074 795
Total assets	25 493 379	1%	25 174 156
Basic earnings per share ($)	(0.34)	(178%)	0.44
Diluted earnings per share ($)	(0.34)	(178%)	0.44
Headline earnings per share ($)	(0.40)	(192%)	0.44

The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

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Independent Auditors' Report

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

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Qualified opinion

We have audited the consolidated and separate financial statements of British American Tobacco Zimbabwe (Holdings) Limited (the Group and Company), which comprise the consolidated and separate statement of financial position as at 31 December 2024, the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information, as set out on pages 55 to 97.

In our opinion, except for the possible effect of the matter described in the Basis for qualified opinion section of our report, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of British American Tobacco Zimbabwe (Holdings) Limited as at 31 December 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS® Accounting Standards and the manner required by the Companies and Other Business Entities Act [Chapter 24:31].

Basis for qualified opinion
Non-compliance with IAS Standards - IAS 21 - The Effects of Changes in Foreign Exchange Rates (IAS 21) in the prior financial year and inappropriate application of IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8) for Blocked Funds

As described in note 13 to the consolidated and separate financial results, the Group and Company has continued to account for foreign liabilities amounting to US$16.3 million, approved as blocked funds on a US$1:ZW1L basis being ZW$16.3 million which was subsequently converted to ZWG at a rate of ZWG 1: ZWL 2,498.72.

And following the changes in functional currency on the 1st of August 2024, the outstanding blocked funds were now converted to USD at a rate of USD1:ZWG13.7859 making the value USD475 and now included under Trade and other payables.

The Directors believe the Reserve Bank of Zimbabwe ("RBZ") will honor their commitment to provide US$16.3 million to the Group and Company in exchange for the ZWL16.3 million already paid to the RBZ by the Group and Company. No legally binding instrument had been issued by the RBZ to confirm the contractual terms supporting settlement of the approved blocked funds.

The accounting of these US$ liabilities as a US Dollar denominated liability at the above stated rates is not in line with the requirement of IAS 21. Accordingly, other losses are understated by USD17 million, Monetary Gain is understated by USD 23.4 million, Trade and other payables balance is understated by USD16.3 million, Opening retained earnings balance as at 1 January 2024 is overstated by USD 26.3 million and the Impact of Translation Reserve is understated by USD3.6 million.

These departures from IAS 21 led to a qualified audit opinion being issued on the consolidated and separate financial statements for the year ended 31 December 2024.

The Group and Company has not restated the consolidated and separate financial results, as required by IAS 8 to resolve the matter which resulted in the qualified opinion in the prior years' relating to the non-compliance with IAS 21, accordingly our conclusion on the comparatives is qualified.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for qualified opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><td colspan="2">Costing of locally manufactured goods.
Refer to note 2.1, 2.2 (iv & v), note 2.15 and note 7</td></tr>
<tr><td>Key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>As at 31 December 2024, the Group and Company had locally manufactured goods valued at USD 2.3 million.

Locally manufactured goods have been identified to contain a risk of error in respect of the allocation of indirect costs to finished goods as at 31 December 2024. During the period under review, the Group and Company faced several challenges related to the costing of locally manufactured goods, stemming from significant changes in its functional currency. The Group and Company transitioned from the Zimbabwean Dollar (ZWL) to the Zimbabwe Gold (ZWG) and then to the US Dollar (USD). This sequence of changes introduced complexities in cost determination due to the need to re-evaluate methodologies to account for different economic environments, exchange rates, and hyperinflationary adjustments under IAS 29 during the ZWL period.

Subsequent to the withdrawal of the ZWL on 05 April 2025, and its replacement by ZWG, the</td><td>Our procedures included the following:

• We evaluated the Group and Company's methodology for transitioning between functional currencies to ensure compliance with IAS 29 and other applicable standards.

• We reviewed how currency remeasurements and exchange rates were applied during the ZWL, ZWG, and USD functional currency phases.

• We obtained an understanding of the process followed by management in determining the valuation of locally manufactured goods.

• We evaluated the design and implementation of controls implemented to mitigate the risks of errors, particularly in the calculation and allocation of indirect costs to finished goods.

• We attended managements inventory counts observing the process at locations where inventory is held, including observing the</td></tr>
</table>

KPMG

Costing of locally manufactured goods. Refer to note 2.1, 2.2 (iv & v), note 2.15 and note 7	
Key audit matter	**How the matter was addressed in our audit**
Group and Company has not been able to rely on previously configured IT automated controls as the IT system continues to be developed and reconfigured to support the change in functional currency to the US$. As a result, a manual process has been designed by management to allocate overheads to locally manufactured goods resulting in the increased risk that locally manufactured finished goods may be misstated due to errors in the allocation of indirect costs. Errors in this allocation could distort inventory valuation, cost of sales, and financial performance metrics. Given the critical nature of this area, it was deemed a Key Audit Matter because of its direct impact on financial reporting, especially in light of the functional currency transitions and the elevated risk of misstatements from both manual processing and overhead allocations.	process implemented by management to record quantities • We assessed the accuracy and appropriateness of cost allocation processes, specifically focusing on the methodology for allocating indirect costs to locally manufactured goods. • We recalculated the value of the locally manufactured goods applying the inputs and valuation methods utilised by management. • We tested the consistency of overhead allocation methodologies across the different functional currency phases to confirm that they appropriately reflected changes in economic and operational conditions. • We conducted substantive procedures on inventory valuation to verify that costs allocated to locally manufactured goods were accurate, complete, and in line with financial reporting standards. • We focused on high-risk areas where misstatements could occur due to manual processing or overhead allocation errors and reconciled allocated overheads to ensure their reasonableness and consistency with the underlying financial data. • We assessed the adequacy of the disclosures made in respect of the accounting policies and the details of inventory balances held by the Group and Company at the year end.

Completeness of financial information **Refer to note 2.1 and 2.2 (iv & v)**	
Key audit matter	**How the matter was addressed in our audit**
During the period under review the Group and Company changed its functional currency from the ZWL to the ZWG, on 5 April 2024, then to the USD from 1 August 2024. This resulted in the Group and Company using the ZWL as its functional currency, for the period 1 January 2024 to 4 April 2024. As the ZWL remained hyperinflationary during this period the Company applied the principles of IAS 29, Accounting for hyperinflationary Economies, during this period. Following the withdrawal of the ZWL and introduction of the ZWG the Group and Company adopted the ZWG as its functional currency from 5 April 2024 to 31 July 2024. The Group and Company changed its functional currency again to the USD for the period 1 August 2024 to 31 December 2024. The Group and Company applied the principles of IAS 21 for each change in functional currency. The Group and Company's key financial accounting and reporting processes rely heavily on automated controls embedded in its enterprise resource planning (ERP) system. However, the Group and Company is in the process of implementing ERP system upgrades and reconfigurations in order to accommodate the changes in functional currency that took place in 2024. As a result, these automated controls have not been fully operational and in their place, management implemented mitigating manual controls and standard operating procedures. The changes in functional currency and adoption of manual operating controls since 5 April 2024 has resulted in manual reconciliations of financial information increasing the risk of a material misstatement arising from incomplete financial records including errors in transferring financial information during each functional currency change during the year. As a result, we considered this to be a key audit matter, with specific audit procedures designed to test the transfer of financial information at each functional currency change and the accuracy and completeness of financial information between 5	Our procedures included the following: • We obtained an understanding of the process of changes in the currency which included our evaluation of the design and implementation of the manual controls and reconciliations adopted by management to ensure: • the completeness of financial information since 5 April 2024; and • the accurate conversion of financial information for each change in functional currency. • We performed tests by way of a full recalculation to evaluate the appropriateness of opening balances and also recalculated the translation of numbers from the ZWL to the ZWG and from the ZWG to the USD. • We performed tests with regards to journal entry processing and recording, tracing transactions from source documents to the transactions recorded in the ledger accounts to assess the completeness of entries. • We assessed the accuracy and completeness of revenue and purchases by tracing actual dispatch and goods received notes raised during the period to the recorded ledger transactions. • We also performed analytical procedures comparing revenue to receipt / transfers recorded through the Group and Company's main trading bank accounts. • We obtained external confirmation of debtors and payable balances to assess the accuracy and completeness of balances recorded. • We obtained a listing of all transactions with the Group and Company's main supplier and traced these back to the underlying ledger accounts. • We assessed the completeness of the Group and Company's asset register and ledger accounts by tracing physical assets from the floor to the asset register and ledger accounts.

Completeness of financial information Refer to note 2.1 and 2.2 (iv & v)	
Key audit matter	**How the matter was addressed in our audit**
April 2024 and 31 December 2024. This increased the extent of work effort that the audit team had to perform in order to reduce the risk of material misstatements at overall financial statements level.	• Review currency change documentation: We obtained and examined official records, board resolutions, and regulatory filings to validate the rationale and approval process for functional currency transitions. • Assess currency conversion adjustments: We recalculated currency conversions and assessed whether proper exchange rates were applied, ensuring accuracy and completeness of financial information across reporting periods. • Inspect opening and closing balances: We compared balances at transition points to confirm consistency and proper adjustments when switching from ZWL to ZWG, and subsequently to USD. • Substantive testing on transactions across periods: We selected samples of transactions from each currency phase and traced them to supporting documentation to verify they were correctly recorded under the relevant functional currency. • Reconcile hyperinflationary adjustments: We evaluated how IAS 29 adjustments were applied and confirmed that all monetary and non-monetary items were properly restated. • Review system change documentation: We examined records detailing the transition from automated processing to manual operations, including policies, controls, and justifications. • Assess manual entry controls: We tested manual transaction recording processes for accuracy, ensuring there were appropriate review and approval mechanisms to prevent errors. • Perform data reconciliation: We compared pre-transition automated records with manually recorded transactions post-transition, identifying any discrepancies or missing entries. • Test completeness of financial Data: We selected a sample of transactions before and after the IT system change and traced them from initiation to financial statement recognition.

KPMG

Completeness of financial information Refer to note 2.1 and 2.2 (iv & v)	
Key audit matter	**How the matter was addressed in our audit**
	• Trend analysis of key financial data: We compared reported financial trends before and after currency transitions to detect anomalies in revenues, expenses, or asset valuations. • Review third-party confirmations: We obtained confirmations from banks, suppliers, and customers to cross-verify financial records and validate completeness. • Assess management's assertions on completeness: We conducted interviews with finance and accounting personnel to evaluate their process for ensuring completeness in financial reporting. • Evaluate compliance with IFRS and regulatory requirements: We ensured that financial statement presentation and adjustments conform to IFRS and local regulatory standards. • Evaluate disclosures in financial statements: We Verified the completeness and clarity of disclosures regarding functional currency changes, ensuring compliance with IFRS reporting standards.

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 Financial Statements 31 December 2024" but does not include the consolidated and separate financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the 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 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 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 on a US$1:ZW1L basis being ZW$16.3 million which was subsequently converted to ZWG at a rate of ZWG 1: ZWL 2,498.72, which is not in compliance with IAS 21. 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.

KPMG

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 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 auditor's report to the related disclosures in the 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 auditor's 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 consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence, regarding the financial information of the entities or business units within the group, as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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 consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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

26 June 2025

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

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100 The Chase (West)
Emerald Hill
P.O Box 6, Harare
Zimbabwe

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	YEAR ENDED 31 DECEMBER 2024 USD	2023_Restated* USD
Revenue	19	36 420 840	47 231 988
Cost of sales	21.1	(10 472 974)	(7 267 140)
Gross profit		**25 947 866**	**39 964 848**
Selling and marketing costs	21.2	(3 147 204)	(3 662 972)
Administrative expenses		(3 823 815)	(3 525 469)
Impairment (loss) on trade receivables	8	(118 734)	(101 472)
Share-based payment liability	15	(247)	(182)
Other Income	20	1 258 240	176 886
Other losses	23	(3 926 183)	(4 571 828)
Monetary (loss) on hyperinflationary adjustment		(17 070 995)	(15 544 670)
Operating Profit		**(881 072)**	**12 735 142**
Finance (costs)/income	22	(3 106 024)	1 473 121
(Loss)/Profit before income tax		**(3 987 096)**	**14 208 262**
Income tax expense	24	(3 122 039)	(5 133 467)
(Loss)/Profit for the year		**(7 109 135)**	**9 074 795**
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods			
Foreign exchange impacting translation of comparatives to functional and presentation currency		8 978 665	(6 468 806)
Total comprehensive Income for the year		**1 869 530**	**2 605 989**
Attributable to:			
Owners of the parent		(7 109 135)	9 074 795
Total comprehensive income for the year		**1 869 530**	**2 605 989**
Basic earnings per share (USD)	26	(0.34)	0.44
Diluted earnings per share (USD)	26	(0.34)	0.44
Headline earnings per share (USD)	26	0.40)	0.44

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

Managing Director

Finance Director

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

		YEAR ENDED 31 DECEMBER	
		2024	2023_Restated*
	Note	USD	USD
Revenue	19	36 420 840	47 231 988
Cost of sales	21.1	(10 472 974)	(7 267 140)
Gross profit		**25 947 866**	**39 964 848**
Selling and marketing costs	21.2	(3 147 204)	(3 662 972)
Administrative expenses		(3 823 815)	(3 525 469)
Impairment (loss) on trade receivables	8	(118 734)	(101 472)
Share-based payment liability	15	(247)	(182)
Other Income	20	1 258 240	176 886
Other losses	23	(3 926 183)	(4 571 828)
Monetary (loss) on hyperinflationary adjustment		(17 070 995)	(15 544 670)
Operating Profit		**(881 072)**	**12 735 142**
Finance (costs)/income	22	(3 106 024)	1 473 121
(Loss)/ Profit before income tax		**(3 987 096)**	**14 208 262**
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* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2024

		AS AT 31 DECEMBER		
		2024	2023_Restated*	2022_Restated*
ASSETS	**Note**	**USD**	**USD**	**USD**
Non-current assets				
Property, plant and equipment	3	4 740 323	3 527 465	6 023 792
Intangible assets		-	-	134
Investment property	4	35 721	24 277	45 940
Financial assets at fair value through profit or loss	9	100 729	35 663	9 887
Deferred tax asset	16	1 287 443	266 160	-
		6 164 217	**3 853 565**	**6 079 753**
Current assets				
Inventories	7	6 915 227	4 330 974	6 321 252
Trade and other receivables	8	3 477 059	6 024 696	4 592 644
Prepayments**		5 528 363	2 272 223	10 187 795
Cash and cash equivalents	10	2 131 250	8 124 149	6 283 633
Current income tax asset	25	1 277 264	568 550	-
		19 329 162	**21 320 591**	**27 385 324**
Total assets		**25 493 379**	**25 174 156**	**33 465 077**
EQUITY AND LIABILITIES				
Equity attributable to the owners of the parent				
Share capital	11	1 657 618	1 657 618	1 657 618
Non-distributable reserve		90 995	56 543	106 982
Retained earnings		17 157 548	16 033 291	14 644 299
Total equity		**18 906 161**	**17 747 452**	**16 408 899**
Non-current liabilities				
Deferred income tax liabilities	16	-	-	1 278 572
Current liabilities				
Trade and other payables	13	5 518 885	6 433 991	14 081 694
Staff benefits liability	15	1 067 229	991 856	1 400 466
Share based payment liability	16	1 103	856	7 387
Current income tax liability		-	-	288 062
		6 587 217	**7 426 704**	**15 777 607**
Total liabilities		**6 587 217**	**7 426 704**	**17 056 179**
Total equity and liabilities		**25 493 378**	**25 174 156**	**33 465 078**

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

** The prepayments have been separately presented in the current year to comply with the requirement to present separately each material class of similar items

Managing Director

Finance Director

SEPARATE STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2024

		AS AT 31 DECEMBER		
		2024	2023_Restated*	2022 Restated*
ASSETS	**Note**	**USD**	**USD**	**USD**
Non-current assets				
Property, plant and equipment	3	4 740 323	3 527 465	6 023 792
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Current liabilities				
Trade and other payables	13	5 518 885	6 433 991	14 081 694
Staff benefits liability	15	1 067 229	991 856	1 400 466
Share based payment liability	16	1 103	856	7 387
Current income tax liability		-	-	288 061
		6 587 217	**7 426 704**	**15 777 607**
Total liabilities		**6 587 217**	**7 426 704**	**17 056 179**
Total equity and liabilities		**25 493 378**	**25 174 156**	**33 465 077**

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

** The prepayments have been separately presented in the current year to comply with the requirement to present separately each material class of similar items

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 USD	2023_Restated* USD
Cash flows from operating activities			
Cash generated from operations	17	**11 590 166**	**26 336 454**
Income tax paid	25	(5 401 443)	(6 675 629)
Net cash generated from operating activities		**6 188 723**	**19 660 825**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(286 465)	(458 595)
Proceeds from sale of property, plant and equipment		407 550	105 399
Interest received		-	45 391
Dividends received from investments		-	284
Net cash generated/(used) in investing activities		**121 085**	**(307 520)**
Cash flows from financing activities			
Dividends paid to owners of the parent		(451 984)	(223 265)
Net cash used in financing activities		**(451 984)**	**(223 265)**
Net increase in cash and cash equivalents		**5 857 824**	**19 130 040**
Effects of movement in exchange rates on cash held		(3 106 222)	1 439 727
Inflation effect on cash and cash equivalents		(8 744 502)	(18 729 252)
Cash and cash equivalents at the beginning of the year		8 124 149	6 283 633
Cash and cash equivalents at the end of the year	10	**2 131 250**	**8 124 149**

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

Managing Director

Finance Director

SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 USD	2023_Restated* USD
Cash flows from operating activities			
Cash generated from operations	17	**11 590 166**	**26 336 454**
Income tax paid	25	(5 401 443)	(6 675 629)
Net cash generated from operating activities		**6 188 723**	**19 660 825**
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Interest received		-	45 391
Dividends received from investments		-	284
Net cash generated/(used) in investing activities		**121 085**	**(307 520)**
Cash flows from financing activities			
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* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	ATTRIBUTABLE TO OWNERS OF THE PARENT			
	Share capital USD	Other reserves USD	Retained earnings USD	Total USD
Balance as at 1 January 2023_Restated*	1 657 618	106 982	14 644 299	16 408 899
Profit for the Year	-	-	9 074 795	9 074 795
Dividends	-	-	(1 267 436)	(1 267 436)
Impact of translating to presentation currency	-	(50 439)	(6 418 367)	(6 468 806)
Balance as at 31 December 2023_Restated*	**1 657 618**	**56 543**	**16 033 291**	**17 747 452**
Balance as at 1 January 2024	1 657 618	56 543	16 033 291	17 747 452
(Loss) for the Year	-	-	(7 109 135)	(7 109 135)
Dividends	-	-	(710 821)	(710 821)
Impact of translating to presentation currency	-	34 452	8 944 213	8 978 665
Balance as at 31 December 2024	**1 657 618**	**90 995**	**17 157 548**	**18 906 161**

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

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Managing Director

Finance Director

SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	ATTRIBUTABLE TO OWNERS OF THE PARENT			
	Share capital USD	Other reserves USD	Retained earnings USD	Total USD
Balance as at 1 January 2023_Restated*	1 657 618	106 982	14 644 299	16 408 899
Profit for the Year	-	-	9 074 795	9 074 795
Dividends	-	-	(1 267 436)	(1 267 436)
Impact of translating to presentation currency	-	(50 439)	(6 418 367)	(6 468 806)
Balance as at 31 December 2023_Restated*	**1 657 618**	**56 543**	**16 033 291**	**17 747 452**
Balance as at 1 January 2024	1 657 618	56 543	16 033 291	17 747 452
(Loss) for the Year	-	-	(7 109 135)	(7 109 135)
Dividends	-	-	(710 821)	(710 822)
Impact of translating to presentation currency	-	34 452	8 944 213	8 978 665
Balance as at 31 December 2024	**1 657 618**	**90 995**	**17 157 548**	**18 906 161**

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

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, wholesalers and distributors. The Group and Company has a cigarette manufacturing plant in Zimbabwe and sells cigarettes entirely on the Zimbabwean market and exports cut rag outside Zimbabwe.

The consolidated financial statements are presented in United States Dollars (USD) which is the Group's functional and presentation currency.

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material 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). These USD financial statements fully comply with IFRS® Accounting Standards. A special purpose set of financial statements has also been prepared in ZWG, which complies with the requirements of the Monetary Policy Statement of 6 February 2025. 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 2.9 and Note 15.

The Group's key financial accounting and reporting processes rely heavily on automated controls embedded in its enterprise resource planning (ERP) system. However, the Group is in the process of implementing ERP system upgrades and reconfigurations in order to accommodate the changes in functional currency that took place in 2024. As a result, these automated controls have not been fully operational and in their place, management implemented mitigating manual controls and standard operating procedures.

Consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The Group controls the British American Tobacco Zimbabwe Employee Share Ownership Trust ("ESOT") and the British American Tobacco Zimbabwe Tobacco Empowerment Trust ("TET") which were both founded by British American Tobacco Zimbabwe and have fully satisfied the definition of control as documented above for purposes of being consolidated to the Group.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the noncontrolling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Note: The Financial Statements are expressed in United States Dollars (USD) and Zimbabwe Gold (ZWG).

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of Preparation (continued)

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the company has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2.2 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS ® Accounting Standards 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 as part of note 2.2.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about the future developments however may change due to market changes or circumstances arising beyond the control of the Group and Company. Such changes are reflected in the assumptions when they occur.

i) Useful lives and residual values of property, plant and equipment

The Group and Company assesses useful lives and residual values of property, plant, and equipment each year taking into consideration past experience, technology changes and the local operating environment. Residual values were reassessed during the year and were still in line with those determined last year. Further details are provided in note 2.12.

ii) Impairment of non-financial assets

Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separate identifiable cash flows (cash generating units). Non-financial assets, other than goodwill that suffered an impairment, are reviewed for possible reversal of the impairment at each reporting date. In the event of an impairment reversal the asset is only reversed to the extent that assets carrying amount would have been had the asset never been impaired.

iii) Allowance for expected credit losses of trade receivables and other receivables.

The Group and Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables from initial recognition of the receivables. Using historical trends and economic analyses the Group and Company has determined that application of a 0.10% of invoice value to all external debtors which are still assumed to be recoverable at each balance sheet date as adequate. The loss allowance provision as at 31 December 2024 is determined per the provision matrix below incorporating credit risk and probability of recoverability:

	2024
Items outstanding but not overdue	0.10%
Items within 30 days overdue	0.12%
Items over 30 days but within 3 months	0.14%
Overdue Items over 3 months but within 6 months	0.16%
Overdue Items over 6 months but within 12 months	0.18%
Items over 12 months overdue	0.20%

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Significant accounting judgements, estimates and assumptions (continued)

iii) Allowance for expected credit losses of trade receivables and other receivables (continued)

The loss allowance provision has remained consistent on a year-on-year basis. This has been due to that the Group's receivables portfolio has remained the same as on a year-on-year basis.

The provision matrix is not a general provision against trade receivables, rather it is a provision against specific balances, as a way of estimating the lifetime expected loss in relation to all the trade receivables. The effect is to apply a standard rate of provision on initial recognition of trade debtors and increase such depending on aging, regardless of the final recovery. Any items considered to be irrecoverable are provided at 100% and if a balance is considered to be partially recoverable, then the part that is irrecoverable is provided against.

iv) Change in Functional currency

Determining the Functional Currency
Significant judgment is required to determine the functional currency. In accordance with IAS 21 *"The Effects of Changes in Foreign Exchange Rates"*, the following factors were considered when assessing the functional currency for the Group Companies.

Primary Considerations:

- The currency that mainly influences sales prices for goods and services (i.e., the currency in which sales prices are denominated and settled).
- The currency of the country whose competitive forces and regulations mainly determine sales prices.
- The currency that mainly influences labour, material, and other costs of providing goods and services.

Other Considerations:

- The currency in which funds from financing activities are generated.
- The currency in which receipts from operating activities are usually retained.
- The underlying currency of the major items on the statement of financial position.

Legal and Economic Developments
Following the enactment of Statutory Instrument (SI) 185 of 2020 on 24 July 2020, the market observed a gradual increase in the use of foreign currency across its transactions. In response to these economic changes:

- In June 2022, the government entrenched the multi-currency system into law until 31 December 2025 via SI 118A of 2022.
- On 27 October 2023, SI 218 of 2023 further extended the use of foreign currency for transactions until 31 December 2030, thereby enhancing certainty around the multi-currency system.
- These developments were further confirmed through the Finance Act No. 13 of 2023.

Introduction of a new currency, the Zimbabwe Gold (ZWG)
On 5 April 2024, the Reserve Bank of Zimbabwe (RBZ) introduced a new currency — Zimbabwe Gold (ZWG). All existing Zimbabwe Dollar (ZWL) balances were converted to ZWG using a swap rate guided by the closing interbank exchange rate and the price of gold as of 5 April 2024.

This conversion applied to:

- All ZWL deposits in the banking sector,
- ZWL loans and advances,
- Outstanding auction allotments,
- Export surrender obligations,
- Prices of goods and services in ZWL,
- And all other ZWL-denominated obligations.

As of this date, the Group reassessed its functional currency and concluded that its functional currency remained ZWG at the time of introduction.

Change in Functional Currency to USD
Given the sustained increase in the use of USD for transactions across the Group's businesses, and after re-evaluation using IAS 21 guidance, the Group concluded that there has been a change in functional currency from Zimbabwe Gold (ZWG) to United States Dollar (USD) with effect from 1 August 2024. This conclusion was based on the observation that a majority of transactions — including revenue, costs, and financing activities — were now denominated in USD.

Regulatory Reporting Requirements
The RBZ, through the Monetary Policy Statement (MPS) issued on 6 February 2025, mandated that all entities present their financial statements using a common presentation currency, ZWG, effective from the pronouncement date — including for the 2024 audited financial statements.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Significant accounting judgements, estimates and assumptions (continued)

To comply with this directive, the Group has prepared separate special purpose financial statements in ZWG as the presentation currency. The functional currency for operational purposes remains USD as of 1 August 2024.

v) Conversion to Functional Currency

Exchange Rates Used on Functional Currency Migration to ZWG
Up to 5 April 2024, the Group and Company applied the Willing Buyer Willing Seller (WBWS) rate as published by the RBZ. Following the introduction of the ZWG currency and the refinement of the WBWS foreign currency auction, the Group adopted the RBZ interbank rate starting 8 April 2024. The following exchange rates were used to convert inflation-adjusted transactions and balances to ZWG for the respective periods as at 5 April 2024:

Period ending	Exchange rate (ZWL translated to ZWG)
31-Dec-23	6,105
5-Apr-24	2,499

Conversion Process to ZWG Functional currency

IAS 29 "Financial Reporting in Hyperinflationary Economies" requires financial statements in hyperinflationary economies to be presented in the currency's current measuring unit as at the balance sheet date. Corresponding figures from prior periods should be adjusted accordingly.

Until 31 January 2023, the Group used CPI conversion factors published by the Zimbabwe National Statistics Agency (ZIMSTAT). On 31 March 2023, the government introduced a new inflation measurement method, and ZIMSTAT ceased reporting ZWL inflation and CPI figures, instead publishing blended CPI figures. This change created challenges for the Group, which relied on ZWL CPI for historical hyperinflation reporting.

To address this, the Group followed guidance from the Institute of Chartered Accountants Zimbabwe (ICAZ) aligned with IFRS standards. A strong correlation was identified between the Total Consumption Poverty Line (TCPL) and the official CPI from January 2019 to January 2022. Based on this, the Group estimated the CPI beyond January 2022 by adjusting the last published CPI according to the monthly movement of the TCPL through to 31 December 2023.

The following conversion factors were used to restate financial information:

Dates	CPI	Adjustment Factor
5-Apr-24	596,950	1
31-Dec-23	65,703	9.09

The main restatement procedures applied are detailed below.

- Monetary assets and liabilities (current year) are not restated because they already reflect the current measuring unit at the balance sheet date.
- Non-monetary assets and liabilities, as well as shareholders' equity/funds components, are restated by applying the change in index from the date of transaction or the last revaluation to the balance sheet date.
- Property, plant and equipment, and intangible assets are restated similarly, with depreciation and amortisation based on the restated amounts.
- Profit or loss items/transactions, except depreciation and amortisation, are restated using the average change in index over the period.
- Gains/losses from net monetary asset or liability positions are included in profit or loss and cash flows from operating activities.
- All items in the cash flow statement are expressed in terms of the measuring unit current at the balance sheet date

Conversion from ZWG to USD Functional Currency
Following the restatement of historical financial statements in line with IAS 29, the Group transitioned its reporting functional currency from ZWG to USD. IAS 21 requires that entities operating in hyperinflationary economies translate previously reported inflation-adjusted financial statements using the exchange rate at the last reporting date when changing the functional currency. Due to differing exchange rates used for restating comparatives, a foreign exchange impact arises and is recognized in other comprehensive income.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Significant accounting judgements, estimates and assumptions (continued)

The Group applied the RBZ interbank spot rates to convert prior year balances to USD as follows:

Period Ending	Conversion Rate	Exchange Rate
31 July 2024	(ZWG to USD)	13.786
31 December 2023	(ZWL to USD)	6, 104
31 December 2022	(ZWL to USD)	671

vi) Cautionary note on the use of financial information

The Directors advise users to exercise caution in interpreting the financial results presented in this Annual Report. The Group's performance was affected by significant exchange rate volatility and hyperinflation, which impact the comparability and reliability of financial information. The current year reflects a combination of inflation-adjusted figures and USD-denominated transactions, while prior periods are based on inflation-adjusted ZWL figures translated using estimated exchange rates. Although the conversion methods applied are technically sound, the reported results may not fully reflect the underlying operating performance. Users are therefore cautioned against relying solely on year-on-year comparisons without considering the broader economic context and the accounting treatments applied.

2.3 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss.
Foreign exchange gains and losses that relate to foreign currency denominated transactions and balances are presented in the profit or loss within "other gains/ losses".

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns, excise duty and value added taxes.

The Group and Company recognises revenue when it transfers control over goods; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group and Company's activities, as described below.

Revenue is measured based on the consideration specified in a contract with a customer. The Group and Company recognises revenue when it transfers control over a good or service to a customer. The Group and Company does not recognise a refund or return liability.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product / service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Cigarettes	Customers obtain control of the cigarettes when the goods are dispatched from the delivery vans. Invoices are generated and revenue is generated at that point in time. There are no significant payment terms.	Revenue is recognised when cigarettes are delivered and have been accepted by the customer.
Cut rag	Customers obtain control of the cut rag when the cut rag is loaded onto the customers delivery vans. Invoices are generated and revenue is generated at that point in time. Payment terms do not exceed 60 days.	Revenue is recognised when the cut rag is loaded onto the customer's delivery vans.

2.5 Other income

Included in "other income" are rental incomes from operating leases is recognised on a straight-line basis over the lease period and "gains or losses on disposal of property, plant and equipment". An accrual arises if the lease payment amounts are less than the amount recognised as income for that period.

2.6 Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group and Company's financial statements in the period in which the dividends are approved by the Group and Company's shareholders.

The Group and Company has elected to classify cash flows from dividends paid as financing activities.

2.7 Leases: accounting by lessor

The Group and Company leases certain investment properties to third parties under leases. Each of these leases is determined to be an operating lease as the Group and Company retains risks and rewards incidental to ownership of investment property.

When assets are leased out under operating leases, they are included under investment property in the statement of financial position based on the nature of the asset. Rental income on operating leases is recognised over the term of the lease on a straight-line basis. The operating leases bear no escalation clauses. The Group and Company has no finance leases.

2.8 Employee Benefits

(a) Pension Obligations

The Group and Company has a defined contribution plan under which the Group and Company pays fixed contributions into a separate entity. The Group and Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group and Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group and Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

As per Statutory Instrument 393 of 1993, The Group's obligations under the scheme are limited to specific contributions as legislated from time to time.

The contributions are recognised as employee benefit expenses in profit or loss when they are due.

The Group and Company and its employees also contribute to the National Social Security Authority ("NSSA") scheme. This is a social security scheme which was promulgated under the National Social Security Act (Chapter 17:04) and the National Social Security Statutory Instrument 393 of 1993.

The contributions are recognised as employee benefit expenses in profit or loss when they are due.

b) Incentive Bonus Plan

The Group and Company recognises a liability and an expense for incentive bonuses based on a formula that takes into consideration the profit attributable to the Group and Company's shareholders after certain adjustments. The Group and Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation, the amount can be reliability estimated and it is probable that an outflow of economic benefits would be required to settle the obligation.

2.9 Share-based payment

The Group and Company founded an Employee Share Ownership Trust ("ESOT"), which was registered in 2013. The Trust was founded in order to comply with the Indigenisation and Economic Empowerment Act (Chapter 14:33) and Indigenisation and Economic Empowerment (General) Regulations, 2010.

The ESOT holds 10% of the ordinary share capital of British American Tobacco Zimbabwe (Holdings) Limited (2 063 352 shares). 1 031 676 shares were donated to the ESOT without consideration by BAT International Holdings (UK) Limited and a further 1 031 676 shares were issued for value from new share capital by British American Tobacco Zimbabwe (Holdings) Limited.

The ESOT operates as a cash-settled share scheme. It is directly linked to shares donated by BAT International Holdings (UK) Limited, with qualifying employees granted a corresponding number of share units at no cost, based on their length of service. Employees may sell their share units back to the ESOT for cash, either during their employment with British American Tobacco (Holdings) Limited or upon termination. In addition, employees have the option to subscribe for additional share units from the ESOT.

The cash consideration associated with the share units indicates that the arrangement qualifies as a cash-settled share-based payment under IFRS 2 Share-based Payment. In accordance with the standard, the related share-based payment expense is recognised in profit or loss, and a corresponding liability is recorded on the statement of financial position (refer to Note 15)*.

The share units have vested and there are no further performance conditions attached. Fair value is estimated using the prevailing British American Tobacco Zimbabwe (Holdings) Limited share price on the Zimbabwe Stock Exchange at the end of the reporting period.

2.10 Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the Company's separate financial statements. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of investment.

2.11 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the leadership team that makes strategic leadership decisions.

2.12 Property, Plant and Equipment

Recognition and measurement

Items of property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

The cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Buildings	5 - 50 years*
Plant and machinery	5 - 25 years
Motor vehicles	5 - 8 years
Furniture, fittings and equipment	5 - 10 years

*For the buildings, temporary structures have shorter useful life of 5 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount, which is the higher of its value in use and its fair value less costs to sell, in profit or loss, if the asset's carrying amount is greater than its estimated recoverable amount.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount thereof and are recognised net within other income in profit or loss.

2.13 Investment Property

Investment property consists of residential land and buildings let out to third parties on operating lease agreements. Investment property is accounted for in accordance with the cost model as set out in IAS 16 "Property, Plant and Equipment" at cost less accumulated depreciation and less accumulated impairment losses.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains and losses on disposal of investment property are determined by comparing the proceeds from disposal with the carrying amount thereof and are recognised net within other income in profit or loss.

Land is not depreciated. Depreciation on buildings is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives of 50 years.

The buildings' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.14 Financial Assets

The Group and Company classified its financial assets in the following categories: at fair value through profit or loss or amortised cost.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Amortised cost

Financial assets measured at amortised cost are financial assets held within a business model whose objective is to hold assets to collect contractual cashflows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group and Company's financial assets held at amortised cost comprise "trade and other receivables" and "cash and cash and equivalents" in the statement of financial position excluding prepayments and statutory receivables.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group and Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired and the Group and Company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Financial assets held at amortised cost are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the statement of comprehensive income within other gains or losses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of other income when the Group and Company's right to receive payments is established.

Offset

If a legally enforceable right exists to set-off recognised amounts of financial assets and liabilities, which are in determinable monetary amounts and the Group and Company intends to settle on a net basis, the relevant financial assets and liabilities are offset.

2.15 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average costing method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less costs necessary to make the sale. The main types of inventories that the Group and Company carries are raw materials such as leaf and cut rag, wrapping materials such as cigarette paper, cork tipping and filter tow, and finished goods which are locally manufactured or imported.

2.16 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value less transaction costs value and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

The Group and Company derecognises trade payables when its contractual obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.17 Borrowings

Borrowings are classified as current liabilities unless the Group and Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.18 Trade receivables

Trade receivables are amounts due from customers for products sold in the ordinary course of business.

Trade receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method.

Provision for impairment of trade receivables is based on IFRS 9 requirements as stated on Note 2.2 v)(iii) above. When a trade receivable is uncollectible, it is written off against the trade receivables impairment provision in profit and loss. Subsequent recoveries of amounts previously written off are credited against the trade receivables impairment provision.

2.19 Cash and cash equivalents

In the consolidated and separate statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks.

Cash and cash equivalents are measured at fair value, with any impairment or appreciation in value of foreign currency denominated balances arising from changes in exchange rates, being written off or credited against the exchange gains and losses account in profit or loss.

In the consolidated and separate statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.20 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group and Company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.21 Current and Deferred tax

The tax expense for the period comprises current tax and deferred tax, as per the Group and Company policy. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted in Zimbabwe. Due to the multi currency regime, taxes are paid in both ZWG and USD. The process of allocating the currency of payment is complex. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authority. Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group and Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, or if it arises from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised, or liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income levied by the same taxation authority on either entity or different taxable entities where there is an intention to settle the balance on a net basis.

2.22 Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Restructuring provision

A provision for restructuring is recognised when the Group and Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

2.23 New amended standards and interpretations for 2024 and forthcoming requirements

i) IAS 1 – Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with covenants

Effective Date: 1 January 2024

The amendments clarify that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. Additional disclosure is required to help users assess the risk that non-current liabilities could become repayable within twelve months if covenants are breached.

ii) IFRS 7 – Financial Instruments: Disclosures (Supplier Finance Arrangements)

Effective Date: 31 January 2024

The amendment enhances existing liquidity risk disclosures to include whether an entity uses supplier finance arrangements that extend payment terms or provide early payments to suppliers. It also requires disclosures about potential concentration risks arising from these arrangements.

iii) IFRS 16 – Lease Liability in a Sale and Leaseback

Effective Date: 1 January 2024

The amendment introduces additional measurement guidance for sale and leaseback transactions. It ensures the seller-lessee does not recognise gains or losses related to the retained right-of-use asset after the commencement date.

iv) IAS 7 – Statement of Cash Flows & IFRS 7 – Disclosures (Supplier Finance Arrangements)

Effective Date: 1 January 2024

Entities are required to disclose the effects of supplier finance arrangements on liabilities, cash flows, and liquidity risk. Required disclosures include terms and conditions, carrying amounts, payment due dates, and non-cash changes.

v) IAS 21 – The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability)

Effective Date: 1 January 2025 with early adoption permitted

The amendment clarifies when a currency is considered exchangeable, and how to estimate the exchange rate when exchangeability is lacking due to market restrictions or inaccessibility. Entities must also disclose the financial impact of any lack of exchangeability on performance, financial position, and cash flows.The Group will assess the impact of these amendments upon adoption. Early adoption has not been applied.

2.24 New and Amended Standards and Interpretations Not Yet Adopted

Several new or amended IFRS standards are effective for annual periods beginning after 1 January 2024. The Group has not yet adopted these standards, as they are not expected to have a significant impact on the consolidated financial statements unless otherwise stated.

i) IFRS 18 – Presentation and Disclosure in Financial Statements

Effective: 1 January 2027 with early adoption permitted.
IFRS 18 replaces IAS 1 and introduces new required categories in the statement of profit or loss: operating, investing, financing, income taxes, and discontinued operations. It also requires disclosure of management-defined performance measures, and includes changes to aggregation/disaggregation, and cash flow presentation under IAS 7. The Group is currently assessing the full impact of IFRS 18 on its primary financial statements and note disclosures.

(ii) FRS 9 & IFRS 7 – Classification and Measurement of Financial Instruments

Effective: 1 January 2025 (expected)

Key amendments include:

- Derecognition of financial liabilities settled through electronic transfers before the settlement date if specific criteria are met.
- Contracts referencing nature-dependent electricity, with adjustments to own-use and hedge accounting provisions to reflect renewable electricity contracts.
- Additional disclosure requirements under IFRS 7 for such contracts.

(iii) IFRS 19 – Subsidiaries without Public Accountability: Disclosures

Effective: 1 January 2027 with early adoption permitted. IFRS 19 introduces reduced disclosure requirements for qualifying subsidiaries. As the Group's equity instruments are publicly traded, it does not qualify for application of IFRS 19.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are statement of profit or loss and OCI.

Foreign exchange gains and losses that relate to foreign currency denominated transactions and balances are presented in the profit or loss within "other gains/ losses".

Notes to the Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2024

3. PROPERTY, PLANT AND EQUIPMENT

Consolidated and Company	**Freehold Land USD**	**Freehold buildings USD**	**Vehicles, machinery and equipment USD**	**Furniture, fittings and equipment USD**	**Total USD**
Year ended 31 December 2024					
Opening net book amount	130 043	580 889	2 330 637	485 896	3 527 465
Additions	-	-	262 664	23 801	286 465
Depreciation charge	-	(42 737)	(460 372)	(101 989)	(605 098)
Impact of translating to presentation currency	79 342	250 469	1 176 461	25 219	1 531 491
Closing net book amount	**209 385**	**788 621**	**3 309 390**	**432 927**	**4 740 323**
At 31 December 2024					
Cost	209 385	1 193 015	7 406 145	941 113	9 749 658
Accumulated depreciation	-	(404 394)	(4 096 755)	(508 186)	(5 009 335)
Net book amount	**209 385**	**788 621**	**3 309 390**	**432 927**	**4 740 323**

Consolidated and Company	**Freehold Land USD**	**Freehold buildings USD**	**Vehicles, machinery and equipment USD**	**Furniture, fittings and equipment USD**	**Total USD**
Year ended 31 December 2023*					
Opening net book amount	246 045	1 004 687	4 027 973	745 088	6 023 793
Additions	-	53 366	295 850	109 379	458 595
Disposals	-	-	-	(97)	(97)
Depreciation charge	-	(3 487)	(94 134)	(17 190)	(114 811)
Impact of translating to presentation currency	(116 002)	(473 676)	(1 899 053)	(351 284)	(2 840 015)
Closing net book amount	**130 043**	**580 890**	**2 330 636**	**485 896**	**3 527 465**
At 31 December 2023*					
Cost	130 043	776 583	3 814 159	744 144	5 464 929
Accumulated depreciation	-	(195 693)	(1 483 523)	(258 248)	(1 937 464)
Net book amount	**130 043**	**580 890**	**2 330 636**	**485 896**	**3 527 465**

Depreciation expense amounting to USD368 568 (2023 USD56 285) has been charged in cost of sales , USD133 694 (2023* USD32 703) in selling and marketing costs and USD104 448 (2023* USD25 823) in administrative expense.*

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

4 INVESTMENT PROPERTY

	Land and Buildings USD	Total USD
Year ended 31 December 2023 (restated)		
Opening net book amount	45 940	**45 940**
Depreciation charge	(3)	**(3)**
Impact of translating to presentation currency	(21 659)	**(21 659)**
Closing net book amount	**24 277**	**24 277**
Year ended 31 December 2023 (restated)		
Cost	38 640	**38 659**
Accumulated Depreciation	(14 362)	**(14 382)**
Net book amount	**24 277**	**24 277**
At 31 December 2024		
Opening net book amount	24 277	**24 277**
Impact of translating to presentation currency	13 055	**13 055**
Depreciation charge	(1 612)	**(1 612)**
Net book amount	**35 721**	**35 721**
Year ended 31 December 2023		
Cost	67 329	**67 329**
Accumulated Depreciation	(31 608)	**(31 608)**
Net book amount	**35 721**	**35 721**

Fair values of investment property

The Directors believe that there hasn't been any significant change in the fair value of the investment properties in USD from the last valuation which was performed in 2022.The fair value of investment properties as at 31 December 2022 was determined by external, independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued.

The following table analyses the non-financial assets carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

4 INVESTMENT PROPERTY (continued)

Level 2 fair values of investment property have been derived using the sales comparison approach by the finance team in consultation with the Managing Director. The team has determined these inputs based on the size of the property, location of the land and state of the local economy. As the sales approach was used, there was no significant observable inputs used.

Information about fair value measurements using significant unobservable inputs (Level 2)

	Fair value at 31 December 2024	Fair value at 31 December 2023	Valuation technique	Observable inputs	Relationship of observable inputs to fair value
	USD	USD			
Investment property	600 000	600 000	Sales comparison approach	Market Price per square metre	The higher the price per square metre, the higher the fair value

Market Price Per Square Metre

Property	Square metres	USD price per sq mt	USD value
Stand 465 Chiredzi Township (Residential)	231.97	237	54 977
Stand 376 Chiredzi Township (Commercial)	475.56	578	274 874
Stand 1569A QueQue Township (Residential)	192.96	363	70 046
Stand 191 Victoria Falls Township (Residential)	295.57	677	200 104
Total			**600 000**

5. INVESTMENT IN SUBSIDIARIES	2024 USD	2023 USD
Company		
Investments in subsidiaries	-	-

Set out below are the Company's subsidiaries at 31 December 2024. The subsidiaries as listed below have share capital consisting solely of ordinary shares, which are held directly by the Company. All of the subsidiaries are dormant and have nil values with insignificant assets and liabilities.

Subsidiaries	Country of incorporation
British American Tobacco Zimbabwe Employee Share Ownership Trust (ESOT) -under management control	Zimbabwe
British American Tobacco Zimbabwe Tobacco Empowerment Trust -under management control	Zimbabwe

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

5. INVESTMENT IN SUBSIDIARIES (continued)

The British American Tobacco Zimbabwe Employee Share Ownership Trust ("ESOT") and the British American Tobacco Zimbabwe Tobacco Empowerment Trust ("TET") were founded by British American Tobacco Zimbabwe (Holdings) Limited and registered in 2013. British American Tobacco Zimbabwe (Holdings) Limited provided financial support to the two Trusts in the form of loans order for them to acquire newly issued share capital. It is the Group's policy to provide these loans on an arms length basis.

The TET and the ESOT are consolidated into the Group financial statements. As a result, the shares held by the Trusts are treated as unissued, that is, these are considered treasury shares from the Group perspective and the loan funding is eliminated.

The impact on the financial statements from the activities of the ESOT is described in notes 2.9 (Share-based payment) and 15 (Share-based payment liability).

The TET was established with the purpose of making awards to individuals or entities for the development of tobacco growing by indigenous Zimbabweans. Such awards will be funded by dividend income received by the Trust from British American Tobacco Zimbabwe (Holdings) Limited, net of repayments of interest and capital on the loan from the founder.

6. FINANCIAL INSTRUMENTS BY CATEGORY

Consolidated and Company **31 December 2024**	**Assets at amortised cost USD**	**Assets at fair value profit or loss USD**	**Total USD**
Assets as per statement of financial position			
Trade and other receivables excluding prepayments	3 447 059	-	3 447 059
Financial assets at fair value through profit and loss	-	100 729	100 729
Cash and cash equivalents	2 131 250	-	2 131 250
Total	**5 608 309**	**100 729**	**5 709 038**

	Other financial liabilities USD	**Total USD**
Liabilities as per statement of financial position		
Trade and other payables excluding statutory liabilities	**4 997 608**	**4 997 608**
Total	**4 997 608**	**4 997 608**

31 December 2023 Restated*	**Assets at amortised cost USD**	**Assets at fair value profit or loss USD**	**Total USD**
Assets as per statement of financial position			
Trade and other receivables excluding prepayments	6 024 696	-	6 024 696
Financial assets at fair value through profit and loss	-	35 663	35 663
Cash and cash equivalents	8 124 149	-	8 124 149
Total	**14 148 845**	**35 663**	**14 184 508**

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

6. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

	Other financial liabilities USD	Total USD
Liabilities as per statement of financial position		
Trade and other payables excluding statutory liabilities	**5 731 228**	**5 731 228**
Total	**5 731 228**	**5 731 228**

7 INVENTORIES

	2024 USD	2023 USD
Raw materials	4 071 593	3 672 919
Finished goods	2 369 007	540 212
Consumables	474 627	117 843
	6 915 227	**4 330 974**

8 TRADE AND OTHER RECEIVABLES

	2024 USD	2023 USD
Consolidated and Company		
Trade receivables	3 379 237	5 997 674
Less: Provision for impairment of trade debtors	(136 617)	(50 134)
Trade receivables - net	3 242 620	5 947 540
Other receivables	22 578	44 927
Receivables from related parties (note 28)	211 861	32 229
	3 477 059	**6 024 696**

Consolidated and Company
The maturity analysis of these trade receivables at 31 December is as follows:

31 December 2024	Total USD	Up to 30 days USD	31 to 60 days USD	61 days and more USD
Distributors	**2 622 942**	2 572 097	-	50 845
Wholesalers	**360 861**	293 464	66 476	921
Retailers	**294 460**	294 460	-	-
Stockists	**96 626**	96 260	-	366
Other external debtors	**4 348**	-	-	4 348
Other receivables	**22 578**	22 578	-	-
Receivables from related parties	**211 861**	81 241	-	130 620
Provision for impairment	**(136 617)**	(136 617)	-	-
Total	**3 477 059**	3 223 483	66 476	187 100

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

8 TRADE AND OTHER RECEIVABLES (continued

Consolidated and Company
The maturity analysis of these trade receivables at 31 December is as follows:

31 December 2023	**Total USD**	**Up to 30 days USD**	**31 to 60 days USD**	**61 days and more USD**
Distributors	**2 364 087**	2 337 990	13 282	12 815
Wholesalers	**2 459 152**	2 452 558	(14 776)	21 370
Retailers	**25 471**	27 706	(6 455)	4 220
Stockists	**403 431**	400 270	3 248	(87)
Other external debtors	**745 533**	745 533	-	-
Other receivables	**44 927**	193 036	74 666	(222 775)
Receivables from related parties	**32 229**	24 047	-	8 182
Provision for impairment	**(50 134)**	(2 531)	(8 088)	(39 515)
Total	**6 024 696**	6 178 609	61 877	(215 790)

As at 31 December 2024, trade receivables excluding related parties amounting to USD122 956 (restated 2023: USD33 617) were overdue.

The amount of the provision recognised on total trade receivables including related parties as of 31 December 2024 amounted to USD136 617 (restated 2023: USD50 134). The individually impaired receivables mainly relate to distributors, wholesalers and retailers.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2024 USD	**2023 USD**
ZWG	317 039	5 992 467
USD	3 160 020	32 229
Total	**3 477 059**	**6 024 696**

Movements on the provision for impairment of trade receivables are as follows:

	2024 USD	**2023 Restated* USD**
At 1 January	**50 134**	**39 415**
Movement on Provision	118 734	45 799
Impact of translating to presentation currency	(32 251)	(18 583)
Inflation Adjustment	-	(16 497)
At 31 December	**136 617**	**50 134**

The recognition and release of provisions in respect of impaired receivables are included in "Impairment (loss)/gain on trade receivables" in the statement of comprehensive income. The impact of movements on exchange rates is included in "other losses/ (gains)" in the statement of comprehensive income.

Amounts charged to the allowance account are generally written off when there is no expectation of receiving additional cash. The other class within trade and other receivables do not contain impaired assets.

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

8. TRADE AND OTHER RECEIVABLES (continued)

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

As at 31 December 2024, the exposure to credit risk in respect of trade and other receivables by type of counterparty was as follows

	2024 USD	2023 Restated* USD
Distributors	2 622 942	2 364 087
Wholesalers	360 861	2 459 152
Retailers	294 460	25 471
Stockists	96 626	403 431
Other external debtors**	4 348	745 533
Other receivables	22 578	44 927
Receivables from related parties	211 861	32 229
	3 613 676	**6 074 830**

** Other external debtors comprise of smaller independent resellers.

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 USD	2023 Restated* USD
Consolidated and Company		
Equity securities - Nampak Holdings Limited	37 188	35 663
Treasury bills from RBZ	63 541	-
	100 729	**35 663**

Financial assets at fair value through profit or loss are presented within "operating activities" as part of changes in working capital in the statement of cash flows. Changes in fair value of financial assets at fair value through profit and loss are recorded in other gains/(losses) in the statement of comprehensive income.

The fair value of all equity securities is based on their current bid price in an active market. These instruments would be classified as Level 1 under the fair value hierarchy. The following table presents the Group and Company's assets that are measured at fair value at 31 December 2024.

Financial assets	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
2024				
Quoted security at market value	37 188	-	-	**37 188**
Treasury bills - RBZ		63 541		**63 541**
2023				
Quoted security at market value	35 663	-	-	**35 663**

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial instruments in level 1
The fair value of financial instruments traded in active markets is based on quoted market price set on the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions at arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Zimbabwe Stock Exchange investments classified as trading securities or available for sale.

Financial Instruments in level 2
The use of level 2 inputs is due to lack of an active market for treasury bills. The treasury bills were valued using discounted cash flow valuation technique.

10. CASH AND CASH EQUIVALENTS

	2024	2023 Restated*
Consolidated and Company	**USD**	**USD**
Cash at bank and on hand	2 131 250	8 124 149
Cash and cash equivalents	**2 131 250**	**8 124 149**

Included in cash and cash equivalents are balances with local banks. These balances are used for transacting on a daily basis.

11. SHARE CAPITAL AND PREMIUM

	31 December 2024	
Consolidated and Company	**Number of Ordinary shares**	**Ordinary shares**
Authorised		
Ordinary shares	17 381 517	1 657 618

	31 December Restated*	
	Number of Ordinary shares	**Ordinary shares**
Authorised		
Ordinary shares	17 381 517	1 657 618

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

11. SHARE CAPITAL AND PREMIUM (continued)

Consolidated and Company	**Number of Ordinary shares**	**Ordinary shares**
Issued and fully paid		
At 1 January 2024	20 633 517	1 967 746
Less treasury shares	(3 252 000)	(310 128)
At 31 December 2024	**17 381 517**	**1 657 618**
At 1 January 2023 Restated*	**20 633 517**	**1 657 618**
Less treasury shares	(3 252 000)	(310 128)
At 31 December 2023 Restated*	**17 381 517**	**1 657 618**

Treasury Shares Consolidated and Company	**Number of Ordinary shares**	**Ordinary shares**
At 1 January 2024	3 252 000	310 128
At 31 December 2024	**3 252 000**	**310 128**

All ordinary shares rank equally with regards to the Company's residual assets. Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

During 2013, the issuance of 3,252,000 ordinary shares was concluded, of which 2,220,324 shares were issued to the BAT Zimbabwe Tobacco Empowerment Trust and the remaining 1,031,676 shares issued to the British American Tobacco Zimbabwe Employee Share Ownership Trust. The Trusts are consolidated in the Financial Statements of the Group. This treatment is based on an assessment of sufficient control under the principles of IFRS 10, "Consolidated Financial Statements". Due to this treatment, the shares held by the Trusts are recognised as treasury shares.

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

12 DIRECTORS' INTERESTS

Company

At 31 December 2024 the directors held, directly or indirectly, the following number of shares in the Company

	2024	2023
L.T. Manatsa	1 000	1 000
At 31 December	**1 000**	**1 000**

Except as stated above, no other Director or his/her nominee had any beneficial interest in the share capital of the Company.

13 TRADE AND OTHER PAYABLES

	2024	2023 Restated*
Consolidated and Company	**USD**	**USD**
Trade payables	220 519	99 876
Amounts due to related parties	4 294 984	2 332 583
Social security and other taxes	521 278	702 763
Accrued expenses	137 419	1 178 586
External dividends	98 381	55 183
Other Payables**	246 304	2 065 000
	5 518 885	6 433 991

**Other payables comprise of payroll related creditors, staff claims, and sundry creditors.

Included in trade payables and amounts due to related parties is an amount of USD16 352 138.92 which is legacy debt and was registered by the Reserve Bank of Zimbabwe as blocked funds. Following the currency change on 5 April 2024 from ZWL to ZWG, the outstanding blocked funds were converted to ZWG at a rate of ZWG1: ZWL2 498.7242. After the changes in functional currency on the 1 August 2024, the outstanding blocked funds were converted to USD at a rate of USD1:ZWG13.7859 making the value USD475.

The fair value of trade and other payables except for blocked funds approximates their carrying values due to their short tenure.

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

13 TRADE AND OTHER PAYABLES (continued)

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2024 USD	2023 Restated* USD
ZWG	(302 832)	4 089 525
South African Rand	3 470 688	2 147 799
UK Pound	363 013	21 031
Euro	16 001	709
US dollar	1 965 246	173 962
Mexican Peso	6 769	965
	5 518 885	6 433 991

	Provision for restructuring costs USD	Annual Leave USD	Salaries & Wages USD	Incentive Bonus USD	Total USD
At 1 January 2023 Restated*	**609 028**	**204 065**	**-**	**587 372**	**1 400 465**
Utilised during the year	(321 892)	(107 855)	-	(310 446)	(740 193)
Impact of translating to presentation currency	(287 136)	(96 210)	-	(276 926)	(660 272)
Charge to statement of comprehensive income	-	437 073	153 268	401 515	991 856
At 1 January 2024	**-**	**437 073**	**153 268**	**401 515**	**991 856**
Utilised during the year	-	(437 073)	(153 268)	(401 515)	(991 856)
Charge to statement of comprehensive income	-	218 035	415 112	434 081	1 067 229
At 31 December 2024	-	**218 035**	**415 112**	**434 081**	**1 067 229**

(a) **Incentive bonus provision**
The incentive bonus provision is payable within the four months after year end.

(b) **Provision for Restructuring costs provision**
This is a provision that was based on the number of employees who were involved in a redundancy exercise. These costs were fully provided for in 2022. The provision of USD 321 892 (which was fully termination benefits) at 31 December 2022 was fully utilised during the first half of 2023.

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

15 SHARE BASED PAYMENT LIABILITY

This liability represents the value of unsettled share units issued for free to employees by the British American Tobacco Zimbabwe Employee Share Ownership Trust ("ESOT", see note 2.9). The liability is recognised in both the Consolidated and Company Financial Statements. The liability is recognised in the Company Financial Statements on the basis that the ESOT has a constructive liability to settle the share units but remains reliant on dividend income from the Company in order to fund any cash settlements. As such, the Company recognises the value of this obligation.

The recognition of a liability is also required under IFRS 2, as the cash-settled nature of the scheme is indicative of a cash-settled share-based payment.

The share units have vested and there are no further performance conditions attached. Fair value is estimated using the prevailing British American Tobacco Zimbabwe (Holdings) Limited share price on the Zimbabwe Stock Exchange at the end of the reporting period.

The liability shown as at the statement of financial position date represents the total value of awards less amounts already settled in cash during the course of the financial year.

At 1 January 2024	**2024**	**2023 Restated***
	USD	USD
Opening Balance	856	7 387
Re-measurement of share-based payment liability	247	182
Amounts paid during the year	-	(138)
Impact of translating to presentation currency	-	(3 483)
Effects of Monetary gains	-	(3 092)
At 31 December 2024	**1 103**	**856**

16 DEFERRED INCOME TAX (ASSETS)/LIABILITIES

Consolidated and Company	**2024**	**2023 Restated***
The deferred tax liability is made up of:		
Property plant and equipment - accelerated depreciation	717 577	739 319
Provisions	(274 811)	(215 936)
Allowance for credit losses	(35 179)	(12 910)
Marketable securities - fair value	1 099	357
Inventory write down	-	(499)
Unrealised exchange differences	(1 696 129)	(1 188 956)
Inventory	-	273 892
Prepayments	-	138 573
	(1 287 443)	**(266 160)**

The gross movement on deferred tax account is as follows:

At 1 January	(266 160)	1 278 572
Charge/(credit) to the statement of comprehensive income	(1 021 283)	(941 929)
Impact of translating to presentation currency	-	(602 803)
At 31 December 2024	**(1 287 443)**	**(266 160)**

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting balances within the same tax jurisdiction, is as follows:

	Accelerated tax Depreciation & other movements USD	Total USD
At 1 January 2024	**(266 160)**	**(266 160)**
Charge to the statement of comprehensive income	(1 021 283)	(1 021 283)
At 31 December 2024	**(1 287 443)**	**(1 287 443)**
At 1 January 2023 Restated*	**1 278 572**	**1 278 572**
Charge to the statement of comprehensive income	(941 929)	(941 929)
Impact of translating to presentation currency	(602 803)	(602 803)
At 31 December 2023 Restated*	**(266 160)**	**(266 160)**

17 CASH GENERATED FROM OPERATIONS

	USD	USD
Profit before income tax	(3 987 096)	14 208 262
Adjustment for:		
Depreciation	606 710	114 814
(Profit) on sale of property, plant and equipment	(1 215 575)	(105 399)
Fair value (loss)/gains on financial assets at fair value through profit or loss	22 616	(30 437)
Other non-cash items	-	211 173
Finance Cost / (Income)	3 106 024	(1 473 121)
Impairment loss on trade receivables	118 734	101 472
Net monetary loss - IAS 29 Adjustment	17 070 995	15 544 670
Changes in working capital:		
Increase in Inventories	(2 584 253)	(989 978)
Decrease/(Increase) in trade and other receivables	2 547 636	(8 400 530)
(Increase)/Decrease in Prepayments**	(3 256 139)	7 915 572
Decrease in trade and other payables	(915 106)	(1 008 659)
Increase in Provisions for other liabilities and charges	75 373	251 663
Increase/(Decrease) in share based payment provision	247	(3 048)
Cash generated from operations	**11 590 166**	**26 336 454**

The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

** The prepayments have been separately presented in the current year to comply with the requirement to present separately each material class of similar items.

18 RETIREMENT BENEFIT OBLIGATION

Consolidated and Company

Defined Contribution Scheme
Pensions are provided for employees by a separate pension fund to which both the employees and the Group contribute. This pension fund is a defined contribution plan under which retirement benefits are determined by reference to the contributions to the fund.

National Social Security Authority (NSSA) Scheme
The Group and its employees contribute to the National Social Security Authority Scheme (NSSA). This is a social security scheme which was promulgated under the National Social Security Act (Chapter 17:04) and the National Social Security Statutory Instrument 393 of 1993.

2024	**Employee USD**	**Group USD**	**Total USD**
Defined contribution scheme	116 241	252 478	**368 719**
NSSA	23 363	23 363	**46 726**
	139 604	275 841	**415 445**
2023 Restated			
Defined contribution scheme	26 380	57 230	**83 610**
NSSA	4 470	4 470	**8 940**
	30 850	61 700	**92 550**

19 **REVENUE**	**2024 USD**	**2023 Restated USD**
Revenue from sales of cigaretes in domestic market	36 106 562	46 195 532
Revenue from Cut rag exports to foreign markets	314 278	1 036 456
	36 420 840	**47 231 988**

20 **OTHER INCOME**	**2024 USD**	**2023 Restated* USD**
Group recharges	-	12 584
Dividends received from investments	-	284
Rental income	13 478	50 095
Profit on sale of property, plant and equipment	1 215 575	105 399
Sundry income	29 187	8 524
	1 258 240	**176 886**

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

		2024 USD	2023 Restated* USD
21	**OPERATING PROFIT**		
	Operating profit before taxation includes the following:		
21.1	**Cost of sales**		
	Leaf	3 950 283	1 309 719
	Wrapping materials	1 522 685	860 827
	Manufacturing costs	4 958 036	5 089 088
	Other cost of sales	41 970	7 506
		10 472 974	**7 267 140**
21.2	**Selling and marketing costs**		
	Brand and specific expenses	47 112	518 449
	Marketing Overheads	1 376 494	928 281
	Route to marketing overheads	1 723 597	2216243
		3 147 204	**3 662 972**
	Other Costs		
	Auditors' remuneration-other services (interim review)	50 114	22 781
	Auditors' remuneration-financial statement audit	150 189	147 730
	Depreciation of property, plant and equipment (note 3 and 4)	606 710	114 814
	Directors' fees	73 165	124 456
21.3	**Staff Costs**		
	Salaries and wages	4 508 591	6 108 487
	Pension contributions	252 478	236 393
		4 761 069	**6 344 880**
22	**FINANCE COST / (INCOME)**		
	Interest income on short term bank deposits	-	(33 395)
	Effects of movement in exchange rates on cash held	3 106 024	(1 439 726)
	Net finance Cost / (income)	**3 106 024**	**(1 473 121)**
23	**OTHER (LOSSES) / GAINS**		
	Financial assets at fair value through profit or loss (note 9)	(22 616)	30 437
	Exchange losses	(3 903 567)	(4 602 265)
		(3 926 183)	**(4 571 828)**
24	**INCOME TAX EXPENSE**		
	Current income tax on profit for the year	4 143 322	6 075 396
	Deferred taxation credit (note 16)	(1 021 283)	(941 929)
		3 122 039	**5 133 467**

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

25 INCOME TAX PAID

	2024 USD	2023 Restated* USD
Opening balance	568 550	(228 061)
Charge per statement of comprehensive income	4 143 322	6 075 396
Effects of IAS 29	(587 693)	319 744
Closing balance per statement of financial position	1 277 264	568 550
	5 401 443	**6 675 629**

26 EARNINGS PER SHARE

a) Basic and diluted

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.
Headline Earnings per share

	2024 USD	2023 Restated* USD
Profit attributable to equity holders of the Company	(7 109 135)	9 074 795
Weighted average number of ordinary shares in issue	20 633 517	20 633 517
Basic and diluted earnings per share	**(0.34)**	**0.44**
Headline Earnings		
Profit attributable to equity holders of the Company	(7 109 135)	9 074 795
Profit on sale of property, plant and equipment	(1 215 575)	-
Headline Earnings	(8 324 710)	9 074 795
Headline Earnings per share	**(0.40)**	**0.44**

The weighted average number of shares is the same for basic earnings per share and diluted earnings per share.

27 DIVIDENDS

The board proposed the declaration of a final dividend of USD 0.20 per share for the year ended 31 December 2024. For the year ended 31 December 2023, the board declared the final dividend of USD 0.19 (restated) per share.

28 RELATED PARTY TRANSACTIONS

The Company is controlled by British American Tobacco International Holdings Limited, incorporated in the United Kingdom, which owns 43% of the Company'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.

The following transactions were carried out with related parties:

	Consolidated	
	2024 USD	2023 Restated* USD
a) Other sales		
British American Tobacco Mozambique Lda	314 278	109 801
British American Tobacco Kenya Plc	-	926 655
	314 278	**1 036 456**

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

28 RELATED PARTY TRANSACTIONS (continued)

b) Purchase of goods and services :

	Consolidated 2024 USD	Consolidated 2023 Restated* USD
British American Tobacco South Africa (Pty) Ltd	3 652 203	2 339 329
British American Tobacco (Holdings) Limited	3 821	22 251
British American Tobacco Shared services GSD UK	-	6 735
British American Tobacco (GLP) Limited	304 195	36 249
British American Tobacco Pesci Dohanygyar KFT	-	198
Nicoventures Trading Limited	-	159 036
Tabacalera Hondurena S.A.	-	3 931
British American Tobacco Vranje AD	2 932	-
British American Tobacco Turkey	1 062	-
British American Tobacco Kenya	-	127 985
British American Tobacco Mexico	903	1 104
Souza Cruz Ltda.	-	115
British American Tobacco Nigeria Limited	-	657
	3 965 116	**2 697 590**

Goods, services and machinery were bought from British American Tobacco (Holdings) Limited, British American Tobacco South Africa (Pty) Ltd and British American Tobacco (GLP) Limited.

Management services were rendered by BAT South Africa (Pty) Ltd.

c) Key management compensation

Key management includes directors (executive and non-executive), members of the Leadership Team and the Company Secretary.

The compensation paid or payable to key management for employee services is shown below:

	2024 USD	2023 Restated* USD
Salaries and other short term employee benefits	563 574	513 319
Post employment benefits	2 878	11 730
	566 452	**525 049**

d) Year end balances arising from sales/purchases of goods and services

Receivables from related parties (note 9):	2024 USD	2023 Restated* USD
British American Tobacco Zambia	23 167	-
British American Tobacco Chile	1 354	-
British American Tobacco (GLP) Limited	67 671	11
British American Tobacco Mozambique Limitada	81 241	32 218
British American Tobacco Investments Limited	38 428	-
	211 861	**32 229**

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

28 RELATED PARTY TRANSACTIONS (continued)

	Consolidated	
	2024	**2023 Restated***
Payables to related parties (note 8):	**USD**	**USD**
British American Tobacco Shared Services UK	19 021	2 658
British American Tobacco Holdings Limited	334 533	18 206
British American Tobacco Romania Investment	1 955	62
British American Tobacco Mozambique Ltd	391 875	(43)
British American Tobacco South Africa (Pty) Ltd	1 943 955	2 147 797
British American Tobacco Mark Limited	6 375	-
British American Tobacco (GLP) Limited	1 316 518	1 109
British American Tobacco Niemeyer	1 406	-
Ceylon Tobacco Company PLC	3 085	48
British American Tobacco Vranje AD	7 693	112
British American Tobacco Singapore Ltd	4 442	199
British American Tobacco Pecsi	1 648	108
British American Tobacco Tutun	3 297	44
British American Tobacco BT Bentoel Prima	1 490	-
British American Tobacco Nigeria Limited	15 791	682
British American Tobacco Kenya	228 114	104 016
British American Tobacco Mexico	6 769	966
British American Tobacco Chile	-	(21)
British American Tobacco Zambia	-	(7 734)
British American Tobacco Investments Limited	-	7
Souza Cruz Ltda.	408	82
Nicoventures Trading Limited	-	61 495
Tabacalera Hondurena S.A.	6 609	2 790
	4 294 984	**2 332 583**

29 CONTINGENCIES

The Company does not have any contingent liabilities at year end (2023: USD nil).

30 CAPITAL COMMITMENTS

There were no capital commitments at year end (2023:USD nil).

31 FINANCIAL RISK MANAGEMENT

31.1 Financial risk factors

The Group and Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance..

Risk management is governed by the Audit and Risk Committee ("Treasury") under policies approved by the board of directors.

The Audit and Risk committee identifies and evaluates financial risks where applicable. The board and executive committee provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, and investment of excess liquidity.

a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the UK pound, the South African Rand and the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, investments in the local market and transactions with foreign sister companies.

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

31 FINANCIAL RISK MANAGEMENT (continued)

31.1 Financial risk factors (continued)

a) Market risk (continued)

Management has set up a policy that guides the Group to manage foreign exchange risk against the functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group and Company has no investments in foreign operations, hence is not exposed to foreign currency translation risk. As at 31 December 2024, if the currency had weakened/strengthened by 10% against the UK Pound, South African Rand and the Euro, with all other variables held constant, post-tax profit for the year and equity would have been USD349 711 lower/higher (2023: USD772 122), mainly as a result of foreign exchange gains/losses on the translation of foreign trade payables.

(ii) Price risk
The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated statement of financial position at fair value through profit or loss. All of the Group's share investments are listed on the Zimbabwe Stock Exchange (ZSE). The Group is not exposed to commodity price risk.

b) Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge the contract. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables. Only approved financial institutions with sound capital bases are utilised to invest surplus funds. For customers, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The utilisations of credit limits are regularly monitored to manage risk.

The Group's maximum exposure to credit risk by class of financial asset is as follows:

	2024 USD	2023 Restated* USD
Trade receivables from customers	3 447 059	6 024 696
Cash and cash equivalents	2 131 250	8 124 149
	5 608 309	**14 148 844**

The fair value of trade and other receivables at 31 December 2024 approximates their carrying amount because of their short tenure.

The fair value of related party receivables approximates their carrying amounts due to their short tenure and have historically been fully recoverable.

Other receivables at 31 December 2024 comprise of smaller independent customers and the fair value approximates their carrying amount due to their short tenure.

There is no significant risk with respect to cash and cash equivalents as the Group holds bank accounts with large financial institutions with sound financial and capital cover.

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

The fair value of cash and cash equivalents at the reporting date approximates the carrying amount. The financial institutions holding cash and cash equivalents of the Group are as follows:

Financial Institution	2024 USD	2023 Restated* USD
FBC	198	5 888 628
Stanbic Bank	2 019 893	1 162 832
CABS	111 159	1 072 689
	2 131 250	**8 124 149**

c) Liquidity risk

Management monitors rolling forecasts of the Group's liquidity requirements (comprising cash and cash equivalents on the basis of expected cash flow). This is generally carried out in accordance with practice and limits set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows and of liquid assets necessary to meet these, monitoring the statement of financial position liquidity ratios against internal requirements.

Liquidity risk is the risk that the Group may fail to meet its payment obligations when they fall due. The Group identifies liquidity risk through liquidity gap analysis and the maturity profile of assets and liabilities. Where major gaps appear, action is taken in advance to close or minimise the gaps. Cash flow forecasting is performed by management.

Maturity mismatches across the time buckets are managed through borrowings.

Maturity analysis as at 31 December 2024 is as follows:	Up to one month USD	1 to 2 months USD	Later than 3 months USD	Total USD
Assets				
Cash and cash equivalents	2 131 250	-	-	**2 131 250**
Trade and other receivables excluding prepayments	3 278 860	66 476	56 480	**3 401 816**
Receivables from related parties	81 241	-	130 619	**211 860**
Financial assets at fair value through profit or loss	37 188	-	63 541	**100 729**
Total assets	**5 528 539**	**66 476**	**250 640**	**5 845 655**
Liabilities				
Trade and other payables (excluding statutory liabilities)**	(4 997 608)	-	-	**(4 997 608)**
Liquidity gap	**530 931**	**66 476**	**250 640**	**848 047**

Included in trade and other payables is an amount of USD 3 553 900 owed to BAT South Africa which has issued a subordination letter. (Refer to Note 34 on going concern).

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

31 FINANCIAL RISK MANAGEMENT (continued)

31.1 Financial risk factors (continued

c) Liquidity risk (continued)

Maturity analysis as at 31 December 2023 is as follows:	Up to one month USD	1 to 2 months USD	Later than 3 months USD	Total USD
Assets				
Cash and cash equivalents	8 124 149	-	-	**8 124 149**
Trade and other receivables excluding prepayments	6 157 093	69 966	(184 458)	**6 042 601**
Receivables from related parties	24 047	-	8 182	**32 229**
Financial assets at fair value through profit or loss	35 663	-	-	**35 663**
Total assets	14 340 952	69 966	(176 276)	**14 234 642**
Liabilities				
Trade and other payables (excluding statutory liabilities)	(5 731 228)	-	-	**(5 731 228)**
Liquidity gap	8 609 724	69 966	(176 276)	**8 503 414**

At the reporting date, the Group held enough assets to cover liabilities.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

	2024 USD	2023 Restated* USD
Total liabilities	6 587 217	7 426 704
Cash and cash equivalents	(2 131 250)	(8 124 149)
Net debt	**4 455 967**	**(697 445)**
Total equity	**18 906 161**	**17 747 452**
Net debt to equity ratio	**0.24**	**(0.04)**

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

31 FINANCIAL RISK MANAGEMENT (continued)

31.2 Capital risk management

31.3 Fair value estimation

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, unobservable inputs reflect the company's market assumptions. These two types of inputs have created the following fair value hierarchy;

Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities. This level includes listed equity securities traded on the Zimbabwe Stock Exchange.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This level includes non-listed equity investments.

The hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

The fair value of financial assets at fair value through profit or loss is based on quoted market prices at the end of the reporting period (level 1) and other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly (level 2).

32 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the leadership team that are used to make strategic decisions.

In 2019, the Group operated in the single segment of cigarettes. During 2020, the Group started exporting cut-rag and earned revenues from the export business. Management made an assessment and determined that the cut rag export business is an operating segment. In making this assessment, the following factors were considered:

- Cut rag and cigarettes are different products and require different marketing strategies
- Cut rag exports serve a different geographical location which is outside Zimbabwe.

Revenue amounting to USD50 654 608 (2023: USD68 107 711) is from external customers who are domiciled in Zimbabwe and is from the sale of cigarettes.

Revenue amounting to USD314 278 (2023: USD1 036 411) is from internal customers who are domiciled outside Zimbabwe and is from the sale of leaf and cut-rag.

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

	2024 Cigarettes USD	2024 Cut-rag USD	2024 Total USD	2023 Restated* Cigarettes USD	2023 Restated* Cut-rag USD	2023 Restated* Total USD
External revenue	50 636 170	314 278	50 950 448	68 107 711	1 036 456	69 144 167
Tobacco duties	(14 529 608)	-	(14 529 608)	(21 912 179)	-	(21 912 179)
Net revenue	**36 106 562**	**314 278**	**36 420 840**	**46 195 532**	**1 036 456**	**47 231 988**
Profit before interest, taxation, depreciation and amortization	**(3 408 957)**	**28 571**	**(3 380 386)**	**12 755 732**	**94 223**	**12 849 955**
Depreciation	(606 710)	-	(606 710)	(114 814)	-	(114 814)
Amortisation	-	-	-	-	-	-
Interest	-	-	-	1 473 121	-	1 473 121
Profit before income tax	**(4 015 667)**	**28 571**	**(3 987 096)**	**14 114 039**	**94 223**	**14 208 262**
Total assets	**25 412 138**	**81 241**	**25 493 379**	**25 141 927**	**32 229**	**25 174 156**
Total liabilities	**6 587 217**	**-**	**6 587 217**	**7 426 704**	**-**	**7 426 704**

33 EVENTS AFTER REPORTING DATE

There were no significant event after reporting date.

34 GOING CONCERN

The Group and Company has recognised a net loss after tax of USD 7.1 million for the year ended 31 December 2024 against a net profit after tax of USD 9.1 million (restated) in the previous year. The total current assets exceeded current liabilities by USD 12.7 million. In Prior year, current assets exceeded current liabilities by USD 13.9 million(restated).

The Reserve Bank of Zimbabwe ("RBZ") approved and registered the Group and Company's blocked funds amounting to USD16.4 million in respect of outstanding dividends and goods 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. In line with the provisions of the February 2019 Monetary Policy Statement on the settlement arrangements for these blocked funds, The RBZ is now working on an appropriate instrument(s) to facilitate settlement of the registered blocked funds. Management has continued to account for the outstanding dividends at a rate of USD1: ZWL1 and has not translated the amounts at closing rates.

The Directors believe that the The RBZ will honour its commitment to settle the Group and Company's outstanding foreign liabilities at a rate of ZWL1: USD1 registered as 'blocked funds" as per Exchange Control Directive 28 of 2020. The majority shareholder, British American Tobacco International Holdings (UK) Limited, and the ultimate parent company, British American Tobacco plc have confirmed continuing financial support to the Group and Company since the majority of the foreign outstanding obligations are owed to related companies within the BAT Group. Furthermore, British American Tobacco South Africa Limited has committed to subordinate an amount of USD3 553 900 (ZAR 65 251 194) owing in respect of goods supplied and services rendered.

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.

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

Principal Shareholders and Distributors

Rank	Account Name	Shares	% of Total
1	B.A.T INTERNATIONAL HOLDINGS (UK) LIMITED	8,867,272	42.98
2	OLD MUTUAL LIFE ASSURANCE COMPANY OF ZIMBABWE LIMITED	2,698,759	13.08
3	THE BRITISH AMERICAN TOBACCO ZIMBABWE TOBACCO EMPOWERMENT TRUST	2,220,324	10.76
4	THE BRITISH AMERICAN TOBACCO ZIMBABWE EMPLOYEE SHARE OWNERSHIP TRUST	2,063,352	10.00
5	STANBIC NOMINEES (PRIVATE) LIMITED	902,143	4.37
6	STANDARD CHARTERED NOMINEES (PRIVATE) LIMITED	562,088	2.72
7	NATIONAL SOCIAL SECURITY AUTHORITY	319,224	1.55
8	CIMAS MEDICAL AID SOCIETY	222,700	1.08
9	HIPPO VALLEY ESTATE PF-DATVEST	190,381	0.92
10	OLD MUTUAL ZIMBABWE LIMITED	171,496	0.83
11	PUBLIC SERVICE PENSION FUND-OMIG	109,365	0.53
12	AMZIM PENSION FUND	108,667	0.53
13	ZIMBABWE ELECTRICITY IND PENSION FUND	107,377	0.52
14	DELTA BEVERAGES PENSION FUND	102,086	0.49
15	FBC HOLDINGS PF	82,461	0.40
16	ANGLO AMERICAN ASSOCIATED COMPANIES PENSION FUND	69,811	0.34
17	NATIONAL FOODS P/ F-IMARA	69,788	0.34
18	HIT PENSION FUND - IMARA	55,900	0.27
19	NSSA STAFF PENSION FUND	46,525	0.23
20	DIE RUPERT KUNSSTIGTING	41,500	0.20
	TOTAL	**19,011,219**	**92.14**
	Other Shareholders	**1,622,298**	**7.86**
	Total Number of Shares	**20,633,517**	**100.00**

* The comparative balances were previously reported in ZWL. The numbers were restated by converting to the Group's new presentation currency, USD. For details regarding the change in presentation currency, refer to Note 2.2 v)

NOTICE TO SHAREHOLDERS

Sixty-Fifth Annual General Meeting

NOTICE IS HEREBY GIVEN that the 65th Annual General Meeting of the Shareholders of British American Tobacco Zimbabwe (Holdings) Limited will be a hybrid meeting. For Shareholders attending physically, the meeting will be held at British American Tobacco Zimbabwe (Holdings) Limited, 1 Manchester Road, Southerton, Harare on Monday, 21 July 2025 at 10:00am. Shareholders attending virtually, are advised to follow instructions at the end of this notice.

Ordinary Business

1. Minutes of the Previous Meeting
To confirm and sign-off the Minutes from the 64th Annual General Meeting held on 26 April 2024.

2. Financial Statement and Reports
To receive, review and adopt the Audited Financial Statements for the year ended 31 December 2024, together with the Reports of the Directors and Auditors.

3. Directorate
(a) Directors Remuneration
To approve the remuneration and emoluments of Directors for the year ended 31 December 2024.

Note: The consolidated Directors emoluments are included in the Annual Report.

3.1 Appointment and Re-election of Directors
(a) To re-elect by individual resolution, Mr Edwin I. Manikai and Ms. Rachel Kupara, who retire by rotation in terms of Article 96 of the Company's Articles of Association and, being eligible and willing, have offered themselves for re-election.

(b) To confirm the appointment of Mr. Crispin Achola who was co-opted to the Board as an Alternate Director to Mr. Philemon Kipkemoi, in terms of Article 88 of the Company's Articles of Association.

Note: The profiles of Directors to be re-elected and confirmed are included in the Annual Report under 'Directorate'.

4. Audit, Risk and Sustainability Committee
(a) To receive and review the report of the Audit, Risk and Sustainability Committee on its activities and matters of its greatest concern.

5. Corporate Governance
(a) To receive and review the Board's report on Company compliance with its Corporate Governance guidelines and conformity to corporate governance principles as set forth in the National Code.

6. Auditors
(a) To reappoint KPMG Chartered Accountants (Zimbabwe) as Auditors of the Company until the conclusion of the next Annual General Meeting. KPMG has served the Company for the past 10 years and have obtained ZSE approval to serve for an additional year.

(b) To fix the remuneration of the Auditors for the past year.

7. Dividends
To ratify dividend payment for the financial year ended 31 December 2024 of USD 0.20 per share.

SPECIAL BUSINESS

8. Electronic Virtual Platforms
To ratify the convening of this Annual General Meeting and remote voting by shareholders through an electronic virtual platform as permissible under Section 170 (10) of the Companies and Other Business Entities Act, Chapter 24:31.

9. Adoption and Substitution of a New Memorandum and Articles of Association of the Company
(a) To resolve as a special resolution, the adoption and substitution of a new Memorandum and Articles of Association for the Company updated to factor amendments to the Companies and Other Business Entities Act (Chapter 24:31) and the new ZSE Listing Requirements (Statutory Instrument 134 of 2019).

10. Share Option Scheme To consider, and if deemed fit, pass with or without modification, the following resolution:

11. As an Ordinary Resolution:
(a) THAT the Directors be and are hereby authorised to wind up the British American Tobacco Zimbabwe Employee Share Ownership Scheme effective from 3 April 2013 in line with the Trust Deed and the rules of the Scheme and the applicable legislation.

12. Any Other Business
(a) To transact all other such business as may be transacted at an Annual General Meeting.

By Order of the Board

Takudzwa Mashanda
Company Secretary

23 June 2025

Registered Office:
1 Manchester Road
P. O. Box ST 98
Southerton
Harare
Zimbabwe

Transfer Secretaries:
First Transfer Secretaries
1 Armagh Road,
Eastlea
P O Box 11
Telephone: +263 242 782869/72
Email: info@fts.com

Notes

Appointment of Proxy
In terms of the Companies and Other Business Entities Act (Chapter 24:31), a member who is entitled to attend and vote at a meeting is also entitled to appoint a proxy to attend and vote on a poll and speak in his/her stead. Proxy forms should be forwarded to reach the office of the Company Secretary at least 48 (forty-eight) hours before the commencement of the meeting.

Notes: Details of the Virtual AGM will be emailed by First Transfer Secretaries (Pvt) Ltd to all Shareholders.

Shareholders are advised to update their contact details with Transfer Secretaries.

Form of Proxy

Sixty-Fifth Annual General Meeting

I/We..

Of..

Being a shareholder of the British American Tobacco Zimbabwe (Holdings) BAT hereby appoint:

....

or failing him/her

....

or failing him/her the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Sixty-Fifth Annual General Meeting of the Company to be held at BAT, 1 Manchester Road, Southerton, Harare, on Monday, 21 July 2025.

Signed this ....day of..2025

Signature of member/members ....

BAT ZIMBABWE

NOTES:

1. In terms of Section 171 of the Companies and Other Business Entities Act [Chapter 24:31] members are entitled to appoint one or more proxies to act in the alternative to attend or vote and speak in their place at the meeting. A proxy need not be a member of the Company.

2. Any alteration or correction to this form of proxy (including the deletion of alternatives) must be initialed by the signatory/signatories.

3. Instruments of proxy must be lodged at the registered office of the Company at least 48 hours before the time appointed for the holding of the meeting.

Form of Proxy

Sixty-Fifth Annual General Meeting

I/We..

Of..

Being a shareholder of the British American Tobacco Zimbabwe (Holdings) BAT hereby appoint:

....

or failing him/her

....

or failing him/her the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Sixty-Fifth Annual General Meeting of the Company to be held at BAT, 1 Manchester Road, Southerton, Harare, on Monday, 21 July 2025.

Signed this ....day of..2025

Signature of member/members ....

BAT ZIMBABWE

NOTES:

1. In terms of Section 171 of the Companies and Other Business Entities Act [Chapter 24:31] members are entitled to appoint one or more proxies to act in the alternative to attend or vote and speak in their place at the meeting. A proxy need not be a member of the Company.

2. Any alteration or correction to this form of proxy (including the deletion of alternatives) must be initialed by the signatory/signatories.

3. Instruments of proxy must be lodged at the registered office of the Company at least 48 hours before the time appointed for the holding of the meeting.

Form of Proxy

Sixty-Fifth Annual General Meeting

I/We..

Of..

Being a shareholder of the British American Tobacco Zimbabwe (Holdings) BAT hereby appoint:

....

or failing him/her

....

or failing him/her the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Sixty-Fifth Annual General Meeting of the Company to be held at BAT, 1 Manchester Road, Southerton, Harare, on Monday, 21 July 2025.

Signed this ....day of..2025

Signature of member/members ....

BAT ZIMBABWE

NOTES:

1. In terms of Section 171 of the Companies and Other Business Entities Act [Chapter 24:31] members are entitled to appoint one or more proxies to act in the alternative to attend or vote and speak in their place at the meeting. A proxy need not be a member of the Company.

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BAT ZIMBABWE

Affix
Stamp
here

The Company Secretary
BAT Zimbabwe
1 Manchester Road,
P O Box ST 98
Southerton,
Harare

BAT ZIMBABWE

Affix
Stamp
here

The Company Secretary
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The Company Secretary
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NOTES

ZIMBABWE

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