Combined Performance and Sustainability Summary 2023

BAT
A BETTER TOMORROW

Building a Smokeless World

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

For the last few years, our 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 enjoyable and 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.

Explore the story of our year

Featuring downloadable versions of this and previous reports, as well as other content – all accessible on desktop, tablet and mobile.

Find out more online
bat.com/reporting

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™

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

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

† Our vapour product Vuse (including Alto, Solo, Ciro and Vibe), and certain products, including Velo, Grizzly, Kodiak, and Camel Snus, which are sold in the U.S., are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.

Inside This Report

British American Tobacco p.l.c. (No. 3407696) Combined Performance and Sustainability Summary 2023: Cautionary statement and other information

This Combined Performance and Sustainability Summary is extracted (without material adjustment) from, and should be read as an introduction to and in conjunction with, the 2023 Annual Report and Accounts and Form 20-F of British American Tobacco p.l.c. (the Company) and the British American Tobacco Group (the "Group") prepared in accordance with UK requirements. It has been drawn up and is presented in accordance with, and reliance upon, applicable English company law and the liabilities of the Directors in connection with the report shall be subject to the limitations and restrictions provided by such law.

This Combined Performance and Sustainability Summary contains certain forward-looking statements, including "forward-looking" statements made within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are often, but not always, made through the use of words or phrases such as "believe," "anticipate," "could," "may," "would," "should," "intend," "plan," "potential," "predict," "will," "expect," "estimate," "project," "positioned," "strategy," "outlook," "target" and similar expressions. These include statements regarding our intentions, beliefs or current expectations concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates.

All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors. It is believed that the expectations reflected in this document are reasonable but they may be affected by a wide range of variables that could cause actual future results to differ materially from those currently anticipated. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are uncertainties related to the following: the impact of competition from illicit trade; the impact of adverse domestic or international legislation and regulation; the inability to develop, commercialise and deliver the Group's New Categories strategy; the impact of supply chain disruptions; adverse litigation and dispute outcomes and the effect of such outcomes on the Group's financial condition; the impact of significant increases or structural changes in tobacco, nicotine and New Categories related taxes; translational and transactional foreign exchange rate exposure; changes or differences in domestic or international economic or political conditions; the ability to maintain credit ratings and to fund the business under the current capital structure; the impact of serious injury, illness or death in the workplace; adverse decisions by domestic or international regulatory bodies; changes in the market position, businesses, financial condition, results of operations or prospects of the Group; direct and indirect adverse impacts associated with Climate Change and the move towards a Circular Economy; and Cyber Security incidents caused by the heightened cyber-threat landscape and increased digital interactions with consumers, and changes to regulation.

Further details on the principal risks that may affect the Group can be found in the 'Group Principal Risks' section of the Strategic Report of the 2023 Annual Report and Accounts and Form 20-F. A summary of all the risk factors (including the principal risks) which are monitored by the Board through the Group's risk register is set out in the section under the heading 'Group Risk Factors' in the Additional Disclosures section of the 2023 Annual report and Accounts and Form 20-F. It is believed that the expectations reflected in this Combined Performance and Sustainability Summary are reasonable but they may be affected by a wide range of variables that could cause actual results to differ materially from those currently anticipated. Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

The forward-looking statements reflect knowledge and information available at the date of preparation of this Combined Performance and Sustainability Summary and the Group undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on such forward-looking statements. This Combined Performance and Sustainability Summary is provided for information only and is not intended to be a substitute for reading the 2023 Annual Report and Accounts and Form 20-F. In particular, this Combined Performance and Sustainability Summary does not comprise the Company's Strategic Report or any supplementary materials and it does not contain sufficient information to allow for as full an understanding of the results of the Group and the state of affairs of the Group, and the principal risks facing the Group, as would be provided by the 2023 Annual Report and Accounts and Form 20-F.

Shareholders may view a copy of the 2023 Annual Report and Accounts and Form 20-F on www.bat.com or obtain a hard copy free of charge (contact details can be located on page 41 of this Combined Performance and Sustainability Summary). Specific local mailing and/or notification requirements will apply to shareholders on the South Africa branch register. If you have sold or transferred all your shares in British American Tobacco p.l.c., you should send this Combined Performance and Sustainability Summary to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This Combined Performance and Sustainability Summary provides alternative performance measures (APMs) which are not defined or specified under the requirements of International Financial Reporting Standards (IFRS). We believe these APMs provide readers with important additional information on our business. A comprehensive list of the APMs that we use, an explanation of how they are calculated, why we use them and a reconciliation to the most directly comparable IFRS measure where relevant is set out under the heading 'Non-GAAP measures' in the Additional Disclosures section of the 2023 Annual Report and Accounts and Form 20-F.

BAT has shares listed on the London Stock Exchange (BATS),the Johannesburg Stock Exchange (BTI), and, as American Depositary Shares (ADSs), on the New York Stock Exchange (BTI). References in this Combined Performance and Sustainability Summary to 'British American Tobacco', 'BAT', 'Group', 'we', 'us' and 'our' when denoting opinion refer to British American Tobacco p.l.c. and when denoting business activity refer to British American Tobacco Group operating, collectively or individually as the case may be. The material in this Combined Performance and Sustainability Summary is provided for the purpose of giving information about the Company to investors only and is not intended for general consumers. The Company, its Directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this material is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. The material in this Combined Performance and Sustainability Summary is not provided for product advertising, promotional or marketing purposes. This material does not constitute and should not be construed as constituting an offer to sell, or a solicitation of an offer to buy, any of our products. Our products are sold only in compliance with the laws of the particular jurisdictions in which they are sold. References in this Combined Performance and Sustainability Summary to information on websites, including the web address of BAT, have been included as inactive textual references only. The websites and the information contained therein or connected there to are not intended to be incorporated into or to form part of this Combined Performance and Sustainability Summary.

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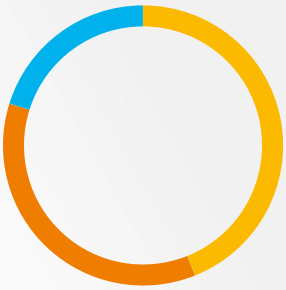
Our Global Business

Our regional profile maximises opportunities for quality growth in our sector.
Each of our markets is accountable for its own performance and driving growth.

Our in-depth marketplace analysis delivers insights on consumer trends and segmentation, which facilitates our geographic brand prioritisation across our regions and markets.

Consumer preferences and technology are evolving rapidly, and we are staying ahead of the curve with our digital hubs and innovation centres. We are also leveraging the expertise of our external partners and are looking forward to exciting results from our venturing initiative, Btomorrow Ventures.

Revenue by Region



£27,283m
Total revenue

U.S.	£11,994m
AME	£9,791m
APMEA	£5,498m

Our Three Complementary Regions

Map is accurate as at 31 December 2023 and is representative of general geographic regions and does not suggest that the Group operates in each country of every region.

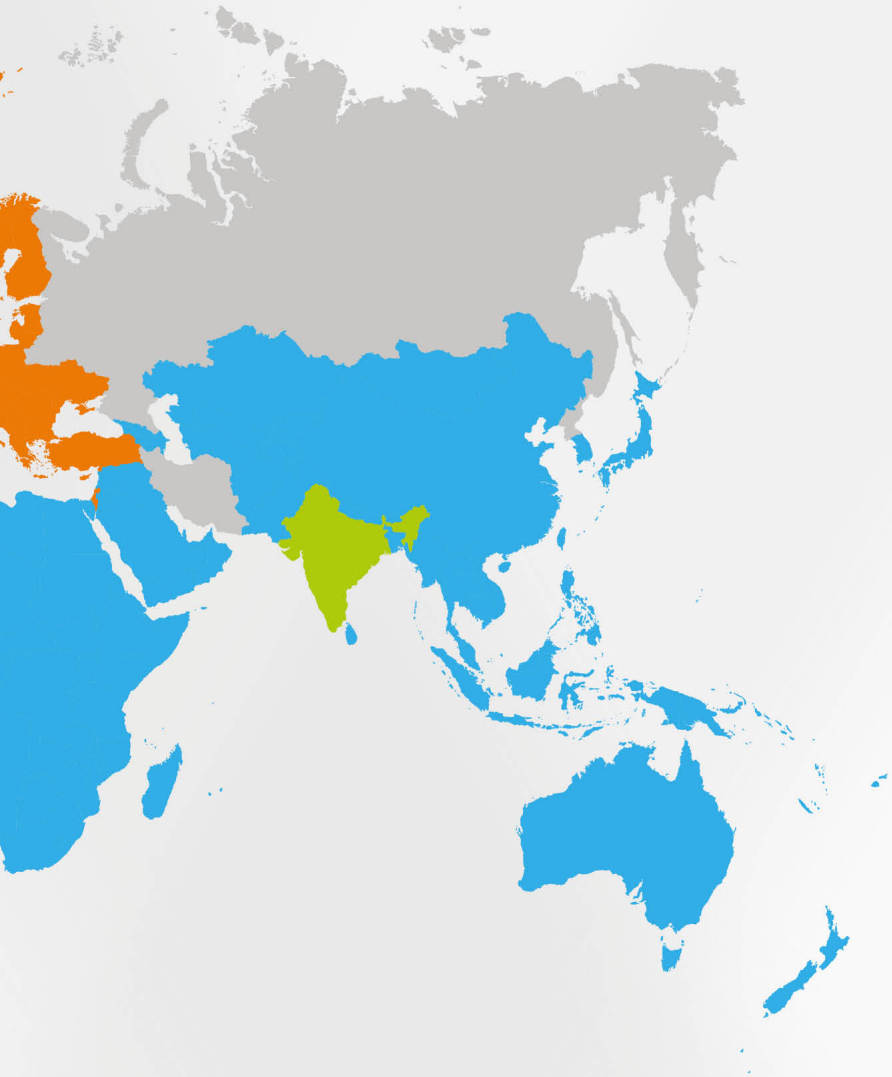
Our business is divided into three complementary regions, with a balanced presence in both high-growth emerging markets and highly profitable developed markets.

3
regions

5
major product categories

135
employee nationalities

46,000+
employees



United States of America (U.S.)

Key Markets:
U.S.

Americas and Europe (AME)

Key Markets:
Belgium, Brazil, Canada, Chile, Colombia, the Czech Republic, Denmark, France, Germany, Greece, Hungary, Italy, Mexico, Netherlands, Poland, Romania, Spain, Switzerland, Ukraine, the UK.

Asia-Pacific, Middle East and Africa (APMEA)

Key Markets:
Australia, Bangladesh, Japan, Kazakhstan, Malaysia, New Zealand, Pakistan, Saudi Arabia, South Africa, South Korea, Taiwan, Vietnam.

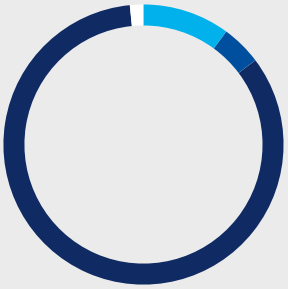
Associates and joint ventures

Key Markets:
India

Our Multi-Category Portfolio

BAT is a consumer-focused business operating internationally. Our multi-category approach means we are well placed to provide adult consumers with products designed for every mood and moment. Our portfolio reflects our commitment to meeting the evolving and varied needs of today's adult consumers.

Revenue by Product Category



New Categories	£3,347m	12.3%
Traditional Oral	£1,163m	4.2%
Combustibles	£22,108m	81.0%
Other	£665m	2.5%

£27,283m
Total revenue

Strategic Portfolio

These are our key brands in both the combustible and Non-Combustible categories. This ensures focus and investment on the brands and categories that will underpin the Group's future performance.

The strategic portfolio is:

Non-Combustibles

All brands within New Categories and the strategic Traditional Oral brands in moist and snus.

Combustibles

Dunhill, Kent, Lucky Strike, Pall Mall, Rothmans, Newport (U.S.), Natural American Spirit (U.S.), Camel (U.S.).

Notes:

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

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

† Our Vapour product Vuse (including Alto, Solo, Ciro and Vibe), and certain products, including Velo, Grizzly, Kodiak, and Camel Snus, which are sold in the U.S., are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.

	Category	
Our smokeless portfolio	**Vapour**	Vapour products are battery-powered devices that heat e-liquids to produce an inhalable aerosol, commonly known as vapour. Although e-liquids usually contain nicotine, there is no tobacco in Vapour products.
	Heated Products	Heated Products (HPs) comprise two main functional parts; an electronic handheld device that contains a lithium-ion battery that powers a heating chamber: and a specially designed consumable that is inserted into the device. Everything has been designed so that nicotine and flavour are released through precision heating.
	Modern Oral	Modern Oral products are pouches which contain high purity nicotine, water, and other high-quality ingredients. Consumers place the disposable pouch between their gum and upper lip, typically for around 30 minutes, during which time nicotine and flavours are released and the nicotine is absorbed through the tissues lining the mouth.
	Traditional Oral	Traditional Oral products include snus and snuff. Snus is a moist form of oral tobacco originating from Sweden. It is available in loose form or as pouches. The tobacco is typically mixed with water, salt and aromas.
	Combustibles	The Group sold 555 billion cigarette sticks and 15 billion OTP (stick equivalents) in 2023. The Group operates internationally, with 38 fully integrated cigarette manufacturing facilities in 36 markets.

Global Drive Brands		Market Footprint
vuse		**63** markets where our Vapour products are currently available
glo™		**31** markets where our HPs are currently available
VELO		**34** markets where our Modern Oral products are currently available
GRIZZLY		**3** markets where our Traditional Oral products are currently available
EST. 1907 DUNHILL TOBACCO OF LONDON LTD PALL MALL LUCKY STRIKE KENT Rothmans		U.S. Specific Newport NATURAL AMERICAN SPIRIT CAMEL

Chair's Introduction

Transformation in Action

Our strategy and purpose were discussed extensively during 2023. The result of these discussions was the decision to provide greater clarity on what we mean by A Better Tomorrow™. It means we are committed to Building a Smokeless World.

Luc Jobin
Chair

Dear Fellow Shareholders,

During 2023, the world continued to experience a period of extensive and prolonged uncertainty.

The global economy has entered an era of upheaval, as geopolitical tensions continue to destabilise economies and societies.

Cost-of-living pressures are being compounded by inflation, and this represents a significant challenge for major economies. This has resulted in re-adjustments in work habits and in consumer behaviour.

Ambiguity and uncertainty have long occupied discussions in boardrooms, but I cannot recall a time when this was so pronounced.

As always, my colleagues around the world have responded to the operating environment with resilience and resourcefulness. I would like to thank them, on behalf of the Board, for their ongoing dedication and diligence.

Leadership for the Future

In May 2023, the Board announced a change in the leadership of BAT, with Tadeu Marroco appointed as Chief Executive.

With 30 years of experience across the entire business, Tadeu was the outstanding choice to lead BAT into the next chapter of its history.

With his track record of delivering transformation, building strong teams and ensuring financial discipline, Tadeu is well placed to build on our A Better Tomorrow™ strategy that was first articulated in 2020.

Following his appointment, in June 2023 Tadeu reshaped his Management Board to support a greater focus on improved execution and operational excellence. Having also appointed a new Chief People Officer and with a new Chief Financial Officer due to join us from 1 May 2024, the Board believes the management team at BAT is well placed to execute on the strategy of the business to deliver long-term value for stakeholders.

Refining our Strategy and Purpose

In the context of a rapidly changing world, it is important that shareholders have a holistic view of BAT and our place in it.

This is the second year that we have embedded our sustainability data into our Annual Report.

Our Combined Annual and Sustainability Report again represents the fullest depiction of BAT's business strategy and performance.

Our strategy and purpose were discussed extensively during 2023. The result of these discussions was the decision to provide greater clarity on what we mean by A Better Tomorrow™. It means we are committed to Building a Smokeless World.

This is a commitment to migrate our cigarette consumers actively, sustainably and responsibly to reduced risk[*†], smokeless alternatives. In so doing, BAT will deliver for consumers, investors and society, while employees will benefit from a purpose-driven business that they can feel excited about.

Built around the three pillars of Quality Growth, Sustainable Future and Dynamic Business the Board believes this refined strategy is right for the long-term success of BAT. Tadeu discusses this in more detail on page 8 and further information on the refined strategy can be found on page 14.

The refined strategy is a natural extension of the foundations that were laid in 2020 and provides clarity on what BAT intends to focus on in the years to come.

The Board has been engaged in much discussion during the year about 'what' the business should deliver in the future. It is, of course, important for shareholders to understand 'how' we have delivered this year and how we think success should be measured against the refined strategy going forward. Our Combined Annual and Sustainability Report seeks to do that, while honing our non-financial disclosures towards the reporting requirements of the EU Corporate Sustainability Reporting Directive (CSRD).

Our Values and Culture

A strategy is little without the right culture instilled across the organisation to deliver it. A truly dynamic business is one where the people within it understand the strategic aims and the expected behaviours to achieve them.

Values are an important facet of continuing to be an exciting and winning company. It is why the Board was pleased to see a set of rearticulated values being developed in parallel with the refined strategy.

Long-Term View of the Business

Despite an increasingly turbulent external environment, the fundamentals of the tobacco and nicotine sector remain attractive, and the Board believes BAT is in a strong position to realise its potential.

The growth of adult smokers seeking smokeless alternatives is a long-term, sectoral trend. There remain more than one billion adult smokers in the world and there are many jurisdictions which, with the right regulatory approach, could see smoking rates decline faster through greater acceptance of smokeless products.

With our multi-category portfolio, BAT is well placed to capitalise on this consumer shift to smokeless products while continuing to manage the combustible cigarette business in a responsible manner.

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As always, my colleagues around the world have responded to the operating environment with resilience and resourcefulness.

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The growth of adult smokers seeking smokeless alternatives is a long-term, sectoral trend.

With our geographic footprint and multi-category portfolio, BAT is well placed to capitalise on this consumer shift to smokeless products, while managing the combustible cigarette business in a responsible manner.

BAT's Board and leadership team remain focused on securing long-term, sustainable value creation, by nurturing BAT's culture, building our brands, and delivering A Better Tomorrow™.

We believe that growth within the smokeless category will be driven by sustained investment in our brands and targeted innovation to respond to evolving consumer preferences and tastes. Combined with active portfolio management, we believe that continuing to invest in our brands is fundamental to sustaining BAT's performance for the future.

Dividends

Reflecting the confidence in our business and its future prospects, the Board has declared a dividend of 235.52p per ordinary share, payable in four equal instalments of 58.88p per ordinary share, to shareholders registered on the UK main register or the South Africa branch register and to American Depository Shares (ADS) holders, each on the applicable record dates.

The dividends receivable by ADS holders in US dollars will be calculated based on the exchange rate on the applicable payment dates.

Further information on dividends can be found on page 38.

Board Changes

I was very pleased to welcome Murray Kessler and Serpil Timuray to our Board this year.

Both Murray and Serpil join the Board as independent Non-Executive Directors and members of the Nominations and Remuneration Committees.

Murray possesses extensive leadership experience in growing consumer product companies and managing regulated businesses.

Serpil also brings experience in growing consumer and enterprise product companies, as well as managing global strategy, marketing, innovation and digital transformation.

I am looking forward to their respective contributions as we accelerate our strategy to build A Better Tomorrow™.

Summary and Outlook

While sustained volatility and uncertainty will continue to present challenges, we believe BAT remains well-positioned and resilient.

We are diversified by category, price point and geography. Our smokeless portfolio has been designed to take advantage of sectoral shifts. Our people are highly engaged and have a track record of delivery during uncertain times.

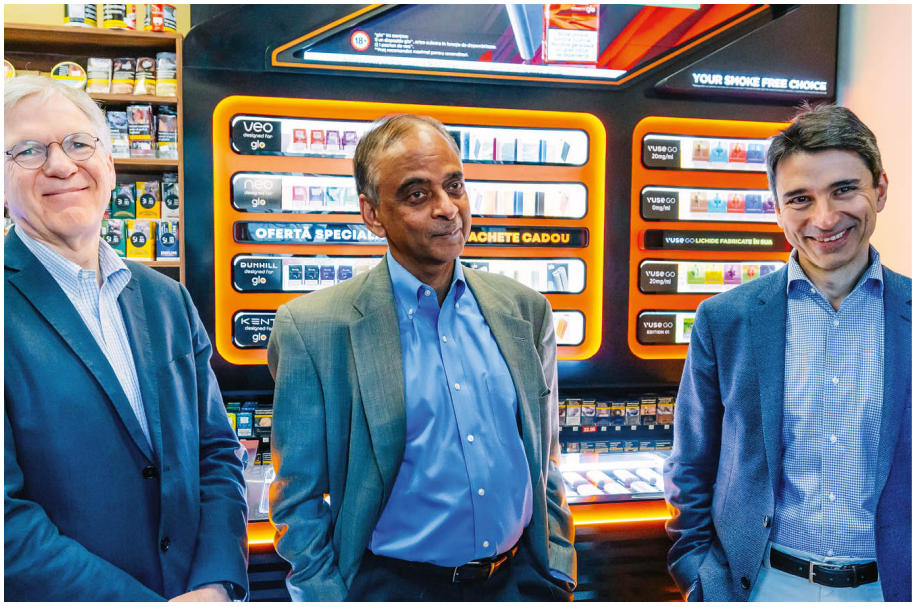
Additionally, our continued investment in our brands and deep understanding of our consumers position us well to capture opportunities in tobacco, nicotine and beyond, markets we believe have very attractive fundamentals.

BAT's Board and leadership team remain focused on securing long-term, sustainable value creation, by nurturing BAT's culture, building our brands, and delivering A Better Tomorrow™.

Notes:

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

† Our Vapour product Vuse (including Alto, Solo, Ciro and Vibe), and certain products, including Velo, Grizzly, Kodiak, and Camel Snus, which are sold in the U.S., are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.



From left to right, Group Chair, Luc Jobin, Non-Executive Director Kandy Anand and Chief Executive, Tadeu Marroco

Chief Executive's Review

Building a Smokeless World

For BAT, A Better Tomorrow™ is very clear. We will work to Build a Smokeless World. The way we will do this is by switching as many smokers as we can to our smokeless products.

Tadeu Marroco
Chief Executive

Dear Stakeholders,

I was very proud to be appointed Chief Executive in May 2023. Having worked at BAT for over three decades, it was an honour to be given the opportunity to lead the business.

Despite an increasingly difficult external environment, I believe we are at a moment of enormous potential for BAT and the tobacco and nicotine sector as a whole.

In order to realise that potential, we must address a number of strategic choices.

Fundamentally, BAT today is a business built to deliver resilient performance, even during uncertain times.

Our geographical diversity and multi-category product portfolio are underpinned by long-term investments in our brands.

Combined with a culture that values delivery today while pursuing future opportunities, we are well positioned to continue delivering stakeholder value over the years to come.

Full-Year 2023 Performance

During 2023, the underlying strengths of BAT were reflected in our performance, despite a challenging environment. While total Group revenue declined 1.3%, revenue at constant currency was up 1.6%, despite the negative impact due to the sale of Russia and Belarus partway through the year.

I was pleased with the performances of AME (with revenue up 5.4%) and APMEA, although APMEA was impacted by a translational foreign exchange headwind which masked a good operating performance as revenue declined 4.0% (up 5.5% at constant rates[1]). As a result of a particularly difficult macro-economic environment, the U.S. was down 5.1%.

There was another strong performance from our New Categories which are now profitable at the category contribution level (two years ahead of our original plan), driven by higher revenue (up 15.6%, or 17.8% on a constant currency basis). We currently have 24 million consumers of Non-Combustible products and revenue from these products now accounts for 16.5% of Group revenue.

2023 has brought some unique challenges to the Group, including:

- Having concluded it was no longer sustainable in the current environment, I was pleased that we completed the sale of our Russian and Belarusian businesses in September 2023. As a result, we no longer have a presence in Russia or Belarus and will receive no financial gain from ongoing sales in these markets; and
- Reflecting the difficult trading environment in the U.S., uncertainty regarding the impact of the potential menthol ban and continued drag on our legal Vapour business by illicit single-use products, we have impaired certain U.S. assets (including goodwill and our combustible trademarks), recognising a non-cash charge of £27.3 billion.

In the face of significant turbulence in our operating environment, I am assured by the resilience demonstrated by the business. However, the prospect of ongoing volatility means that there is no room for complacency and this necessitates greater strategic clarity.

A Refined Strategy

As I have said before, the direction of our strategy that was laid out in 2020 remains the right one. What is required now is a clearer articulation of our vision and an improved focus on sharper execution.

The ongoing success of our New Categories business, combined with the underlying strengths of BAT, mean that we are well placed to realise our potential.

Delivering long-term, multi-stakeholder value has long been our aim. What is now required is a clearer picture of how that can create A Better Tomorrow™.

As such, we have refined our strategy to map out how we plan to deliver for stakeholders going forward. Underpinning this is a revised set of values for our employees. Further details on our strategy and values can be found on pages 14-17.

For BAT, A Better Tomorrow™ is very clear. We will work toward Building a Smokeless World. The way we will do this is by switching as many smokers as we can to our smokeless products.

As a business, we are committed to becoming a predominantly smokeless business, targeting 50% of our revenue from Non-Combustibles by 2035. With a refined strategy, having refreshed my Management Board and having a new set of Group-wide values, I believe the business now clearly understands the areas we need to focus on.

These areas fall under three pillars: Quality Growth, Sustainable Future and Dynamic Business.

Quality Growth

Quality Growth marks our transition from the first stage of our transformation journey. Where our New Categories focus was weighted toward revenue growth, it will now pivot to a more balanced focus on top-line and bottom-line delivery.

Key to delivering this is a focus on brands and innovation, efficiency and margin delivery across our business. We will do this while maintaining our competitive position, and progressing our pilot launches for the long-term into categories Beyond Nicotine.

A core part of this pillar will be stabilising the performance of our U.S. business. Despite recent challenges, the U.S. remains the most profitable tobacco and nicotine market in the world and a core part of our future plans to Build a Smokeless World.

While the FDA and state level regulatory proposals have driven some uncertainty in the U.S. operating environment, our long track record of managing regulatory change gives us confidence that we will be able to navigate these issues.

Despite an increasingly difficult external environment, I believe we are at a moment of enormous potential for BAT and the tobacco and nicotine sector as a whole.

We have rearticulated our purpose to clarify our intention to move our business beyond cigarettes.

As part of our refined strategy, the areas we will focus on fall under three pillars: Quality Growth, Sustainable Future and Dynamic Business.

Key to delivering on our refined strategy are the people who underpin this business, our employees, and the culture that they operate in.

Science will continue to be a primary driver of our efforts.

We will work to enable more consumers around the world to have access to smokeless products.

Further embedding sustainability and integrity into all of our activities will continue to be a priority.

It is an exciting time to be part of BAT and I look forward to working with colleagues around the globe to Build a Smokeless World and drive A Better Tomorrow™.

Sustainable Future

The Sustainable Future pillar re-emphasises our overarching goal of creating A Better Tomorrow™.

Science will continue to be a primary driver of our efforts. We will support the science behind smokeless products through more active external engagement, including with regulators. We will work to provide more consumers around the world with access to smokeless products in a responsible manner.

Of course, further embedding sustainability and integrity into all of our activities will continue to be a priority and you can read more about our efforts there on page 28.

Dynamic Business

The Dynamic Business pillar highlights our commitment to strengthening our already winning organisation and ensuring we are efficient and effective in all of our operations.

By focusing here and being data-driven, we believe we can create the financial flexibility to invest in our people, our products and provide returns to our investors.

Key to delivering on our refined strategy are the thousands of people around the world who work at BAT and the culture that they operate in.

Notes:

1 Please refer to the Non-GAAP section from page 335 of the Annual Report and Form 20-F 2023 for the Non-GAAP measures definitions.

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

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Our new Chief People Officer, Dr Cora Koppe-Stahrenberg, and I will be working closely together, to foster the kind of human-centric, skills-enabled and performance-driven organisation that is essential to driving forward our strategic agenda.

Increasing our financial flexibility is another core part of the Dynamic Business pillar. Continuing our disciplined approach to capital allocation and debt management will be crucial. Having moved into the middle of our leverage range, at 2.57 times adjusted net debt to adjusted EBITDA, we have increasing flexibility to deliver long-term value while taking into account macro-economic and regulatory developments.

Facing the Future with Confidence

Looking to the future, it is clear to me that the fundamentals of our strategy remain correct.

We have rearticulated our purpose to clarify our intention to move our business beyond cigarettes, and we will continue to address the difficult decisions that this purpose entails.

We are sharpening our executional focus to enable high quality, repeatable growth, supported by science, stakeholder engagement and with sustainability and integrity at the core.

We are an organisation ready to deliver, with operational excellence and an ability to flexibly manage our capital allocation decisions for the benefit of all stakeholders.

It is an exciting time to be part of BAT and I look forward to working with colleagues around the globe to Build a Smokeless World and drive A Better Tomorrow™.

From left to right, Johan Vandermeulen, COO, Tadeu Marroco, Chief Executive, and Usman Zahur, Area Director Central Europe

Our Year in Numbers

Our Performance Metrics	2023	%	2022	%	2021	IFRS GAAP	KPI	NON GAAP
Consumer								
Number of Non-Combustible Product Consumers[1]	**23.9m**		20.7m		17.1m			
Market Share								
Cigarette and HP volume share growth (bps)	**-10 bps**		-10 bps		+10 bps		•	
Cigarette and HP value share growth (bps)	**-50 bps**		flat		+20 bps			
Volume								
Vapour (mn 10ml units/pods)	**654**	**+7%**	612	+14%	535			
HP (bn sticks)	**24**	**-1%**	24	+26%	19			
Modern Oral (mn pouches)	**5,360**	**+34%**	4,010	+22%	3,296			
Traditional Oral (bn stick equivalents)	**7**	**-10%**	7	-8%	8			
Cigarettes (bn sticks)	**555**	**-8%**	605	-5%	637			
Other Tobacco Products (bn stick equivalents)	**15**	**-11%**	16	-10%	18			
Financial								
Revenue (£m)	**27,283**	**-1.3%**	27,655	+7.7%	25,684	•		
Revenue at cc (%)[2,3]		**+1.6%**		+2.3%			•	•
Revenue from New Categories (£m)	**3,347**	**+15.6%**	2,894	+40.9%	2,054	•		
Revenue from New Categories at cc (%)[2]		**+17.8%**		+37.0%			•	•
(Loss)/Profit from Operations (£m)	**-15,751**	**-250%**	10,523	+2.8%	10,234	•		
Adjusted Profit from Operations at cc (%)[2,3]		**+3.1%**		+4.3%			•	•
Operating Margin (%)	**-57.7%**		38.1%		39.8%	•		
Adjusted Operating Margin (%)[3]	**45.7%**		44.9%		43.4%			•
Diluted (Loss)/Earnings per Share (p)[4]	**-646.6**	**-322%**	291.9	-1.3%	295.6	•		
Adjusted Diluted Earnings per Share (p)[3, 4]	**375.6**	**+1.1%**	371.4	+12.9%	329.0		•	•
Adjusted Diluted Earnings per Share at cc (%)[2,3]		**+4.0%**		+5.8%			•	•
Dividends per Share (p)	**235.5**	**+2.0%**	230.9	+6.0%	217.8			
Dividend Payout Ratio (%)	**63%**		62%		66%			
Net Cash Generated from Operating Activities (£m)	**10,714**	**+3.1%**	10,394	+7.0%	9,717	•		
Free Cash Flow after Dividends (£m)	**3,305**	**+5.5%**	3,134	+23.2%	2,543			•
Cash Conversion (%)	**-68%**		99%		95%	•		
Operating Cash Conversion (%)	**100%**		100%		104%		•	•
Borrowings, including Lease Liabilities (£m)	**39,730**	-7.9%	43,139	+8.8%	39,658	•		
Adjusted Net Debt to Adjusted EBITDA (ratio)[3]	**2.6x**		2.9x		3.0x		•	•
Adjusted Return on Capital Employed (%)[3]	**11%**		10%		9%			
Total Shareholder Return (rank)	**13 of 24**		4 of 24		17 of 23		•	

+ Find our key ESG goals, targets and metrics in our ESG Roadmap on page 13

Please refer to the Non-GAAP section from page 334 of the Annual Report and Form 20-F 2023 for the Non-GAAP measures definitions. See the section 'Non-Financial Measures' on page 332 of the Annual Report and Form 20-F 2023 for more information on these non-financial KPIs.

Notes:

1. Excludes Russia and Belarus.
2. Where measures are presented 'at constant rates' or 'at cc', the measures are calculated based on a re-translation, at the prior year's exchange rates, of the current year results of the Group and, where applicable, its segments. See page 59 of the Annual Report and Form 20-F 2023 for the major foreign exchange rates used for Group reporting.
3. Where measures are presented as 'adjusted', they are presented before the impact of adjusting items. Adjusting items represent certain items of income and expense which the Group considers distinctive based on their size, nature or incidence.
4. In 2023, the Group reported a loss for the year. Following the requirements of IAS 33, the impact of share options would be antidilutive and is therefore excluded, for 2023, from the calculation of diluted earnings per share, calculated in accordance with IFRS, for that year. For remuneration purposes, and reflective of the Group's positive earnings on an adjusted basis, management have included the dilutive effect of share options in calculating adjusted diluted earnings per share.

Our ESG Roadmap

Our ESG Roadmap contains some of our key sustainability ambitions and targets, metrics and performance tracking.

Key ✓ Achieved – Met target/ambition on or ahead of time | On track – Likely to meet target/ambition on time | Ongoing focus – Continued progress towards target/ambition required | Not on track – Significant progress required to meet target/ambition on time

Topic	Ambitions and targets	Metrics	Performance tracking 2023	2022	2021	Status
H Harm reduction	**£5bn by 2025** in revenue from New Categories	New Category revenues (£bn)	**3.3**	2.9	2.1	On track
	50m by 2030 consumers of our Non-Combustible products	No. of consumers (millions),[@♦@] excluding Russia and Belarus	**23.9**	20.7	17.1	On track
E Climate change	**Net Zero GHG emissions by 2050**	Scope 1 and 2 (market-based) CO_2e emissions (thousand tonnes)[@♦@]	**362**	420	495	On track
	50% reduction in Scope 1 and 2 GHG emissions by 2030 (vs 2020 baseline)[1]	Scope 1 and 2 CO_2e emissions intensity (tonnes per £m revenue)[@♦@]	**13.3**	15.2	19.3	On track
		% Scope 1 and 2 CO_2e emissions reduction vs 2020 baseline	**33.1**	22.3	8.4	On track
	50% reduction in Scope 3 GHG emissions by 2030 (vs 2020 baseline)[1]	Scope 3 CO_2e emissions (thousand tonnes) including biogenic emissions and removals[@♦@]	**–**[2]	6,045	6,496	On track
Circular economy	**25% reduction in waste generated** in own operations by 2025 (vs 2017 baseline)	% reduction in waste generated	**28.2**	21.5	14.1	✓
	100% packaging to be reusable, recyclable or compostable by 2025	% packaging reusable, recyclable or compostable	**94**	92	92	On track
		% markets selling Vuse and glo with Take-Back schemes	**100**	100	100	On track
Biodiversity and ecosystems	**Deforestation and Conversion Free** tobacco supply chain by 2025	% sources of wood used by our contracted farmers for curing fuels that are from sustainable sources[@♦@]	**99.99**	99.99	99.89	On track
	Deforestation Free pulp and paper supply chain by 2025	% of pulp and paper materials sourced with low risk of deforestation	**69.3**	N/A	N/A	On track
	Forest Positive in our tobacco supply chain by 2025 (vs 2021 baseline)	Hectares of forests planted for conservation and Forest Positive	**68.8**	27.6	N/A	On track
Water	**35% less water use by 2025**	% reduction in water withdrawn vs 2017 baseline	**39.2**	32.6	27.6	✓
	100% operations sites Alliance for Water Stewardship certified by 2025	% operations sites Alliance for Water Stewardship (AWS) certified	**68.8**	36.4	15.0	On track
S Employees, diversity and culture	**Increase to 45% by 2025** proportion of women in Management roles	% female representation in Management roles[@♦@]	**42**	41	39	Ongoing focus
	Increase to 40% by 2025 proportion of women on Senior Leadership teams	% female representation on Senior Leadership teams[@♦@]	**33**	30	27	Ongoing focus
	Zero accidents aiming for zero accidents Group-wide each year	Lost Time Incident Rate (LTIR)[@♦@]	**0.17**	0.19	0.20	Ongoing focus
		Number of serious injuries and fatalities to employees and contractors[@♦@]	**25**	36	31	Ongoing focus
Human rights[3]	**Zero child labour** aiming for zero incidents in our tobacco supply chain by 2025	% farms with incidents of child labour identified[@♦@]	**0.15**	0.38	0.70	Ongoing focus
		% incidents of child labour identified and reported as resolved by the end of the growing season[@♦@]	**100**	100	100	✓
Farmer livelihoods and communities[3]	**Prosperous livelihoods** we are committed to working to enable prosperous livelihoods for all farmers in our tobacco supply chain	% farmers in our Thrive Supply Chain[3] reported to grow other crops for food or as additional sources of income[@♦@]	**93.3**	92.8	95.6	On track
G Marketing and communications	**Full compliance** aiming for full compliance with marketing regulations	Incidents of non-compliance with marketing regulations resulting in a fine or penalty[@♦@4]	**3**	2	N/A	Ongoing focus
Ethics and integrity	**100% SoBC compliance** aiming for full adherence to our Standards of Business Conduct (SoBC)	Number of established SoBC breaches[5@♦@]	**123**	84	99	Ongoing focus
		Number of disciplinary actions taken as a result of established SoBC breaches that resulted in people leaving BAT[@♦@]	**79**	58	46	Ongoing focus
Supplier engagement	**100%** of product material and high-risk indirect suppliers having at least one independent audit within a three-year cycle	% product material and higher-risk indirect service suppliers having an independent labour audit within a three-year cycle[@♦@]	**58.8**	36.6	22.0	On track

Notes:
♦2023 (2022 for Scope 3) metrics with independent limited assurance by KPMG in accordance with ISAE (UK) 3000; see page 119 of the Annual Report and Form20-F 2023 for a full list of assured metrics.@ Environmental and health and safety data is reported for the period 1 December 2022 to 30 November 2023. See page 115 for CO_2e emissions reporting methodology. 1. Compared to a 2020 baseline. Our near-term 2030 science-based targets comprise 50% reduction in Scope 1 and 2 and 50% reduction in Scope 3 GHG emissions. Scope 3 emissions target includes purchased goods and services, upstream transportation and distribution, use of sold products and end-of-life treatment of sold products, which collectively comprised >90% of Scope 3 emissions in 2020. 2. Due to the complexity of consolidating and assuring Scope 3 data from our suppliers and value chain, this is reported one year later. In 2022 we further enhanced our Scope 3 calculation methodology leading to the reporting periods 2020 and 2021 being restated accordingly. 3. Our ambitions cover all tobacco we purchase for our products ('tobacco supply chain'), which is used in our combustibles, Traditional Oral and Tobacco Heated Products. Our metrics, however, derive data from our annual Thrive assessment, which includes our directly contracted farmers and those of our third-party suppliers, which represented over 94% of the tobacco we purchased by volume in 2023 ('Thrive Supply Chain'). 4. In line with a reclassification of 'ongoing incidents' (which, from 2023 reporting will be included as an 'incident' when the final decision is issued), the 2022 number has been restated (three previously reported for 2022). 5. Consistent with previous years' reporting, cases are not included if investigations were not resolved at year-end.

Interim Finance Director's Overview

Despite the U.S. impairment negatively impacting our reported results, the Group's operational financial performance demonstrates the resilience of the business. We are highly cash generative and remain committed to our capital allocation framework.

Javed Iqbal
Interim Finance Director

2023 has been a challenging year as we navigated a number of issues in our performance.

Our New Categories business is already profitable (at the category contribution level), two years earlier than our original plan, while our global footprint allows us to deliver on our financial priorities despite a challenging U.S. environment.

I am particularly pleased that our disciplined approach to capital allocation and debt management has brought us closer to the middle of our leverage range (at 2.6x adjusted net debt to adjusted EBITDA). We remain highly cash generative, allowing us to balance investment in the future while rewarding shareholders with a further increase in dividends (up 2.0% to 235.5p, being 25 years of annual dividend increases).

The sale of our businesses in Russia and Belarus was completed in September 2023, and due to the timing of the transaction partway through the year, this was a headwind on our comparative performance as 2023 does not include a full year's performance from those markets. Combined with a lower underlying performance in Russia as we reduced investment and focus, the comparative impact on revenue was £456 million.

During 2023, we have observed an acceleration of the decline rates in cigarette volume in the U.S., after a period of instability in market trends driven by the COVID-19 pandemic. In response to these increased decline rates, we have revised our forecast performance for the U.S. market, reflecting the ongoing difficult macro-economic environment, uncertainty regarding the impact of the potential menthol ban and continued drag on our legal Vapour business by the illicit single-use products. Accordingly, we have recognised a non-cash impairment charge of £27.3 billion, of which £4.3 billion is in respect of goodwill.

The balance of £23.0 billion mainly relates to the acquired U.S. combustibles brands of Newport, Camel, Natural American Spirit and Pall Mall which are now considered to have a useful economic life not exceeding 30 years, rather than into perpetuity, aligned with our strategy to Build a Smokeless World.

We will, therefore, be commencing amortisation of the U.S. cigarette brands (previously recognised for accounting purposes as indefinite-lived) from 1 January 2024. This non-cash charge of £1.4 billion per annum will be treated as an adjusting item.

New Categories Driving Group Revenue Growth

Total Group revenue declined 1.3% to £27,283 million in 2023 (having grown 7.7% in 2022 to £27,655 million).

However, excluding foreign exchange movements (which were a headwind of 2.9% in 2023 and a tailwind of 5.4% in 2022) on a constant currency basis, revenue was up 1.6% in 2023 and 2.3% in 2022.

This was driven by:

- New Categories revenue, up 17.8% in 2023 and 37.0% in 2022; and
- continued combustibles pricing, with Group price/mix of 7.5% in 2023 (4.6% in 2022);

and partly offset by:

- the impact of the sale of the Russian and Belarusian businesses; and
- lower combustibles volume (down 8.3% in 2023) largely due to the difficult trading in the U.S. where volume was 11.3% lower.

Profit from operations declined 250% to be a loss of £15,751 million, compared to a profit of £10,523 million in 2022, an increase of 2.8%.

The decline in 2023 was due to the impairment charges referred to earlier in respect of the U.S. (goodwill and brands). 2022 was negatively impacted by a number of other adjusting charges which did not repeat or were substantially lower in 2023. These include the previously disclosed charges in respect of:

- The sale of the Russian (and Belarusian) business (2023: £353 million, 2022: £612 million);
- Restructuring and integration programmes, including Quantum, being a release in 2023 of £2 million from the previously recognised provision, which was a charge of £771 million in 2022;
- The agreement with the United States Department of Justice (DOJ) and the United States Department of the Treasury's Office of Foreign Assets Control (OFAC) to resolve historical breaches of sanctions (2023: £75 million, 2022: £450 million); and
- A charge in 2022 of £79 million related to the conclusion of the investigation into alleged violations of the Nigerian Competition and Consumer Protection Act and National Tobacco Control Act.

These charges were partly offset by a net credit of £167 million (2022: £460 million) in Brazil as the Group revised the calculation of VAT and excise on social contributions in prior periods following updated guidance and the conclusion of litigation.

Our operating margin was consequently 95.8 ppts lower at -57.7% in 2023 (2022: down 170 bps to 38.1%).

We aim to continue to reward shareholders and our financial performance allows us to further increase our dividend by 2.0% - marking 25 years of annual dividend increases.

Strong, sustainable, cash flow generation underpins confidence in the future.

We remain committed to our medium-term targets of 3-5% revenue growth (excluding currency), mid-single figure adjusted profit from operations growth (excluding currency) and growth in dividends.

Profit from operations was down -250% (2022: up 2.8%), impacted by the impairment charges largely in respect of the U.S. goodwill and brands.

Strong cash generation has enabled us to return £5.1 billion of cash to shareholders in 2023, while still deleveraging to 2.6x adjusted net debt to adjusted EBITDA.

Excluding these significant adjusting items, and a translational foreign exchange headwind of 2.6%, on an adjusted constant currency basis (which we believe reflects the operational performance of the Group) profit from operations grew by 3.1% (2022: up 4.3%), due to the continued reduction in losses of £398 million from New Categories, which are now profitable at a category contribution level- two years ahead of our original plan.

Adjusted operating margin (at current rates) increased 80 bps to 45.7% (2022: up 150 bps to 44.9%) driven by the reduction in New Categories losses in both years, combined with the impact of the disposal of the Group's businesses in Russia and Belarus, as the margins of those businesses were lower than the Group average.

EPS Impacted by U.S. Impairment, Offsetting Resilient Operating Performance

On a reported basis, basic EPS was down 320% at -646.6p (2022: down 1.2% at 293.3p) with diluted EPS 322% lower at -646.6p (2022: down 1.3% to 291.9p), as 2023 was impacted by the impairment charges recognised in respect of the U.S.

Excluding both the adjusting items and the effect of foreign exchange on the Group's results, adjusted diluted earnings per share, at constant rates, increased by 4.0% to 386.4p, building on the 5.8% growth in 2022. The performance in 2023 was also impacted by the timing of the sale of the Group's businesses in Russia and Belarus during the year, a negative headwind on the performance of 1.2%.

Active Capital Allocation Framework Ensures Deleverage, Investment and Investor Returns

We remain committed to our active capital allocation framework, which we expect will deliver long-term value to our shareholders, driven by our cash flow generation and deleverage plans.

These include:

- Continuing to grow the dividend;
- Maintaining our target leverage corridor of 2-3x adjusted net debt to adjusted EBITDA;
- Potential bolt-on M&A opportunities; and
- Share buy-backs to enhance shareholder returns.

The Group remains highly cash generative, realising £10.7 billion (2022: £10.4 billion) of net cash generated from operating activities. This translates to £3.3 billion (2022: £3.1 billion) of free cash flow after dividends.

This allowed for a net repayment of borrowings in the year, with total borrowings (including lease liabilities) down from £43,139 million in 2022 to £39,730 million in 2023.

Consequently, our leverage ratio has improved towards the middle of our range, with an adjusted net debt to adjusted EBITDA ratio decreasing from 2.9 times to 2.6 times.

Our liquidity profile remains strong, with average debt maturity close to 10.5 years and maximum debt maturities in any one calendar year of around £4 billion. Our medium-term rating target remains Baa1/BBB+, with a current rating of Baa2 (positive outlook), BBB+ (negative outlook), BBB (positive outlook) from Moody's, S&P and Fitch*, respectively.

In August 2023, the Group completed a tender offer to repurchase sterling-equivalent £3,133 million of bonds, including £43 million of accrued interest, reducing future refinancing risk. The Group has debt maturities of around £3.2 billion annually in the next two years. Due to higher interest rates, net finance costs are expected to increase as debts are refinanced.

25 Years of Consistent Dividend Growth

We are extremely proud of our long history of dividend growth.

2023 marks the 25th consecutive year of sterling dividend increases, with a further increase of 2.0% to 235.52p (with a dividend payout ratio of 62.7%).

Facing the Future with Increasing Confidence

Our business is well placed for the future.

With a diversified geographic and product portfolio, and a track record of delivering robust and consistent cash generation, we believe the Group is well positioned to continue to invest for future growth while navigating the near-term macro-economic uncertainties and challenges.

Notes:

* A credit rating is not a recommendation to buy, sell or hold securities. A credit rating may be subject to withdrawal or revision at any time. Each rating should be evaluated separately of any other rating.

Our Refined Strategy

To accelerate the next phase of our transformation, we are committing to Building a Smokeless World. This means we will deploy our global multi-category portfolio to actively encourage smokers to switch to smokeless products – in nicotine and beyond.

A BETTER TOMORROW™

Building a Smokeless World

The tobacco and nicotine industry has undergone a seismic shift in recent years. Increasing numbers of adult smokers are migrating to smokeless products like Vapour products, Heated Products and Modern Oral nicotine pouches.

With an increasing amount of scientific research behind these products, they represent an opportunity for Tobacco Harm Reduction on a global scale.

We have played a significant part in the ongoing industry transformation towards Tobacco Harm Reduction. Our multi-category strategy continues to be the right one to meet the evolving preferences of adult consumers around the world and deliver business growth.

We have built a portfolio of three powerful smokeless product brands: Vuse, glo and Velo, which have delivered more than £3 billion of annual revenue in just a decade. After significant early-stage investments, we are encouraged that our New Categories are profitable (at a category contribution level) two years ahead of our original target. Our focus on driving revenue growth and margin expansion will continue.

To accelerate the next phase of our transformation, we are committing to Building a Smokeless World. This means we will deploy our global multi-category portfolio to actively encourage smokers to switch to smokeless products – in nicotine and beyond. In essence, to encourage smokers to 'Switch to Better'. In turn, this will realise the multi-stakeholder benefits of A Better Tomorrow™.

At a business level, our aim is to become a predominantly smokeless business, with 50% of our revenue from Non-Combustibles by 2035.

To deliver this, we have refined our Group strategy to ensure clear lines of sight across the entire organisation.

Built around the three pillars of Quality Growth, Sustainable Future and Dynamic Business, our Strategic Navigator outlines the nine priority building blocks that support the achievement of our ambition to Build a Smokeless World.

Through these priorities, we will deliver the strategic outcomes against which our performance will be measured.

Quality Growth

Transitioning to a more balanced focus on top-line and bottom-line delivery, focusing on our 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 our operations. This will create the greatest financial flexibility possible to invest in our people, our products and provide returns to our investors.

For BAT, A Better Tomorrow™ is very clear. We will work to Build a Smokeless World. The way we will do this is by switching as many smokers as we can to our smokeless products.

Tadeu Marroco
Chief Executive

Our Strategic Navigator

Strategic Summary

Our Purpose:
A Better Tomorrow™

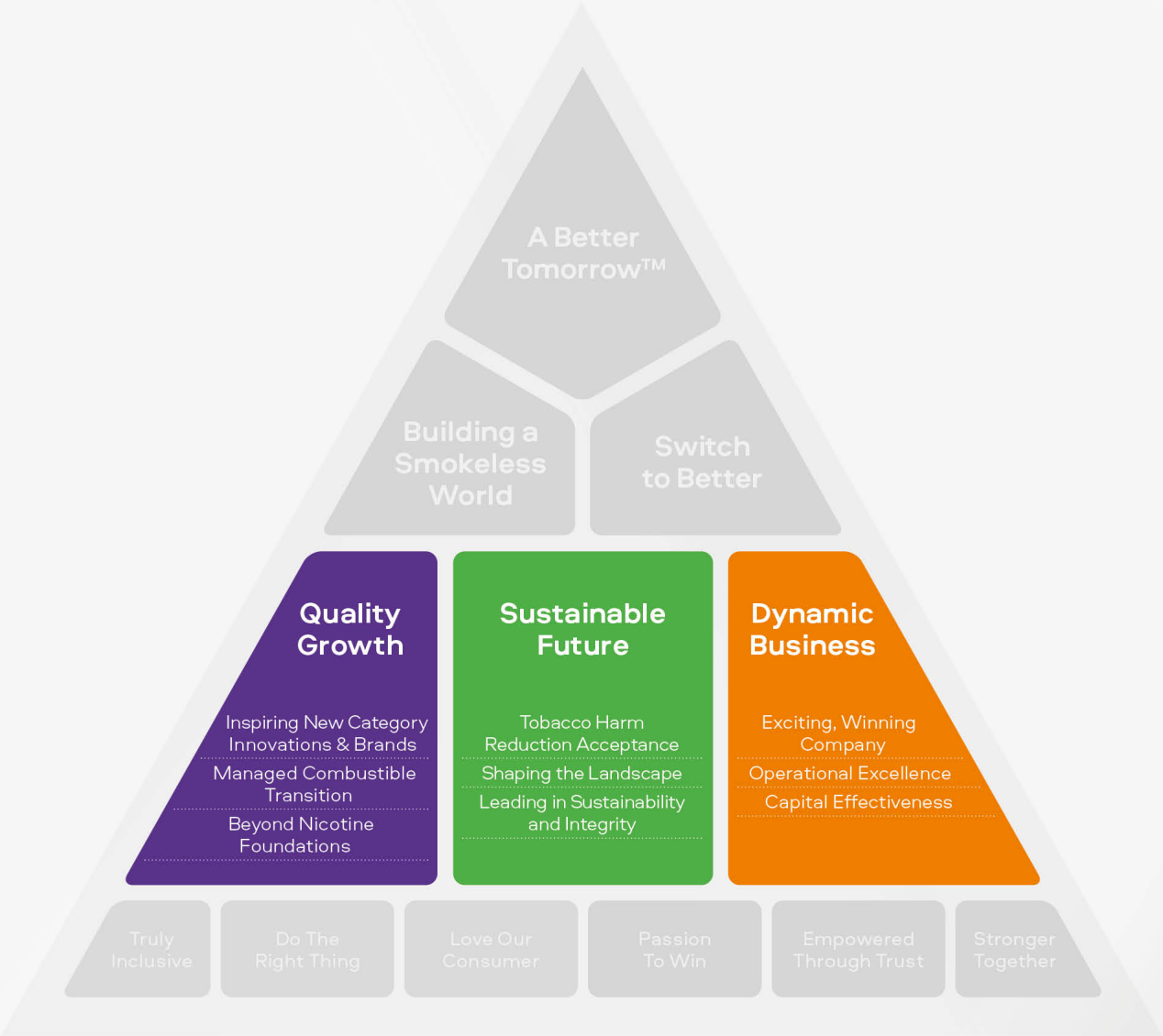
Our Vision:
Building a Smokeless World

Our Mission:
To encourage smokers to Switch to Better

A Better Tomorrow™ — Building a Smokeless World

To deliver on our vision of Building a Smokeless World, our aim is to become a predominantly smokeless business – with 50% of our revenue in Non-Combustible products by 2035. To enable this, we have refined our Group strategy to ensure clear lines of sight across the entire organisation.

Built around the three pillars of **Quality Growth**, **Sustainable Future** and **Dynamic Business**, our Strategic Navigator outlines the nine priority building blocks that support the achievement of our ambition to Build a Smokeless World. Through these priorities, we will deliver the strategic outcomes against which our performance will be measured.



Quality Growth

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

In the tobacco and nicotine industry, stable combustibles revenues and accretive New Category growth underpin continued revenue growth.

Yet, only around 10% of the world's one billion smokers have made the Switch to Better and replaced combustibles with smokeless products.

The long-term opportunity for growth, as we strive to accelerate this transformation, remains vast.

Prioritising where and what products to focus on, via our market archetype model, will guide our human and financial resource allocation decisions.

We will enhance our innovation ecosystem with a single-minded aim: developing an outstanding pipeline of new, scientifically substantiated products.

Our combustibles business remains essential to funding our transformation and continuing to reward our shareholders.

In Beyond Nicotine, we will build a pathway to a new portfolio of non-nicotine-based products that can enhance BAT's growth beyond 2025.

Within Beyond Nicotine there are two categories that BAT is exploring: Wellbeing and Stimulation – functional consumable products that help people manage their mood and wellbeing; and cannabis.

Our commitments under Quality Growth:

- Progressing toward quality, margin-accretive growth in smokeless products
- FMC volume decline but expecting continuing value delivery
- Sensibly investing for the future Beyond Nicotine

+ For more details on the Quality Growth pillar of our refined strategy,see page 26

Sustainable Future

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

There has been significant progress in the global Tobacco Harm Reduction (THR) journey over the past decade. Today, there are three significant global smokeless tobacco and nicotine product categories: Vapour products, Heated Products and Modern Oral nicotine products.

Our ambition is to reduce the health impact of our business via THR – migrating more smokers to smokeless products and advocating for the right regulatory environments for these products to flourish. We must do this responsibly and with integrity.

We recognise and support the objective of governments to reduce smoking rates and its associated health impact.

Combustible tobacco products pose serious health risks. The only way to avoid these risks is not to start or to quit smoking.

For those adults who would otherwise continue to smoke or start smoking, we believe they should be able to make better choices by opting for smokeless alternatives instead of cigarettes.

Science will be a primary driver of our efforts, supported by more active external engagement with regulators and other key stakeholders, while embedding sustainability across our organisation.

As we transition from cigarettes to smokeless products, our transformation must be comprehensive – addressing not only our products' public health impact but also our other material sustainability topics.

Our commitments under Sustainable Future:

- Building a Smokeless World
- Investing in the products, science and engagement to make A Better Tomorrow™ a reality
- Conducting our business sustainably and with integrity

+ For more details on the Sustainable Future pillar of our refined strategy see page 30

Dynamic Business

Building a future-fit, data-driven organisation and ensuring we are efficient and effective in all of our operations.

We believe we can create the financial flexibility to invest in our people, our products and provide returns to our investors.

We are committed to building a company where people and performance come together to create the extraordinary.

That is why creating an Exciting, Winning Company is one of the building blocks under the Dynamic Business pillar.

Additionally, generating shareholder value, via sustainable returns, remains an integral part of our strategic ambition. Over the past 25 years we have consistently grown the dividend per ordinary share in absolute terms.

The Group targets operating cash conversion of at least 90% annually - and has delivered in excess of 100% for the last four years.

Reducing debt is another core component of the Dynamic Business pillar. An important part of this is our medium-term rating target of Baa1/BBB+/BBB+ by Moodys/S&P/Fitch, and we continue to work towards reaching the middle of our leverage corridor being 2-3x adjusted net debt to adjusted EBITDA.

Given current geopolitical and economic challenges, the Group aims to de-lever its gross debt levels (c.£39.7 billion in 2023) and moderate the annual Net Financing Cost levels (c.£1.9 billion in 2023) to better support the overall strategy of the Group.

Our commitments under Dynamic Business:

- Creating a diverse, inclusive and people-oriented place to work
- Being data-driven and delivering operational excellence/cost management
- Focused on investors returns

+ For more details on the Dynamic Business pillar of our refined strategy see page 34

Our Business Model

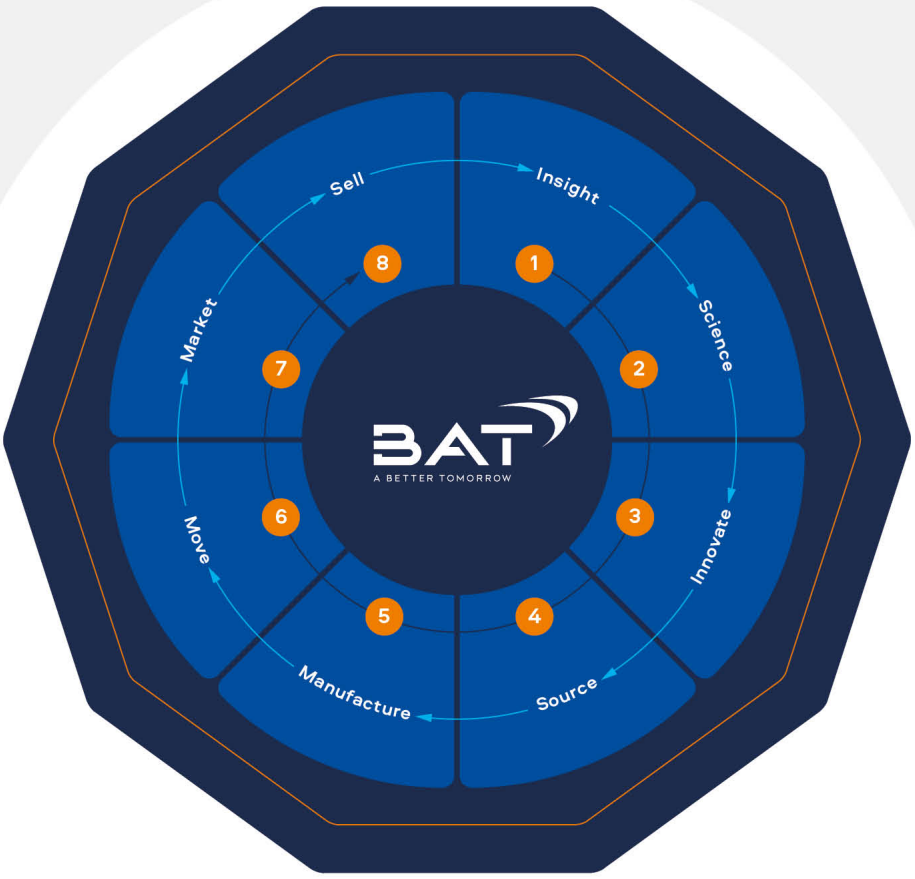
As a global business, we strive to understand our diverse consumers, develop products to satisfy their preferences and ultimately distribute them to markets around the world. Taking into account feedback from stakeholders also enables us to refine our strategy, deliver sustainable value and build A Better Tomorrow™.

Our eight-step business model

Our business model begins and ends with the consumer. The insights we gather from adult consumers, underpinned by robust science, unlock value by ensuring we offer the right product choices to meet their preferences. Our product portfolio is constantly being enhanced through innovations designed to better serve adult consumers and build A Better Tomorrow™.

Read more about our stakeholders on page 15

Following the responsible sourcing of raw materials and components, we utilise our global footprint to manufacture at speed and scale. We use our global distribution capabilities to ensure our products are where they need to be, when they are needed, based on our market archetype model. Through our responsible marketing practices and powerful portfolio, we market and sell our products which, in turn, generate further insights.



A Better Tomorrow™ for:

- Consumers
- Society
- Employees
- Shareholders & investors

1

Seeing over the horizon

As one of the most long-standing and established tobacco and nicotine businesses in the world, we have a unique view of the consumer across our product categories. This is increasingly driven by powerful data and analytics. These insights ensure that the development and responsible marketing of our products are fit to satisfy consumer preferences.

Powered by our data-driven consumer insight platform, we focus on product categories and consumer segments across our global business that have the best potential for long-term sustainable growth.

Link to Principal Risks

Tobacco, New Categories and other regulation interrupts growth strategy; Inability to develop, commercialise and deliver the New Categories strategy; Climate change and circular economy; Cyber security

2

Tobacco Harm Reduction Acceptance

World-class science is required to substantiate the quality, product safety and reduced-risk potential of our New Category products. This is crucial for building consumer and regulators' trust and encouraging adult smokers to completely switch to less risky alternatives*†.

We have an extensive scientific research programme in a broad spectrum of scientific fields, including molecular biology, toxicology and chemistry. We are transparent about our science and publish details of our research programmes on our dedicated website, www.bat-science.com, and the results of our studies in peer-reviewed journals.

Link to Principal Risks

Competition from illicit trade; Tobacco, New Categories and other regulation interrupts growth strategy; Significant increases or structural changes in tobacco, nicotine and New Categories related taxes; Inability to develop, commercialise and deliver the New Categories strategy

3

Staying ahead of the curve

As consumer preferences and technology rapidly evolve, we rely on our growing global network of digital hubs, innovation hubs, world-class R&D laboratories, external partnerships and our corporate venturing initiative, Btomorrow Ventures.

Driving sustainable growth is at the core of our innovation. We make significant investments in research and development to deliver innovations that satisfy or anticipate consumer preferences and generate growth for the business.

Led by our strength in developing consumer insights, each innovation helps us on our journey to build A Better Tomorrow™ by reducing the health impact of our business.

Link to Principal Risks

Inability to develop, commercialise and deliver the New Categories strategy; Climate change and circular economy; Cyber security

4

Sourcing materials responsibly

The majority of our tobacco is sourced by BAT Group's vertically integrated Leaf Operations through direct contracts with c.91,000 farmers. Of the remainder, the majority is from third-party suppliers that, in turn, contract with an estimated 155,000 farmers. The vast majority of tobacco farms in our supply chain are smallholder family farms.

Beyond tobacco, we source product materials like paper and filters for cigarettes and, for our New Category products, we have a growing supply chain in consumer electronics and e-liquids. We also have a vast number of suppliers of indirect goods and services that are not related to our products, such as for IT services and facilities management.

Link to Principal Risks

Geopolitical tensions; Supply chain disruption; Inability to develop, commercialise and deliver the New Categories strategy; Injury, illness or death in the workplace; Solvency and liquidity; Foreign exchange rate exposures; Climate change and circular economy; Cyber security

5

Utilising our global manufacturing footprint

We manufacture high-quality products in facilities all over the world. We also ensure that these products and the tobacco leaf we purchase are optimised for distribution and sale.

Our New Category products are manufactured in a mix of our own and third-party factories. We work to ensure that our costs are globally competitive and that we use our resources as effectively as possible.

Link to Principal Risks

Geopolitical tensions; Supply chain disruption; Disputed taxes, interest and penalties; Injury, illness or death in the workplace; Solvency and liquidity; Foreign exchange rate exposures; Climate change and circular economy

6

Moving our products seamlessly everywhere

By applying modern technologies, including AI and machine learning, we ensure our products are where they are needed when they are needed.

Our products are sold around the world and distributed effectively and efficiently using a variety of distribution models suited to local circumstances and conditions.

These distribution models include retailers, supplied through our direct distribution capability or exclusive distributors, and our Direct-to-Consumer business – which has been accelerated through the deployment of owned e-commerce sites.

Link to Principal Risks

Geopolitical tensions; Tobacco, New Categories and other regulation interrupts growth strategy; Supply chain disruption; Inability to develop, commercialise and deliver the New Categories strategy; Foreign exchange rate exposures; Climate change and circular economy; Cyber security

7

Marketing our products responsibly

Tobacco and nicotine products should be marketed responsibly to adults only and not designed to appeal to the underage.

Through a globally responsible approach to marketing, we seek to help raise standards and prevent under-age access, while growing our market share by encouraging adult consumers to choose our products over those of our competitors.

Our International Marketing Principles (IMP) govern our marketing across all our tobacco, nicotine and nicotine-free products and brands. They include strict requirements to be responsible, accurate and targeted at adult consumers only. Our IMP are applied even when they are stricter than local laws.

Link to Principal Risks

Competition from illicit trade; Tobacco, New Categories and other regulation interrupts growth strategy; Inability to develop, commercialise and deliver the New Categories strategy; Litigation; Foreign exchange rate exposures

8

Offering the consumer choice

We have a powerful brand portfolio that we are very proud of. This includes our combustibles portfolio and our portfolio of smokeless product brands which will contribute to Building a Smokeless World.

Our global brands are well positioned, with leading-edge insights, science and innovation behind our product pipeline.

We offer adult consumers a range of products, including combustible products, Vapour, Modern Oral and Heated Products, in markets around the world. Our range of high-quality products covers all segments, from value-for-money to premium.

Link to Principal Risks

Competition from illicit trade; Geopolitical tensions; Tobacco, New Categories and other regulation interrupts growth strategy; Supply Chain disruption; Litigation; Significant increases or structural changes in tobacco, nicotine and New Categories related taxes; Inability to develop, commercialise and deliver the New Categories strategy; Disputed taxes, interest and penalties; Foreign exchange rate exposures; Climate change and circular economy

Our Business Model
Continued

A Better Tomorrow™ for:

Consumers

Our consumers are at the core of everything we do and our success is underpinned by addressing their preferences, offering them a choice of enjoyable, innovative and less risky products*†.

Measured by

- 63 countries where Vapour products are available
- 31 countries where Heated Products are available
- 34 countries where Modern Oral products are available

Suppliers

Across the BAT Group, we work with thousands of different suppliers worldwide. Our suppliers are valued business partners and we believe, by working together, we can raise standards, drive sustainable practices, create shared value and build A Better Tomorrow™ for all.

Customers

Our customers include retailers, distributors and wholesalers who are essential for driving growth and embedding responsible marketing practices.

Society

We believe the greatest contribution we can make to society is Building a Smokeless World and reducing the health impact of our business. We will do this by encouraging those smokers who would otherwise continue to smoke to switch completely to smokeless alternatives. Achieving this, while working to reduce our impact on the environment, is central to delivering A Better Tomorrow™.

Measured by

- 23.9m consumers of Non-Combustible products
- 28% reduction of waste generated
- 33.1% reduction in Scope 1 & 2 emissions from our 2020 baseline

Notes:

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

† Our Vapour product Vuse (including Alto, Solo, Ciro and Vibe), and certain products, including Velo, Grizzly, Kodiak, and Camel Snus, which are sold in the U.S., are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.

‡ Refer to the BAT 'Reporting Criteria' for a full description of key terms and definitions at bat/reporting.com

Our People

We employ 46,000+ people worldwide. Attracting and retaining an increasingly diverse workforce and providing a welcoming, inclusive working environment are key drivers in BAT's transformation journey to build A Better Tomorrow™. Our focus is on providing a dynamic, inspiring and purposeful place to work.

Measured by

- accredited as Global Top Employer by the Top Employers Institute
- 80% Engagement Index score in our Your Voice employee survey
- 0.17 Lost Time Incident Rate (LTIR) vs 0.19 in 2022
- proportion of women in Management‡ roles grew to 42%

Shareholders & Investors

We are committed to delivering sustainable and superior returns to our shareholders and investors. It is essential that we maintain the support of our shareholders and investors to enable access to capital. This allows us to implement our strategy and achieve our business objectives.

Measured by

- 3-5% revenue growth over the medium term
- medium-term, mid single figure adjusted profit from operations growth (excluding currency)
- a progressive dividend being a 65% dividend payout ratio over the long term
- deleveraging the balance sheet towards the middle of our 2-3x adjusted net debt/adjusted EBITDA range

Engaging with Our Stakeholders

We work with, take into account and respond to the views and concerns of our stakeholders. This enables us to adapt to emerging risks and work to meet the expectations placed upon us as a multinational business.

	Consumers	Shareholders & Investors	Our People
Why this stakeholder is important to us	As preferences and attitudes change in an evolving industry, understanding our consumers is essential to both successful portfolio and business growth.	It is essential that we maintain the support of our shareholders and bondholders to maintain access to capital. This allows us to implement our strategy and achieve our business objectives.	The quality of our people is a major reason why our Group continues to perform well. We understand the value of listening and responding to feedback from our people to maintain a fulfilling, rewarding and responsible work environment.
Examples of how we engaged in 2023	– Consumer panels, focus groups and interviews – Consumer care helplines – Responsible marketing and transparent communication – Real-time digital platforms	– Annual General Meeting – Investor relations programme and shareholder engagement on our Directors' Remuneration Policy – Institutional shareholder meetings – Capital Markets Days – Investor roadshows – Results announcements – Annual Report and Form 20-F – Suite of focused ESG reports and wider disclosures – Stock exchange announcements – Shareholder information on website	– Director market and site visits – Virtual forums – Employee town halls – Global and regional webcasts – Your Voice employee survey – Works councils and European Employee Council meetings – Graduate and management trainee events – Individual performance reviews – Speak Up channels
What matters to our stakeholders	– Health impact of our products and other social considerations – Product quality – Affordability and price – Ingredients/nicotine levels – Plastics/post-consumption product waste	– Business performance – ESG agenda – Corporate governance – Strength of Group leadership – Board succession planning	– Reward – Career development – Diversity and inclusion – Corporate responsibility – Health and safety – Business ethics
How we respond	– Development of innovative products – Product stewardship, quality and safety standards – Clear and accurate product information – International Marketing Principles – Circular economy strategy and initiatives	– Regular dialogue and communications with shareholders and investors – Robust corporate governance – Double Materiality Assessment^ and review of reporting landscape – Continual improvement of our Delivery with Integrity programme – Our range of enjoyable and innovative products – Product quality and safety standards – International Marketing Principles	– Extensive communications and engagement with our people worldwide during and following the pandemic – Board review of and feedback on workforce engagement – Training and development programme – Diversity & Inclusion Strategy – Delivery with Integrity programme
Principal risk impact	– Competition from illicit trade – Tobacco, New Categories and other regulation interrupts growth strategy – Supply chain disruption – Significant increases or structural changes in tobacco, nicotine and New Categories related taxes – Inability to develop, commercialise and deliver the New Categories strategy – Climate change and circular economy – Cyber security	– Competition from illicit trade – Geopolitical tensions – Tobacco, New Categories and other regulation interrupts growth strategy – Litigation – Significant increases or structural changes in tobacco, nicotine and New Categories related taxes – Inability to develop, commercialise and deliver the New Categories strategy – Disputed taxes, interest and penalties – Solvency and liquidity – Foreign exchange rate exposures – Climate change and circular economy – Cyber security	– Geopolitical tensions – Supply chain disruption – Injury, illness or death in the workplace – Climate change and circular economy – Cyber security

Listening to our stakeholders helps us better understand their views and concerns, and enables us to respond to them appropriately. It gives us valuable inputs to, and feedback on, our strategic approach, as well as our policies, procedures and ways of working.

	Suppliers	Customers	Government & Wider Society
	Effective relationships with farmers and suppliers of tobacco leaf, product materials and indirect services are essential to an efficient, productive and secure supply chain.	Our customers include retailers, global and local key accounts, distributors and wholesalers that are essential for driving growth and embedding responsible marketing practices.	We seek to be part of the debate that shapes the regulatory environment in which we operate, and to work collaboratively to develop joint solutions to common challenges.
	– Extension Services farmer support – Ongoing dialogue and relationship management – 'Supplier Voice' survey, events and supplier summits – Strategic partnerships	– Ongoing dialogue and account management – 'Customer Voice' survey – Audits/performance reviews – Sales calls and visits by trade representatives – B2B programmes – Digital B2B eCommerce platforms	– Meetings and ongoing dialogue – Submissions to government and advisory committees – Multi-stakeholder partnerships and working groups, such as the Eliminating Child Labour in Tobacco-Growing Foundation – External Scientific & Regulatory Panel – Peer-reviewed research – Biodiversity standards and improvement programmes – Community investment programmes and NGO partnerships – Double Materiality Assessment related engagements
	– Productivity/quality/cost – Sustainable agriculture – Farmer livelihoods – Human rights – Health and Safety – Climate change impacts – Impact of conflict in Ukraine	– Route-to-market planning – Contingency planning – Cost, price and quality – Stock availability – Consumer buying behaviour – Underage access prevention	– Product regulation – Tax/excise/illicit trade – Responsible marketing – Public health impacts – Human rights – Climate change impacts
	– Supplier Code of Conduct – Thrive sustainable agriculture and farmer livelihoods programme – Leaf operational standards for PPE and child labour prevention – Farmer Extension Services support and training	– Customer loyalty programmes and incentives – Global Underage Access Prevention (UAP) Guidelines and initiatives	– Standards of Business Conduct (SoBC) – Delivery with Integrity programme – Targeting 50% GHG emissions reduction by 2030 and Net Zero by 2050 – Human rights and climate impact assessments – Community investment programmes and charitable donations
	– Geopolitical tensions – Supply chain disruption – Inability to develop, commercialise and deliver the New Categories strategy – Injury, illness or death in the workplace – Solvency and liquidity – Foreign exchange rate exposures – Climate change and circular economy – Cyber security	– Competition from illicit trade – Geopolitical tensions – Tobacco, New Categories and other regulation interrupts growth strategy – Supply chain disruption – Significant increases or structural changes in tobacco, nicotine and New Categories related taxes – Inability to develop, commercialise and deliver the New Categories strategy – Climate change and circular economy – Cyber security	– Competition from illicit trade – Geopolitical tensions – Tobacco, New Categories and other regulation interrupts growth strategy – Litigation – Significant increases or structural changes in tobacco, nicotine and New Categories related taxes – Inability to develop, commercialise and deliver the New Categories Strategy – Disputed taxes, interest and penalties – Climate change and circular economy – Cyber security

Investment Case

Transformation Driving Sustainable Growth

Our New Category Transformation is Delivering Profitable Growth and Reducing Harm

Our corporate purpose is to build A Better Tomorrow™, reducing the health impact of our business, by offering adult consumers a greater choice of enjoyable and less risky*† products compared to cigarettes. To accelerate the next phase of our transformation journey we are now committed to Building a Smokeless World. We will deploy our global multi-category portfolio to actively encourage smokers to 'Switch to Better' nicotine products, and continue to seek long-term opportunities Beyond Nicotine in Wellbeing and Stimulation, realising the multi-stakeholder benefits of A Better Tomorrow™.

Our commitment is demonstrated by our new ambition to become a predominantly smokeless business, with 50% of our revenue from Non-Combustibles by 2035. Revenue growth in the global nicotine industry is accelerating through the development of New Categories, which offer reduced-risk alternatives*† to combustible products.

With only 10% of the world's 1 billion smokers currently using New Category products, our well established global multi-category strategy provides the greatest opportunity for long-term growth, reduced harm and portfolio transformation.

We continue to make progress towards our targets to reach £5 billion New Category revenue by 2025 and 50 million consumers of our Non-Combustible products by 2030.

Prioritising where and what products to focus on, via our market archetype model, will guide our resource allocation decisions. We are now profitable with our New Categories business, on a category contribution basis, and we expect to be increasingly profitable from 2024.

We strive to continue to profitably and responsibly manage our transition away from combustibles, driving funds to further invest in our transformation and deliver sustainable profit growth and cash flow over the long-term.

In order to achieve this, we have refined our Group strategy to ensure a clear line of sight across the entire organisation, and we have set ambitious targets to be met through the delivery of our three strategic pillars.

Creating Sustainable Value for our Stakeholders

Reducing our Health and Sustainability Impact

As we transition from cigarettes to reduced-risk smokeless products our transformation must address not only our products' public health impact – but also continue to integrate and embed sustainability into our business.

This requires us to address all our key sustainability topics such as climate change, circular economy, biodiversity and human rights. We also recognise the need to collaborate across our supply chain and work with our partners as we advance key sustainability initiatives.

This approach will allow us to create a stronger BAT through:

- **Responsible Leadership in New Categories** – we aim to set industry standards for the development, manufacturing and marketing of New Category products;
- **Create Positive Value in Agriculture** – by leveraging our agricultural sourcing model we seek to deliver a positive impact in our agricultural supply chain, particularly with respect to social and environmental issues;
- **Deliver Net Zero GHG Emissions across our Value Chain** – through working towards decarbonising our own operations, and collaborating with suppliers and others across our value chain;
- **Trusted Organisation Operating with Integrity** – working to create and maintain a culture where our people are proud of the role they play in our transformation and aim to always operate to the highest standards.

This builds on our ratings and recognition which include:

- Our Science Based Targets initiative (SBTi) approved commitment to a near-term 1.5°C emissions reduction trajectory, the most ambitious designation available;
- An A rating in 2023 in the latest MSCI ESG Rating assessment (upgraded from BBB)^; and
- Achieving A-, A- and A- in our 2023 CDP assessments for Climate Change, Water Security and Forests^.

By working to reduce the health and sustainability impact of our business we will drive growth and create shared value, delivering change as we work towards our objectives. Our commitments are rooted in targets against which we will track and share the progress as we our transform our business.

50mn
Non-Combustible product consumers targeted by 2030

50%
Group revenue from Non-Combustibles by 2035

£5bn
New Category revenue by 2025

16.5%
Group revenue from Non-Combustibles in 2023

50%
Reduction in Scope 1 & 2 GHG emissions by 2030 (vs 2020 baseline)

50%
Reduction in Scope 3 GHG emissions by 2030 (vs 2020 baseline)

Forest Positive
in our tobacco supply chain by 2025 (vs 2021 baseline)^^

MSCI A Rating
Upgraded in latest 2023 assessment^

Notes:

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

† Our Vapour product Vuse (including Alto, Solo, Ciro and Vibe), and certain products, including Velo, Grizzly, Kodiak, and Camel Snus, which are sold in the U.S., are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.

^ A rating is not a recommendation to buy, sell or hold securities. A rating may be subject to withdrawal or revision at any time. Each rating should be evaluated separately from any other rating. In addition, the criteria used in ratings may differ among ESG rating organisations. Companies may also supply different information to such organisations (or none at all) and this lack of consistency may impact rankings.

^^ Our ambitions cover all tobacco we purchase for our products. Our metrics, however, derive data from our Thrive assessment, covering over 94% of the tobacco purchased by volume in 2023.

Dynamic Business Making Active Choices for the Future

Leveraging our Established Strengths and Expertise While Continuing to Build New Capabilities to Deliver on our Ambitions

Our multi-category portfolio of New Category brands benefits from decades of consumer insights that have driven our No. 1 global revenue position in combustibles*.

In addition, leveraging the benefits of our world-class expertise in science and R&D, our manufacturing, distribution, marketing and brand building has enabled us to build three global brands, Vuse, glo and Velo, delivering over £3 billion of revenue in less than a decade.

Our long-standing experience operating within complex regulatory, legal and fiscal frameworks, provides BAT with a compelling competitive advantage to drive portfolio growth and transformation within the wider tobacco industry. With our new Corporate and Regulatory Affairs function we will drive more proactive, science led engagement with all stakeholders to further our ambition to Build a Smokeless World.

We will continue to increase investment in new capabilities, including enhancing our innovation pipeline, leading responsible New Category development and further leveraging our broad digital enablers. This gives us confidence that we can deliver on our ambitions.

Sustainable success will also be accelerated by a culture of inclusivity and collaboration. Our transformation is supported by senior talent recruitment from a diverse range of industries. Together with our new role of Chief People Officer, we are focused on developing a skills-enabled and performance driven organisation that is essential to driving forward our strategic agenda.

We continuously monitor and assess our capital allocation framework to unlock shareholder value through; investing in the right opportunities; optimising the return on our investments; and maximising our cash generation; to reduce our leverage, and generate sustainable cash returns for our shareholders.

Continuing our Track Record of Delivery

Commitment to Delivering Returns and Cash to Shareholders

We are confident in our growth outlook, and have a proven track record of performance.

Over the last 10 years, we have delivered 8% adjusted diluted EPS growth (at constant rates) and a 5% dividend CAGR and are confident in moving progressively to our medium-term targets of 3-5% revenue growth and mid-single digit adjusted profit from operations growth (organic basis at constant rates) by 2026.

The Group is highly cash generative. Over the last four years, we have delivered at least 100% operating cash conversion annually and returned, since 2019, a total of £26.2 billion to shareholders.

We remain committed to continuing our 25 year track record of consistent dividend growth, rewarding our shareholders through all economic cycles. Over the next 5 years, we are on track to generate around £40bn of free cash flow before dividends.

We have an active capital allocation framework to deliver long-term value for shareholders. This includes:

- continuing to grow the dividend;
- reaching the middle of our target leverage corridor of 2-3x adjusted net debt to adjusted EBITDA;
- considering potential bolt-on M&A opportunities; and
- share buybacks to enhance shareholder returns.

23.9m
consumers of our Non-Combustible products

22m
consumers in our contactable consumer database

>150
markets in which we operate

3,000
new capability hires since 2019

>90%
operating cash conversion targeted annually

Mid Single Digit
medium-term adjusted profit from operations growth target (at cc)

8%
adj. diluted EPS average growth (at cc) over 10 years

3-5%
medium-term revenue growth target (at cc)

5%
dividend CAGR over 10 years

Progressive dividend

Note:
* Excluding China.

Quality Growth Highlights

Quality Growth

Delivering Quality Growth emphasises the transition to a more balanced focus on top-line and bottom-line delivery, centred around our brands and innovation, and continuing to seek long-term opportunities Beyond Nicotine.

The key building blocks of the Quality Growth pillar are:

- Inspiring New Category Innovations & Brands
- Managed Combustibles Transition
- Beyond Nicotine Foundations

Our commitments under Quality Growth:

- Progressing toward quality, margin-accretive growth in smokeless
- FMC volume decline but expecting continued value delivery
- Sensibly investing for the future Beyond Nicotine

Inspiring New Category Innovations & Brands

We have established an important New Categories 'bridgehead' which underpins our transformation. We have built a fast-growing New Categories business of smokeless products in a short period of time with New Categories annual revenue now exceeding £3.3 billion.

Greater scale and related focus on cost of goods sold (COGS) has enabled significant reduction in New Categories losses in 2022 and 2023 (c. £1.0 billion loss reduction) and our New Categories are profitable (at a category contribution level) two years ahead of our original target. Our focus on driving revenue growth and margin expansion will continue.

Building on our deep cross-category consumer insights, we will deliver an enhanced innovation pipeline, by further investing in our people, our science, our IP and our capabilities, driving an innovation-focused culture.

We will further leverage our centres of excellence in Southampton, Trieste and Shenzhen to access wider internal and external strategic partnerships focused on developing consumer-relevant premium propositions.

Three New Category product types underpin our efforts to Build A Smokeless World:

Vapour

Our global Vapour brand, Vuse, plays a major role in providing smokers with the opportunity to Switch to Better.

In 2023, consumer acquisition was up 1.5 million, reaching 11.5 million.

Vuse is the #1 brand in the Vapour category and, in 2023, delivered £1.8 billion of revenue. The successful launch of our single-use Vapour product, Vuse Go, enabled Vuse to maintain leadership of the Vapour category and achieve 26.2% revenue growth in 2023.

Heated Products

Our Heated Product brand, glo, saw consumer acquisition increase by 0.8 million. In 2023, reaching 8.0 million. It has also been a contributor to New Categories revenue growth.

However, its growth momentum has been impacted by competitor innovation and intensified activity in the below-weighted average price segment.

While glo's performance has not met our expectations, we are strengthening the glo innovation pipeline.

Hyper Pro will enable a comprehensive system upgrade and veo, our non-tobacco heated platform consumables, is ready for a post-flavour ban environment in Europe.

Modern Oral

Modern Oral products are different from inhalable products like Vapour or Heated Products. Modern Oral products come in the form of tobacco-free nicotine pouches that are placed under the lip so that nicotine can be effectively absorbed.

There are exciting opportunities for these products in markets with established oral nicotine consumption and beyond, including in emerging markets.

In 2023, Velo maintained its leadership outside of the U.S. despite intensified competition in the Nordics and delivered total Group revenue growth of 35%.

Driving progress

To drive quality growth and transform faster, we will focus our resources on combining powerful innovations and world-leading brands.

To deliver an 'innovation step change', we will continue to utilise powerful consumer foresights and their application to leap-frog innovation thinking to drive innovations that appeal to adult consumers.

We will further strengthen and differentiate our New Categories brands to profitably accelerate our New Categories business and achieve significant scale in order to help Build a Smokeless World.

Global Patent Settlement with PMI

As previously announced, BAT has reached a global settlement with Philip Morris International Inc. (PMI) that resolves all ongoing patent infringement litigation between the parties related to our HP and Vapour products.

Managed Combustibles Transition

We are committed to becoming a predominantly smokeless business, with a target to reach 50% of our revenue from Non-Combustibles by 2035.

The best choice any adult smoker can make will always be quitting combustible tobacco products completely. Yet many do not.

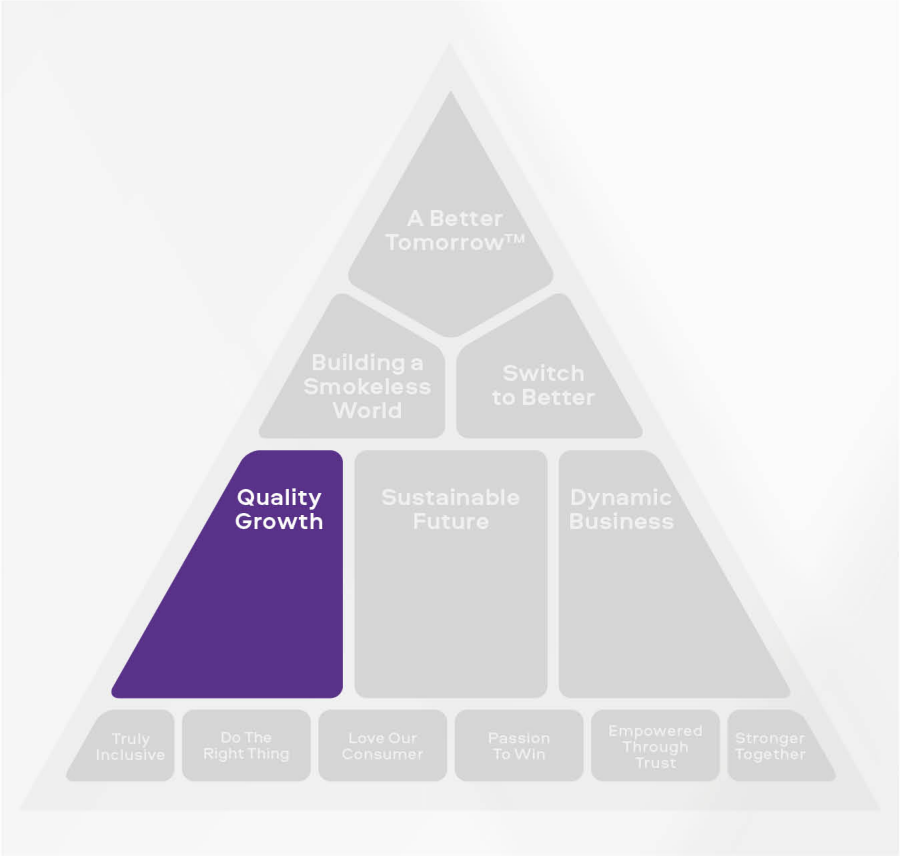
With only 10% of the world's one billion smokers currently using New Category products, the long-term opportunity for growth as we deliver on our transformation is vast.

The continued performance of our combustibles business is key to delivering Quality Growth and generating the funds necessary to invest in New Categories and Build a Smokeless World.

Our aim is for the combustibles business to deliver sustainable revenue, gross margin and category contribution growth.

Sustainable pricing, digital integration and Revenue Growth Management play a key role in delivering revenue growth.

A product transformation programme is underway to enable a simpler and rationalised product portfolio to enable gross margin growth.



As part of this, we will be reducing the number of tobacco leaf grades, blends, cigarette formats and stock keeping units (SKUs) in our portfolio.

To deliver category contribution growth, we will focus on marketing spend optimisation and on simplifying our combustibles portfolio to enable the delivery of a managed combustibles transition.

Beyond Nicotine Foundations

Wellbeing and Stimulation

Consumers are increasingly seeking healthier lifestyles and "better-for-you" products that help them manage their daily wellbeing. We call this category Wellbeing & Stimulation (W&S) and expect the category to grow to £495 billion by 2030, from around £296 billion today.[1]

Many of these products historically are in common formats like pressed tablet supplements and sugar-based sports and energy drinks. Recently, however, there has been a consumer shift towards products that are less artificial, more enjoyable, have greater functional efficacy, are easier to use and understand, and that provide for a wider range of functional benefits.

After over a century in nicotine, BAT has significant expertise in providing direct-to-mind stimulation through enjoyable solutions and strong route-to-market capabilities.

As a result, we are well-positioned to explore the development of a W&S business by leveraging existing capabilities and external partners.

As part of this exploration of W&S, we are building a pipeline of products to ensure sustained competitiveness to win in this exciting category. This includes internal development of new products and also working with Btomorrow Ventures (BTV) to guide and support our investments or potentially larger scale M&A.

Cannabis

In 2019, the global legal recreational market was estimated to be worth £5.2 billion in revenue. That figure is now put at £11.1 billion (2022)[2], growing at 28%[3] per annum, with non-combustible formats driving this, growing at 35%[4] per annum.

We believe this is signalling a shift away from traditional smokable formats into other, potentially less harmful, more progressive consumption methods.

We see cannabis as an exciting potential category for the future. However, given the complex regulatory environment and the implications to BAT as a UK listed company, we will continue to monitor the changes in the regulatory environment as it evolves across geographies.

As part of its strategic investment in 2021, BAT established a joint-Product Development Collaboration (PDC) Agreement and Centre of Excellence with Organigram in Moncton, Canada to lead Research & Development activities with cannabis.

We are pleased with the progress that has been made in 2023. The PDC is in late-stage development of a suite of emulsions, novel vapour formulations, flavour innovations, and packaging solutions which are soon to be commercialised by Organigram in the Canadian market.

Notes:

1. IRI/Circana Consulting, Euromonitor.
2. Euromonitor 2022 Market Sizing Data | Global.
3. Euromonitor 2022 Market Sizing Data | Global.
4. Euromonitor 2022 Market Sizing Data | Global.

Advancing Sustainability for A Better Tomorrow™

As we transition from cigarettes to smokeless products, we are not only addressing the public health impact*†1 of our products but also other material sustainability topics.

Kingsley Wheaton
Chief Strategy & Growth Officer

Dear Stakeholders,

We are pleased to present our 2023 Combined Performance and Sustainability Summary, underlining the progress made towards our sustainability commitments.

2023 highlights

We have continued to tackle the environmental and social impact of our value chain, including climate change, biodiversity and underage access of our products. Key achievements include:

- Progressed towards our 2050 Net Zero greenhouse gas (GHG) emissions target and our interim target of a 50% emissions reduction by 2030;
- Achieved a 33.1% reduction in Scope 1 and 2 GHG emissions in 2023, and a 12.48% reduction in Scope 3 GHG emissions in 2022, vs our 2020 baseline. Our Scope 3 performance is reported one year later, due to the complexity of obtaining this data across our global value chain;
- Embedded further our Underage Access Prevention and International Marketing Principles programmes into our Group-wide Standards of Business Conduct (SoBC) employee training and sign-off process; and
- Continued to promote sustainable value in agriculture, with 93.3% of farmers in our Thrive Supply Chain also growing other crops in 2023, and 418,584 farmers and community members engaged in human rights training and awareness programmes.

Delivered ahead of 2025 target:

- Circular economy: Achieved 28.2% reduction in waste generated in our own operations - vs our 2017 baseline - surpassing our 25% reduction target; and
- Water: Achieved a 39.2% reduction in water withdrawn - vs our 2017 baseline - surpassing our 35% reduction target.

Leading in Sustainability – a core component of our corporate strategy

Our strategic purpose is to create A Better Tomorrow™ by Building a Smokeless World.

Over the last 10 years, we have developed and deployed a portfolio of reduced-risk products*†, tailored to meet the evolving preferences of adult consumers.

Our Sustainability strategy focuses on four cross-cutting Sustainability Priorities:

- **Responsible Leadership in New Categories;**
- **Create Positive Value in Agriculture;**
- **Deliver Net Zero GHG Emissions Across our Value Chain; and**
- **A Trusted Organisation, Operating with Integrity.**

Through these priorities, we believe we can make a real difference for consumers and other stakeholders across our business and value chain, and for wider society.

Harm Reduction remains key to our Group strategy. Circularity and responsible marketing of New Category products are a focus areas for 2024, as we make progress towards Building a Smokeless World.

As the world around us evolves, so too will our approach to sustainability. We will continue to challenge ourselves to take a forward-looking approach to our products, our governance, our stakeholder engagement, our goals and targets, and our reporting.

+ Learn more about our four Sustainability Priorities in our 2023 Combined Annual and Sustainability Report

Our approach to sustainability reporting

We have established a cross-functional team of experts tasked to ensure we are well prepared to deliver against the disclosure requirements of the EU Corporate Sustainability Reporting Directive (CSRD) in 2026.

Building on the previous year's approach, this year, we updated our Double Materiality Assessment (DMA)[1] with reference to the latest available European Sustainability Reporting Standards (ESRS) at the time of the assessment.

+ Learn more about our Double Materiality Assessment in our 2023 Combined Annual and Sustainability Report

Harm Reduction, followed by Climate Change and Circular Economy, rank as our most material sustainability topics.

Supplier Engagement was identified as a material topic for the first time, reflecting the importance of our proactive engagement with our suppliers (and other value chain partners) to drive progress on sustainability matters.

We are progressing to identify the relevant disclosure requirements and data points for BAT under CSRD and will continue to work towards CSRD compliance in order to align our approach to the latest available standards and guidance.

Recognising the importance of confidence in our disclosures and transparency, KPMG have conducted limited external assurance of certain key sustainability metrics in this report in accordance with international standards ISAE (UK) 3000 and ISAE 3410. Their independent limited assurance report for these ESG metrics is available on page 121 our Combined Annual and Sustainability Report. This is in addition to their audit of the financial statements.

CSRD requires third-party assurance of sustainability information, including limited assurance from the date of initial reporting with the ambition of moving to reasonable assurance by financial year 2028.

We continue to assess and maintain our control environment to support efficient and effective external assurance of non-financial information, and to enable consistency and connectivity of financial and sustainability information.

As we transition to CSRD compliance, we have continued to report with reference to other applicable frameworks, such as:

- Global Reporting Initiative (GRI);
- Sustainability Accounting Standard Board (SASB);
- Sustainable Finance Disclosure Regulation (SFDR) Principal Adverse Impacts (PAI); and
- Taskforce on Climate-related Financial Disclosures (TCFD) - whose monitoring of climate-related financial disclosures is being taken on by the International Sustainability Standards Board (ISSB) in 2024.

In addition, for the first time, we have outlined our progress in relation to the Taskforce on Nature-related Financial Disclosures (TNFD) reporting.

+ Learn more about our ESG reporting frameworks in our ESG Performance Data Book on bat.com

Selecting our four Sustainability Priorities

Our four cross-cutting focus areas broadly encompass our material sustainability topics – as defined by our 2023-updated DMA.

They are grounded in our everyday business, and are key elements of how we interact with our consumers, suppliers and value chain partners, employees, investors and other stakeholders.

We will continue to work in partnership with all our stakeholders to deliver against our Sustainability Priorities.

Chief Sustainability Officer

In 2023, we were pleased to appoint Donato Del Vecchio to the role of Chief Sustainability Officer, effective 1 January 2024, reporting to Kingsley Wheaton, Chief Strategy & Growth Officer.

Donato succeeds Mike Nightingale, who retires from BAT after 32 years of service.

Donato joined BAT in 2001 and has held various senior Corporate and Regulatory Affairs roles around the world.

2024 and beyond

We are proud of the progress we have made towards our sustainability commitments.

However, we recognise that there remains much to be done and that appropriate regulation, strong cooperation and effective partnerships are essential to create a truly sustainable business and society.

Nevertheless, we are encouraged by our progress and welcome comments, feedback or new ideas to sustainability@bat.com.

Our refined corporate strategy focuses on four cross-cutting Sustainability Priorities:

Responsible Leadership in New Categories;

Create Positive Value in Agriculture;

Deliver Net Zero GHG Emissions Across our Value Chain; and

Trusted Organisation, Operating with Integrity.

By delivering on these priorities, we believe we can make a real difference for other stakeholders, across our business and value chain, and for wider society.

Donato Del Vecchio
Chief Sustainability Officer

Notes:

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

† Our Vapour product Vuse (including Alto, Solo, Ciro and Vibe), and certain products, including Velo, Grizzly, Kodiak, and Camel Snus, which are sold in the U.S., are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.

1. Although financial materiality has been considered in the development of our Double Materiality Assessment (DMA), our DMA and any conclusions in this document as to the materiality or significance of sustainability or ESG matters do not imply that all topics discussed therein are financially material to our business taken as a whole, and such topics may not significantly alter the total mix of information available about our securities.

Sustainable Future Highlights

Sustainable Future

Building a Sustainable Future is about seeking to actively migrate consumers away from cigarettes and to smokeless alternatives sustainably, responsibly and with integrity.

Science will be a primary driver of our efforts, supported by more active external engagement and regulatory focus, while embedding sustainability across our organisation.

The key building blocks of the Sustainable Future pillar are:

- Tobacco Harm Reduction Acceptance
- Shaping the Landscape
- Leading in Sustainability & Integrity

Our commitments under Sustainable Future:

- Building a Smokeless World
- Investing in the products, science and engagement to make A Better Tomorrow™ a reality
- Conducting our business sustainably and with integrity

Tobacco Harm Reduction Acceptance

A Better Tomorrow™ through THR

The best choice any adult smoker can make will always be quitting combustible tobacco products completely. Yet many do not.

Our ambition for A Better Tomorrow™ is to reduce the health impact of our business via Tobacco Harm Reduction (THR) to help Build a Smokeless World.

We know that stakeholders increasingly expect us to demonstrate that we are a purpose-driven enterprise, and that we are committed to a future where, ultimately, we move away from combustible cigarettes.

This is why, for several years now, we have been transforming. We have created a multi-category portfolio of scientifically-substantiated, reduced-risk[*†] alternatives, tested to meet or exceed industry-leading standards.

THR underpins our purpose and, as such, is a vital part of our transformation. Ultimately, our THR ambition will be quantified by improved health outcomes (decrease of morbidity and mortality) at both individual and population levels relative to the scenario of a world with only combustible cigarettes.

Why THR matters

We know combustible cigarettes pose serious health risks. The only way to avoid those risks is not to start smoking or to quit.

However, more than one billion people today continue to smoke, and, according to the World Health Organization, it is estimated that smoking-related diseases cause more than eight million deaths globally each year.

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.

There has been significant progress in the global THR journey over the past decade. Today, there are three significant global smokeless categories: Vapour, Heated Products and Modern Oral.

The global adoption of these smokeless product categories over the last decade has been significant. The latest estimate of the global number of vapers alone is 82 million.[1]

For those adult consumers who would otherwise continue to smoke, we encourage making the switch to smokeless products.

We provide adult consumers with a range of scientifically-substantiated, smokeless alternatives to smoking.

Our aim is to provide products that deliver comparable satisfaction in nicotine delivery, use, and sensorial aspects. For example, some studies suggest that Vapour products are more successful than nicotine replacement therapy in helping people stop smoking[2], by providing a satisfactory alternative to cigarettes despite not being smoking cessation products or marketed as such.

World-class science

World-class science is crucial to providing a robust evidence base to substantiate the role of New Category products in THR.

We use a wide range of analytical and pre-clinical techniques, specialised laboratory technology and expertise to test our products and aim to ensure they meet high quality standards.

This is supplemented by collaborations with an ecosystem of global external researchers, and clinical research organisations, who bring independent and specialist expertise that enhance our internal capabilities.

THR substantiation: Our nine-step risk assessment framework

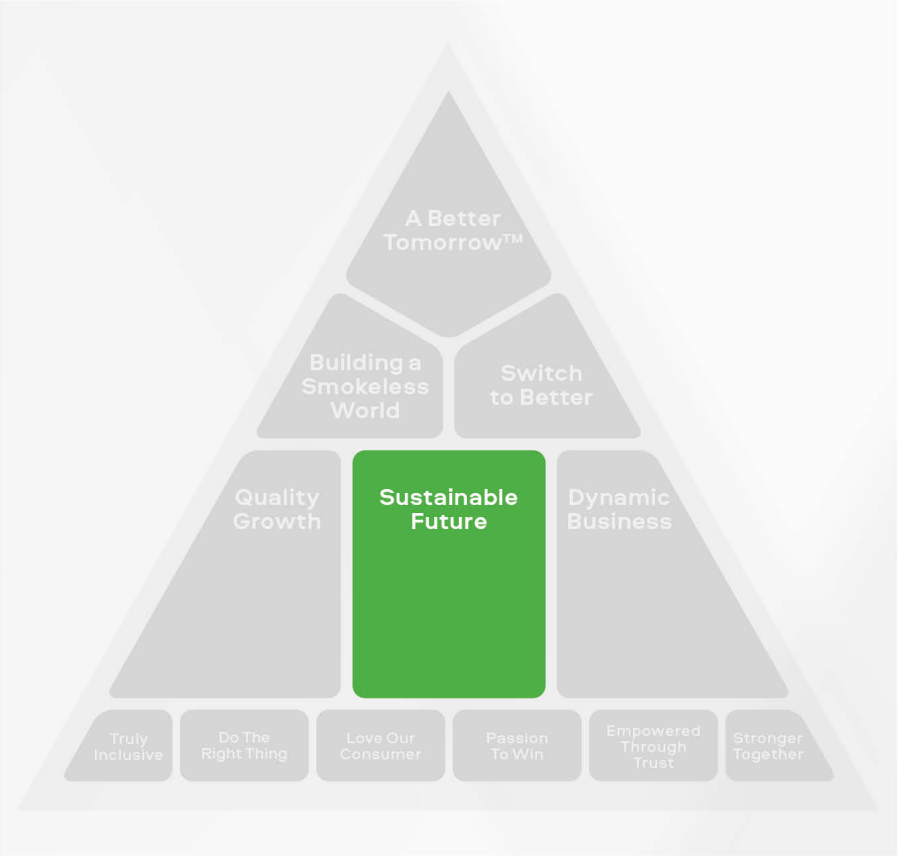
Most smokeless alternatives are still relatively new to the market. As a consequence, in most cases, there is a lack of long-term epidemiological data needed to demonstrate the overall impact on public health. That is why it is necessary to take a 'weight of evidence' approach.

Drawing on work by the U.S. Institute of Medicine, we utilise our nine-step risk assessment framework. This evaluates the emissions, exposure and risk profile of our New Category products and compares them to smoking cigarettes or other comparators, such as nicotine replacement therapy.

In terms of THR scientific substantiation, our Heated Products, Vapour, and Modern Oral products have been reported in peer-reviewed pre-clinical, clinical, and population level research publications and journals, summarising significant reductions in emissions, exposure and risk reduction versus smoking.

Looking ahead, we are working on delivering the next horizon of science to demonstrate that our Non-Combustible products not only reduce risk, but quantitatively reduce disease-relevant harm.

We aim to follow best practice and adhere to high standards of governance and ethics in all our scientific research. Regardless of the results of such research, we are committed to sharing the outcomes. Our scientists have published more than 198 scientific papers to date about our New Category products.



Shaping the Landscape

THR and nicotine

Societal sentiment towards nicotine will play an important role in THR.

Nicotine is recognised by several regulators (including the U.S. FDA) and public health stakeholders (including the UK Royal College of Physicians) as not being the cause of smoking-related diseases (which are caused by smoke toxicants).

Moreover, the UK National Health Service states that "Evidence shows that nicotine vapes are actually more effective than nicotine replacement therapies, like patches or gum."[3]

However, currently more than 60% of adults and 80% of doctors believe that nicotine causes cancer.[4]

With this level of misperception, and nicotine being a highly politicised topic, society's negative sentiment towards nicotine is one of several substantial challenges that still needs to be overcome to enable further THR progress.

We have a global science engagement programme where we seek to validate our science with other external scientists via peer review publications and conferences.

As well as publishing our own research, our scientists also monitor and review external publications to gain a holistic view of the evidence base.

We work hard to make our science accessible and understandable to a wider audience. We have a dedicated website www.bat-science.com, and publish a Science and Innovation Report on a regular basis, which showcases our latest scientific research.

Product innovation and choice

Consumer choice is an important component of THR success. We recognise that smokers are most likely to switch to smokeless alternatives when they find a product that delivers comparable satisfaction in the sensorial experience they deliver, and fits with their usage occasions and lifestyle.

That is why we offer a multi-category portfolio of smokeless alternatives tailored to meet the varied preferences of different adult smoker consumer segments. Importantly, these products are supported by world-class science and industry-leading product safety and quality standards.

We ensure our New Categories product innovation pipeline is based on data-backed foresights, to anticipate category and consumer trends. Through deep consumer insights we deliver new product propositions that are consumer-centric in their design and performance, to meet the most important consumer preferences and opportunities.

Our approach to regulation

We recognise and support the objective of governments to reduce smoking rates and its associated health impact.

We have always been clear that we support regulation which is based on robust evidence, is tailored to local circumstances, and delivers on the intended policy aims, while preventing unintended consequences such as the growth in illegal markets.

Although not risk free, recent technological and scientific advancements in smokeless products offer consumers the opportunity to enjoy nicotine products, without the need to burn tobacco.

Experience shows that where risk-proportionate regulation encourages smokers to choose these smokeless alternatives instead of cigarettes, smoking rates can be more effectively reduced compared to relying on coercive policies which are either outdated or bluntly seek to prohibit products or behaviours[5].

THR success will depend as much on progressive regulation as it will on changes in consumer behaviour. We believe both are essential if countries around the world are to achieve the accepted "smoke-free" threshold of less than 5% smoking incidence in the population.

This is what has been demonstrated to be possible in markets like Sweden. There, the 2023 smoking incidence of 5.6% illustrates they are on the verge of achieving their 'no smoking target' 16 years ahead of the 2040 EU target, due to the widespread awareness, availability and usage of snus and other smokeless alternatives.

Sustainable Future Highlights
Continued

Our views on regulation of smokeless tobacco and nicotine products

We believe regulation should recognise that smokeless tobacco and nicotine products are less risky than cigarettes and support their use as an alternative for those adult smokers that are unwilling or unable to quit nicotine.

We believe that four guiding principles should be applied to the development of any regulation of smokeless products:

- **Based on science and evidence:** Regulation should be based on the best available science and evidence for each product category, and be proportionate to the risk of the product versus combustible tobacco.
- **Ensure product quality and consumer relevance:** Regulation should mandate robust product quality and safety standards to protect consumers and allow access to products with satisfying nicotine levels and adult-targeted flavours.
- **Allow adult-only awareness and access:** Regulation should enable adults to access and gain information about the availability of reduced risk products, while preventing use by the underage.
- **Enable effective enforcement:** Regulation should include an effective regime for penalties, sanctions and enforcement to drive compliance.

Regulation of New Category products continues to evolve. Globally, there are regulators passing progressive laws that encourage adult smokers who would otherwise continue to smoke to switch to New Category products, but there are other regulators who view them more cautiously.

As the science and evidence to substantiate these products grow, we hope to see more countries passing progressive regulations, further accelerating New Category growth and accelerating a reduction in smoking rates.

We believe a stakeholder-inclusive, whole-of-society, open and honest dialogue is essential. One that includes regulators, policy-makers, public health, consumers, and the industry.

It is key to align all stakeholders on the positive public health potential and develop effective policies and consumer behaviour that can accelerate tobacco harm reduction as quickly as possible. Regulation around New Category products should be founded on evidence and science, not opinion.

A general regulatory framework, to maximise smokeless products' harm reduction potential, is outlined on page 33.

Photo of our national ad campaign for better Vapour product regulation, London, UK

Notes:

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

† Our Vapour product Vuse (including Alto, Solo, Ciro and Vibe), and certain products, including Velo, Grizzly, Kodiak, and Camel Snus, which are sold in the U.S., are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.

1. Jerzyński, T. and Stimson, G.V. (2023). Estimation of the global number of vapers: 82 million worldwide in 2021. Drugs, Habits and Social Policy, 24(2). doi:https://doi.org/10.1108/dhs-07-2022-0028.
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3. NHS (2023). Vaping myths and the facts - Better Health. [online] nhs.uk. Available at: https://www.nhs.uk/better-health/quit-smoking/vaping-to-quit-smoking/vaping-myths-and-the-facts/.
4. World, F. for a S.-F. (n.d.). Nearly 80% of Doctors Worldwide Mistakenly Believe Nicotine Causes Lung Cancer, Thwarting Efforts to Help One Billion Smokers Quit. [online] www.prnewswire.com. Available at: https://www.prnewswire.com/news-releases/nearly-80-of-doctors-worldwide-mistakenly-believe-nicotine-causes-lung-cancer-thwarting-efforts-to-help-one-billion-smokers-quit-301881655.html.
5. Fagerström, K. (2022). Can alternative nicotine products put the final nail in the smoking coffin? Harm Reduction Journal, 19(1). doi:https://doi.org/10.1186/s12954-022-00722-5.

Maximising smokeless products' harm reduction potential: A regulatory framework

In all countries, whether such a framework is in place or not, we are guided by our Product Stewardship approach - with regard to quality and safety standards – and our International Marketing Principles to ensure that we market our products responsibly.

Access to Consumer Relevant Products

- Regulations in all countries where cigarettes are sold should also allow a wide range of smokeless alternatives to smoking to ensure that consumers can access these alternatives and make informed choices.
- Nicotine levels should be established to ensure smokeless products are a satisfying alternative for adult smokers.
- Adult-targeted flavours should be available, as evidence shows that certain flavours help smokers transition to reduced-risk alternatives*† and prevent them from going back to smoking. Flavours, packaging designs and descriptors that are particularly appealing to the underage should be prohibited.
- Regulation should keep pace and be adaptable to new product innovation. This would help ensure that scientific and technological advancements can deliver consumer relevant new product propositions and solutions, so that smokers are given even better options to switch away from combustible cigarettes.

Adult-only Consumer

- The use and sale of smokeless tobacco and nicotine products by and to the underage should be prohibited by law.
- Age-verification mechanisms should be mandated at point of purchase and, where feasible, regulation should aim to encourage the integration of underage access prevention technologies.
- Communication with adults should be permitted in adult-targeted touchpoints and display responsible content. Communication is necessary to provide adult consumers with accurate information about reduced-risk products.*†
- Any communication with consumers should have a clear and visible health warning and inform that nicotine-containing products are for adults only.

Product Quality and Safety

- Robust and properly enforced product quality and safety standards should be at the heart of any regulation, to protect consumers.
- Products should be used as intended by consumers and manufacturers should be required to ensure that all products are tamper-evident to secure product integrity.

Robust Enforcement

- Regulation should provide enforcement authorities with the necessary powers to apply penalties and sanctions to those who fail to comply with regulations, particularly those who supply non-compliant products and provide products to those underage.

Notes:

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† Our Vapour product Vuse (including Alto, Solo, Ciro and Vibe), and certain products, including Velo, Grizzly, Kodiak, and Camel Snus, which are sold in the U.S., are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.

Dynamic Business Highlights

Dynamic Business

The Dynamic Business pillar envisages a future-fit, data-driven organisation; ensuring we are efficient and effective in all of our operations.

This will ensure that we deliver financial flexibility to invest in our business, people and products to win in a fast changing environment and deliver superior returns to our investors.

The key building blocks of the Dynamic Business pillar are:

Exciting, Winning Company

Operational Excellence

Capital Effectiveness

Our commitments under Dynamic Business:

Creating a diverse, inclusive and people-oriented place to work

Being data-driven and delivering operational excellence/cost management

Focused on investors returns

An Exciting and Winning Company

A Better Tomorrow™

Delivering our refined corporate strategy requires a renewed people strategy, one that is human-centric, enables high performance and accelerates the building of skills and capabilities for multi-category growth.

Recognising that it is our people who will deliver our refined strategy, we took the opportunity during 2023 to revise our corporate values.

Six 'values' now replace our ethos and will be embedded across the Group to ensure all our people understand what is expected of them to help us Build a Smokeless World. The six 'values' are:

- Truly inclusive
- Empowered through trust
- Stronger together
- Love our consumer
- Passion to win
- Do the right thing

Employer brand

Our focused efforts in the past years have helped us build a compelling talent brand, attracting 1.5 million LinkedIn followers and being recognised for the sixth consecutive year as a Global Top Employer by the Top Employers Institute.

As a result, since 2019, we have onboarded around 3,000 hires with new capabilities critical to delivering our business strategy. We will continue:

- Building an exceptional talent brand that attracts broad talent pools;
- Delivering desirable experience for hiring managers, recruiters, and candidates, by accelerating our adoption of smarter technology solutions;
- Improving hiring capabilities to fit an ever-changing external talent landscape; and
- Ensuring data-driven decision making and expanding our external partnership reach to meet our hiring needs.

High performance and reward

Our reward agenda has been developed to be globally aligned yet locally relevant across our business.

This ensures there is a singular focus and line of sight between our executive team and colleagues in all our End Markets.

Looking ahead, we will also focus on:

- Redefining our definition of employee "Performance", pivoting to recognise and reward both high impact results and leadership behaviours;
- The design of our variable pay programmes, ensuring they continue to be contemporary and attractive and enable the delivery of our refined strategy; and
- Further strengthening our employee health and wellbeing propositions, in support of our D&I and sustainability goals.

Capabilities and learning

Since 2020, we have seen significant growth in learning across BAT.

The average number of hours spent learning by each BAT manager has doubled and the amount invested in learning for all our employees has increased by a third.

In parallel to this, we have continued to refresh and grow our leadership and functional L&D programmes, increasing the size of our portfolio by 25% since 2020. The focus of the next few years will be on:

- Defining the skills profile of the organisation and analysing skills gaps, to facilitate skills-oriented workforce planning, including role based learning solutions;
- Capability development in advanced multi-category skills & Transformational leadership capabilities; and
- Using technology such as AI and enhancements in Learning Experience Platforms and Learning Management Systems to innovate our employee learning experience, delivery channels and learning content.

Inclusion and diversity

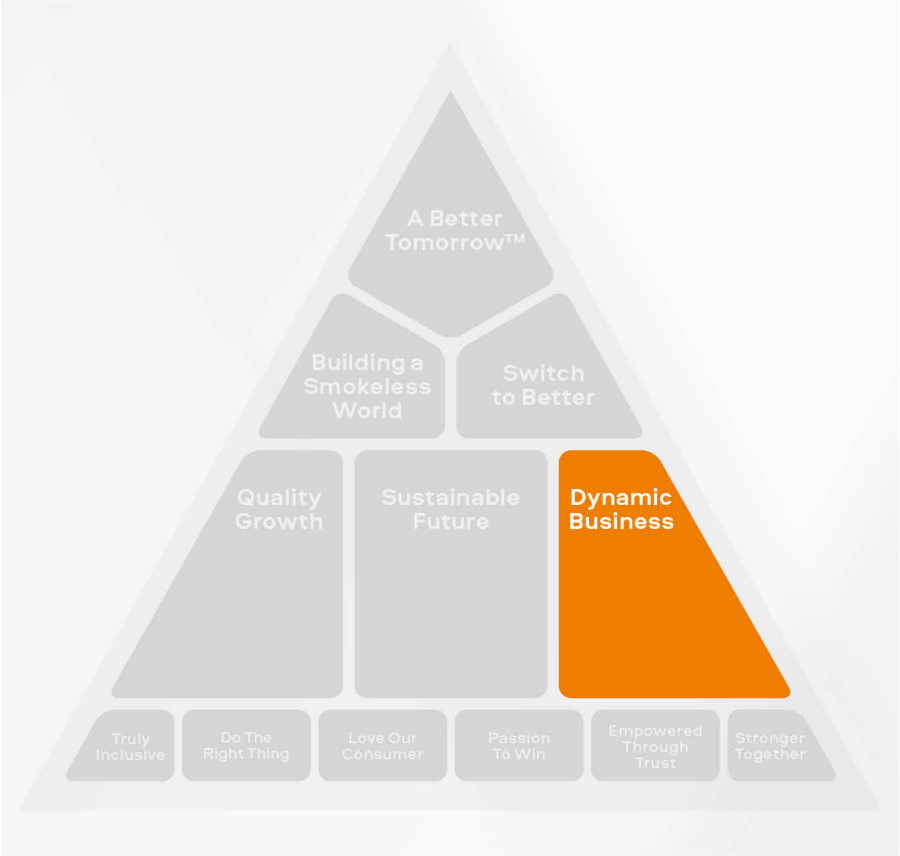
At BAT, we are proud to be a diverse global organisation that encourages our people to value their differences.

In 2020, BAT set new global 2025 Diversity & Inclusion ambitions focused on gender representation at both Senior Leadership and Management levels, diversity of experiences and nationality representation within the Senior Leadership teams.

While we have made progress, we need to embrace a wider focus on championing inclusion and achieving equity within our workplace and beyond.

A comprehensive and structured framework to further enhance inclusion, diversity and equity will be put in place, focusing on four key areas:

- Revised global ambition and KPIs moving towards a broader framework of equity and inclusion with the aim of increasing gender and ethnically diverse representation in our Management teams as well as our Senior Leadership populations;
- Policies, practices, and enablers which are best in class and holistic, addressing diverse life-stage and employee needs;
- Enhanced approach to building Inclusive Leadership focused on sponsorship, role modelling and walking the talk; and
- Our holistic D&I agenda which goes beyond the workplace and into the communities we serve, and partners we work with.



Operational Excellence

Focus areas

Delivering on our refined corporate strategy and Building a Smokeless World will require greater focus on our global execution. This includes getting the U.S. back to growth, where and how we allocate resources at a regional and market level, and driving greater productivity while reducing complexity.

Getting the U.S. back to growth

In 2023, we completed a deep and thorough review of our U.S. business.

Recognising its importance to our future growth, we will continue to invest there and focus on sharpening our portfolio management, strengthening our route-to-market, and further leveraging our broad, digitally enabled, revenue growth management capabilities.

We are confident this will drive quality growth over the longer-term and ensure greater resilience through economic cycles.

Driving productivity and growth

As part of our digital transformation, we are driving the increasing use of data to become a data-driven organisation. Our focus is on the effective and efficient delivery of our market-leading products and innovations to satisfy consumers, drive growth and create value and Build a Smokeless World.

To meet the challenges of the modern world, we continue to invest in technology to become a more efficient and effective business, with AI-enabled, data-driven systems and ways of working to match.

Three focus areas will be key to driving progress under the Operational Excellence pillar of our refined corporate strategy: optimising our manufacturing operations; reducing complexity in our ways of working and processes, including using of AI and data enabled technology; and our Global Business Services (GBS) Centres of Excellence.

At-scale operations

We have a global manufacturing footprint designed to ensure an efficient supply chain across both combustible and smokeless products.

Manufacturing tobacco and nicotine products is a large-scale operation and we have state-of-the-art manufacturing facilities all over the world.

In 2023, the Group manufactured cigarettes in 38 factories in 36 countries. Our factory outputs and facilities vary significantly in size and production capacity. We also have manufacturing sites for our range of smokeless products.

In line with our corporate commitment to fight climate change, our factories have in place decarbonisation, water usage and waste optimisation programmes.

We work to ensure that our costs are globally competitive and that we use our resources as effectively as possible. Our production facilities are designed to meet the needs of an agile and flexible supply chain.

We also use third-party manufacturers to manufacture the components required, including the devices, related to our smokeless New Category products. Such third-party manufacturers supplement our own production facilities in the U.S., Poland and Indonesia to produce the liquids used in Vapour products.

By continuing to improve our productivity in all areas of our supply chain, we can increase our profitability and continue to deliver sustainable returns to our shareholders.

However, it is not just about today, it also underpins our future. The more efficient and effective we become, the more we are able to generate funds to invest in the things that will fuel future growth: our products, our innovations and our people.

Working with farmers

While we do not own tobacco farms or directly employ farmers, we source tobacco leaf directly from more than 91,000 contracted farmers and through third-party suppliers mainly in emerging markets.

With our contracted farmers, we continually strive to improve sustainability and viability. We focus on improved quality, cascading more resistant hybrid seeds, tailored mechanisation to reduce costs of production, and increased yield.

We review our contracts on an annual basis considering Group requirements over the medium-term to promote the stability of demand and supply on production volumes.

We have similar expectations of our third-party suppliers in relation to their farmer contracts.

As with any other global agricultural commodity, international tobacco prices vary from year to year. This is driven by changes in the cost of production, like labour costs and agricultural inputs, local inflationary pressures and economic, political and market conditions, as well as climatic conditions that impact supply, demand and quality of the tobacco grown.

Dynamic Business Highlights
Continued

Capital Effectiveness

Capital Effectiveness is a key focus of delivering a Dynamic Business to Build a Smokeless World.

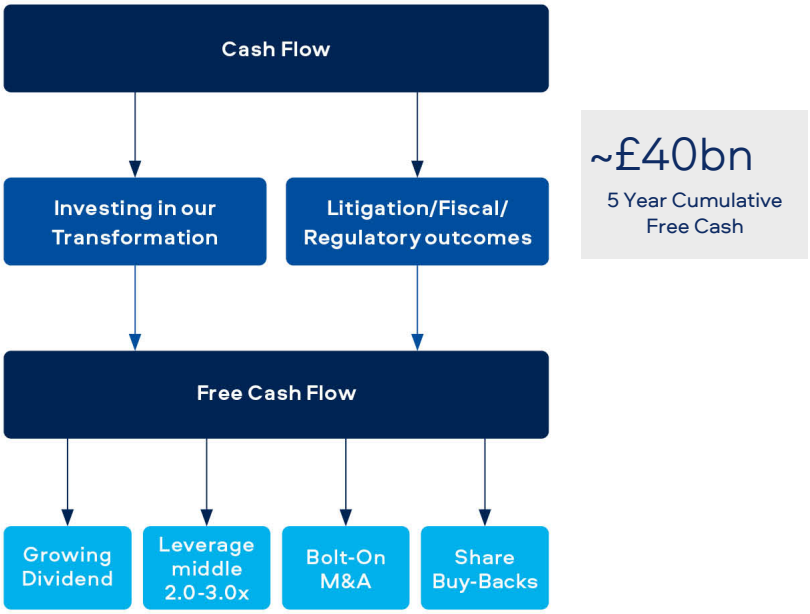
The key objective is to unlock shareholder value by optimising access, utilisation and return of capital resources. The key initiatives include:

- maximise our cash generation;
- invest in the right opportunities;
- optimise the return on our investments;
- reduce our debts; and
- generate sustainable returns.

Our active capital allocation framework considers the continued investment in our transformation, the macro environment, potential future litigation and regulatory outcomes.

The Board continuously reviews our capital allocation priorities including both internal and external opportunities and stakeholders while considering the uncertain macro environment, foreign exchange fluctuations and higher interest rates.

Capital Allocation Framework



Cash generation

Maximising cash generation is an essential component in our capital allocation decisions.

Driven by rigorous working capital management, the Group generated an operating cash conversion of at least 100% for the fourth consecutive year.

While the Group remains highly cash generative, cash is a critical resource to ensure that we can invest in the right opportunities in Building a Smokeless World.

Recent macro-economic trends including geopolitical instability, conflicts, inflation and high interest rates have meant that cash is an increasingly costly resource. As such, internally generated cash and working capital are much more valuable and they must be mobilised effectively and optimised efficiently.

This will be done by continuing to focus on a high cash conversion rate as well as rigorous focus on working capital.

Our commitment:
To generate c.£40 billion of free cash flow before dividends over the next five years.

Our record:
The Group has generated around £8 billion of free cash flow in each year since 2020.

This is despite the significant investment in New Categories and while incurring external payments made in respect of litigation and settlements, including the resolution of the investigations by the DOJ and OFAC into historical breaches of sanctions.

This demonstrates the resilience of the Group to continue to generate exceptional cash flow, while delivering the Group's transformation ambitions.

Maximising our investments

As we continue to build A Better Tomorrow, the Group seeks to optimise the return on our investments and seeks to invest in the right opportunities.

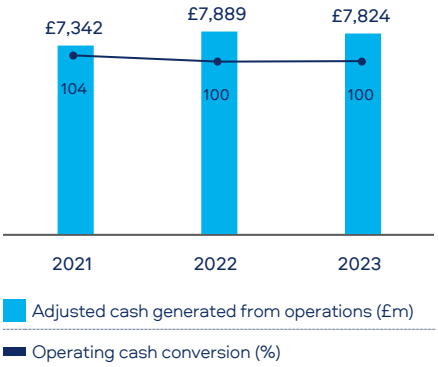
The Group invests around £550 million of gross capital expenditure (annually) to enhance our growth opportunities and deliver operational efficiencies. This includes purchases of property, plant and equipment and certain intangibles, and the investment in the Group's global operational infrastructure (including, but not limited to, the manufacturing network, trade marketing software and IT systems and the expansion of our New Categories portfolio).

We will continue to proactively assess the performance of our assets to ensure value is maximised through operational returns or through disposal.

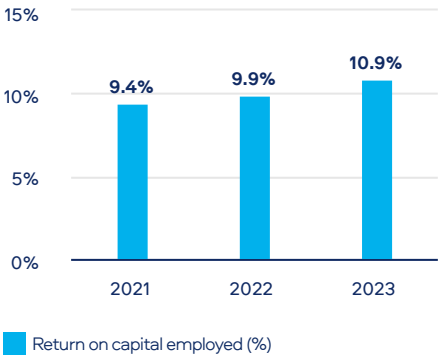
In addition, as part of our transformation we invest in the Wellbeing and Stimulation space and through our venturing unit, Btomorrow Ventures, and in the cannabis space, including a further investment in Organigram.

Our commitment:
To continue to actively assess investments, be it for acquisition or disposal, both internally and externally, to maximise our delivery and provide the right infrastructure for the BAT of tomorrow.

Strong operating cash conversion driven by continued focus on cash delivery



Adjusted Return on Capital Employed



Our record:

The acquisition of Reynolds American Inc. impacted our capital base.

We have improved our adjusted return on capital employed consistently from 8.3% in 2018 to 9.9% in 2022, with a further improvement to 10.9% in 2023, partly due to the impairment recognised and discussed on page 239 of the Annual Report and Form 20-F 2023.

Reducing debt

Total borrowings (which includes lease liabilities) decreased to £39,730 million in 2023 (2022: £43,139 million).

Total borrowings include £700 million (31 December 2022: £798 million) in respect of purchase price adjustments related to the acquisition of Reynolds American Inc.

As discussed on page 56 of the Annual Report and Form 20-F 2023, the Group remains confident about its ability to access the debt capital markets successfully and reviews its options on a continuing basis.

We have a debt rating of Baa2 (positive outlook), BBB+ (negative outlook), BBB (positive outlook) by Moody's, S&P and Fitch.

Our leverage target is 2-3x adjusted net debt to adjusted EBITDA.

Given current geopolitical and economic challenges, the Group aims to:

- de-lever our gross debt levels (from £39.7 billion in 2023); and
- moderate the annual Net Financing Cost levels (which were £1.9 billion in 2023) to support the overall strategy of the Group.

This will deliver a resilient balance sheet, able to withstand future uncertainties, while providing increased flexibility for the Group to be able to invest in future growth opportunities and, when our leverage target is reached, sustainably return excess cash to shareholders.

This will also de-risk the future solvency and liquidity risk as referred to on page 126 of the Annual Report and Form 20-F 2023, whereby the Group's ability to refinance debt as it matures will be enhanced.

Our commitment:

To retire debt in a sustainable manner, reducing our risk of refinancing and net finance cost exposures, while driving to our medium-term debt rating target of Baa1/BBB+/BBB+ by Moody's/S&P/Fitch.

Our record:

Since the acquisition of Reynolds American Inc. in 2017, we have consistently reduced our borrowings from £49.1 billion to £39.7 billion at 31 December 2023.

Our leverage (as measured by the ratio of adjusted net debt to adjusted EBITDA) has also improved year on year as we drive towards our target range. From a high of 5.3x in 2017, in 2023, this was 2.6x, representing a decrease from 2.9x at the end of 2022.

Generate sustainable returns

Generating shareholder value, via sustainable returns, is an integral part of our strategic ambition.

Over the past 25 years we have consistently grown the dividend per ordinary share on absolute terms.

On 8 February 2024, the Company announced that the Board had declared an interim dividend of 235.52p per ordinary share of 25p, payable in four equal quarterly instalments of 58.88p per ordinary share in May 2024, August 2024, November 2024 and February 2025.

This represents an increase of 2.0% on 2022 (2022: 230.90p per share, up 1.0%).

In 2023, the Board prioritised strengthening the balance sheet to provide greater business reliance during an uncertain macro-economic environment, whilst aiming to reduce leverage more quickly towards the middle of the 2-3x adjusted net debt to adjusted EBITDA corridor.

As such, there were no share buy-backs in 2023.

However, we strongly believe that share buy-backs have an important role to play within our capital allocation framework.

Our commitment:

Progressive increase in dividend – in £ terms, by reference to the Group's dividend policy which is to pay dividends of 65% of long-term sustainable earnings. Please refer to the dividend policy on page 287 of the Annual Report and Form 20-F 2023.

Buy-back shares in a sustainable programme, once the leverage ratio reaches our target leverage range of the middle of the 2-3x adjusted net debt to adjusted EBITDA corridor.

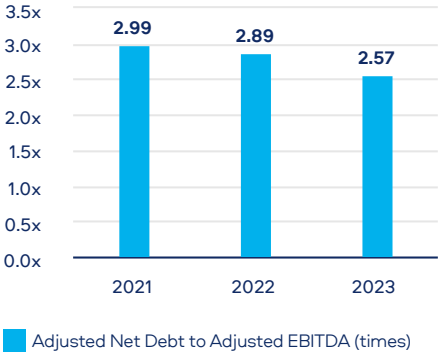
Our record:

In the last three years, we have returned:

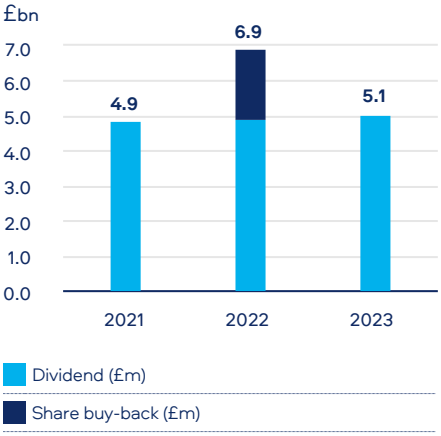
- £5.1 billion (2022: £4.9 billion; 2021: £4.9 billion) via dividends; and
- £2.0 billion via share buy-backs in 2022.

Since 2019, we have returned a total of £26.2 billion to shareholders.

@Adjusted Net Debt to Adjusted EBITDA



@Allocating free cash flow to shareholders



Dividends

Policy

The Group's policy is to pay dividends of 65% of long-term sustainable earnings, calculated with reference to adjusted diluted earnings per share, as defined on page 338 of the Annual report and Form 20-F 2023, and reconciled from earnings per share in note 11 in the Notes on the Accounts. Please see page 55 of the Annual Report and Form 20-F 2023 for further discussion on the Group's dividend.

Currencies and Exchange Rates

Details of foreign exchange rates are set out in the Financial Review section of the Strategic Report on page 59 of the Annual Report and Form 20-F 2023. There are currently no UK foreign exchange controls or restrictions on remittance of dividends on the ordinary shares other than restrictions applicable to certain countries and persons subject to UK economic sanctions.

American Depositary Shares – Dividends

The following table shows the dividends paid by British American Tobacco p.l.c. in the years ended 31 December 2023 to 31 December 2021 inclusive.

Announcement Year	Payment	Dividend Period	Dividend Per BAT Ordinary Share GBP	Dividend Per BAT ADS ADS ratio 1:1 US$[1]
2023	May	Quarterly Interim 2023	0.5772	0.723866
	August	Quarterly Interim 2023	0.5772	0.734400
	November	Quarterly Interim 2023	0.5772	0.713880
	February 2024	Quarterly Interim 2023	0.5772	0.7318030
Total			**2.3088**	**2.903949**
2022	May	Quarterly Interim 2022	0.5445	0.680434
	August	Quarterly Interim 2022	0.5445	0.655523
	November	Quarterly Interim 2022	0.5445	0.635540
	February 2023	Quarterly Interim 2022	0.5445	0.669190
Total			**2.1780**	**2.640687**
2021	May	Quarterly Interim 2021	0.5390	0.757618
	August	Quarterly Interim 2021	0.5390	0.734530
	November	Quarterly Interim 2021	0.5390	0.721721
	February 2022	Quarterly Interim 2021	0.5390	0.729886
Total			**2.1560**	**2.943755**

Note:

1. **Holders of BAT ADSs:** dividends are receivable in US dollars based on the £ sterling/US dollar exchange rate on the applicable ADS payment date, being three business days after the payment date for the BAT ordinary shares.

Quarterly Dividends for the Year Ended 31 December 2023

The Group pays quarterly dividends. The Board has declared an interim dividend of 235.52p per ordinary share of 25p which is payable in four equal quarterly instalments of 58.88p per ordinary share in May 2024, August 2024, November 2024 and February 2025. This represents an increase of 2.0% on 2022 (2022: 230.9p per share), and a payout ratio, on 2023 adjusted diluted earnings per share, of 62.7%.

The quarterly dividends will be paid to shareholders registered on either the UK main register or the South Africa branch register and to ADS holders, each on the applicable record dates set out under the heading 'Key dates' below.

Holders of American Depositary Shares (ADSs)

For holders of ADSs listed on the NYSE, the record dates and payment dates are set out below. The equivalent quarterly dividends receivable by holders of ADSs in US dollars will be calculated based on the exchange rate on the applicable payment date.

South Africa branch register

In accordance with the JSE Listing Requirements, the finalisation information relating to shareholders registered on the South Africa branch register (comprising the amount of the dividend in South African rand, the exchange rate and the associated conversion date) will be published on the dates stated below, together with South Africa dividends tax information.

The quarterly dividends are regarded as 'foreign dividends' for the purposes of the South Africa Dividends Tax. For the purposes of South Africa Dividends Tax reporting, the source of income for the payment of the quarterly dividends is the United Kingdom.

Key dates

In compliance with the requirements of the LSE, the NYSE and Strate, the electronic settlement and custody system used by the JSE, the following are the salient dates for the quarterly dividend payments. All dates are 2024 unless otherwise stated.

Event	Payment No. 1	Payment No. 2	Payment No. 3	Payment No. 4
Preliminary announcement (includes declaration data required for JSE purposes)	8 February			
Publication of finalisation information (JSE)	11 March	18 June	16 September	9 December
No removal requests permitted (in either direction) between the UK main register and the South Africa branch register	11 March–25 March	18 June–1 July	17 September–30 September	10 December–23 December
Last Day to Trade (LDT) cum-dividend (JSE)	18 March	25 June	23 September	17 December
Shares commence trading ex-dividend (JSE)	19 March	26 June	25 September	18 December
No transfers permitted between the UK main register and the South Africa branch register	19 March–25 March	26 June–1 July	25 September–30 September	18 December–23 December
No shares may be dematerialised or rematerialised on the South Africa branch register	19 March–25 March	26 June–1 July	25 September–30 September	18 December–23 December
Shares commence trading ex-dividend (LSE)	21 March	27 June	26 September	19 December
Shares commence trading ex-dividend (NYSE)	21 March	27 June	26 September	19 December
Record date (JSE, LSE and NYSE)	22 March	28 June	27 September	20 December
Last date for receipt of Dividend Reinvestment Plan (DRIP) elections (LSE)	11 April	12 July	11 October	13 January 2025
Payment date (LSE and JSE)	2 May	2 August	1 November	3 February 2025
ADS payment date (NYSE)	7 May	7 August	6 November	6 February 2025

Shareholding Administration and Services

Ordinary Shareholder Enquiries

United Kingdom Registrar

Computershare Investor Services PLC
The Pavilions, Bridgwater Road, Bristol BS99 6ZZ
tel: 0800 408 0094 or +44 370 889 3159
online: www.investorcentre.co.uk/contactus

South African Registrar

Computershare Investor Services Proprietary Limited
Private Bag X9000, Saxonwold, 2132, South Africa
tel: 0861 100 634; +27 11 870 8216
email: web.queries@computershare.co.za

American Depositary Shares Enquiries

All enquiries regarding ADS holder accounts and payment of dividends should be addressed to:

Citibank Shareholder Services
PO Box 43077, Providence, Rhode Island 02940-3077, USA
tel: +1 888 985 2055 (toll-free) or +1 781 575 4555
email: citibank@shareholders-online.com
website: www.citi.com/dr

Manage Your Shareholding Online

Computershare Investor Services PLC (Computershare) operates an online service, Investor Centre, for holders of shares on the Company's UK share register. Investor Centre allows shareholders to manage their shareholding online, enabling shareholders to:

- update personal details and provide address changes;
- update dividend bank mandate instructions and review dividend payment history;
- register for the Dividend Reinvestment Plan ("DRIP"); and
- register to receive Company communications electronically.

To register for Investor Centre, go to www.computershare.com/uk/investor/bri.

Shareholders with any queries regarding their holding should contact Computershare using the above contact details or at www.investorcentre.co.uk/contactus

Share dealing

Computershare also offers a share dealing service to existing shareholders. For full details on how to trade British American Tobacco shares traded on the London Stock Exchange, go to www.computershare.com/dealing/uk. Please note that this service is only available in certain countries.

Dividends

Comprehensive information on dividend payments is available on pages 387 and 388 of the Annual Report and Form 20-F 2023.

DRIP

We offer a DRIP to our UK shareholders. The DRIP allows eligible shareholders to use their cash dividends to acquire additional shares in the Company. The DRIP shares are purchased by Computershare through a low-cost dealing arrangement. Contact Computershare in the UK for details and exclusions of this service.

Taxation of dividends

See pages 389 and 392 of the Annual Report and Form 20-F 2023 for details on dividend taxation.

A fact sheet detailing historical UK capital gains tax information is available at bat.com/cgt. Alternatively, contact the British American Tobacco Company Secretarial Department on +44 20 7845 1000.

Share Fraud

The practice of share fraud (also known as 'boiler room' scams) unfortunately continues with many companies' shareholders receiving unsolicited phone calls or mail from people offering to sell them what often turn out to be worthless or high risk shares in U.S. or UK investments, or to buy shares at an inflated price in return for an upfront payment.

If you suspect that you have been approached by fraudsters, please tell the FCA using the share fraud reporting form at www.fca.org.uk/scamsmart, where you can find out more about investment scams. You can also call the FCA Consumer Helpline on 0800 111 6768. If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk.

Documents on Display and Publications

This Annual Report and Form 20-F 2023 is available online at bat.com/annualreport. Copies of current and past Annual Reports are available on request from:

British American Tobacco Publications
Unit 80, London Industrial Park, Roding Road, London E6 6LS
tel: +44 20 7511 7797 email: bat@team365.co.uk

Holders of shares held on the South Africa register can contact the Company's Representative office in South Africa using the contact details shown at the end of this Annual Report and Form 20-F 2023.

ADS holders can contact Citibank Shareholder Services in the United States using the contact details shown opposite.

Highlights from the current and past Annual Reports can be produced in alternative formats such as Braille, audio tape and large print.

Documents referred to in this Annual Report and Form 20-F 2023 do not form part of this Annual Report unless specifically incorporated by reference.

The Company is subject to the information requirements of the U.S. Securities Exchange Act of 1934 applicable to foreign private issuers. In accordance with these requirements, the Company files its Annual Report on Form 20-F and other documents with the SEC. BAT's SEC filings are available to the public, together with the public filings of other issuers, at the SEC's website, www.sec.gov.

The Company's agent for service in the United States for the purposes of the registration statement on Form F-3 (333-265958) is Puglisi & Associates, 850 Library Avenue, Suite 204, Newark, DE 19711 U.S.A..

Our Website

Comprehensive information about British American Tobacco is available from our website: bat.com. Within the Investors section you will find valuation and charting tools, dividend and share price data and you can download shareholder publications and subscribe for email alert services. You can also download our Investor Relations app to access all the latest financial information on your iPad, iPhone or Android device.

Calendar 2024

Wed 24 April at 11:30am	**Annual General Meeting** Details of the venue and business to be proposed at the meeting are set out in the Notice of Annual General Meeting, which is made available to all shareholders and is published on bat.com. BAT provides for the vote on each resolution to be by poll rather than by a show of hands. This provides for greater transparency and allows the votes of all shareholders to be counted, including those cast by proxy. The voting results will be released on the same day in accordance with regulatory requirements and made available on bat.com.
Thurs 25 July	**Half-Year Report**

Registered office

Globe House, 4 Temple Place, London WC2R 2PG
tel: +44 20 7845 1000, facsimile: +44 20 7240 0555
Incorporated in England and Wales No. 3407696

Representative Office in South Africa

Waterway House South, No 3 Dock Road, V&A Waterfront,
Cape Town 8000, South Africa
PO Box 631, Cape Town 8000, South Africa
tel: +27 21 003 6712

Secretary

Caroline Ferland

Investor relations

Enquiries should be directed to irteam@bat.com
tel: +44 20 7845 2012

Press office

Enquiries should be directed to the BAT Media Centre
tel: +44 20 7845 2888
email: media_centre@bat.com

Auditors

KPMG LLP
15 Canada Square, Canary Wharf, London E14 5GL

References in this publication to 'British American Tobacco', 'BAT', 'we', 'us', and 'our' when denoting opinion refer to British American Tobacco p.l.c. (the Company) (No. 3407696) and when denoting tobacco business activity refer to British American Tobacco Group operating companies, collectively or individually as the case may be.

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Printed in the UK by Pureprint Group on Revive recycled papers, made from post-consumer waste and paper from well-managed forests and other controlled sources. All pulps used are Elemental Chlorine Free. The manufacturing mills hold the ISO 14001 environmental management system (EMS) and EU Ecolabel certificates for environmental management.

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Explore the story of our year.

Go online and find downloadable versions of this report, along with our performance summary and other content – all accessible on desktop, tablet and mobile:

bat.com

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