Chief Financial Officer’s Overview:
Investment Case

We are committed to delivering sustainable shareholder returns by driving quality New Category growth and extracting value from Combustibles, together with maximising cash generation to fund our progressive dividend and sustainable share buy-back.

Soraya Benchikh
Chief Financial Officer

>50%
Group revenue ambition from **Smokeless** products by 2035

50m
Consumers of our Smokeless products by 2030 ambition

3-5%
Expected medium-term **Group revenue** growth

4-6%
Expected medium-term **Group adjusted profit** from operations growth

>£50bn
Total **free cash flow** before dividends expected to be generated between 2024 and 2030.

Download our new Investor Relations app to access live share prices, news, reports and webcasts at:
https://myirapp.com/bat/

Transformation Driving Quality Growth

Our corporate purpose is to build A Better Tomorrow™ by reducing the health impact of our business. To accelerate the next phase of our transformation, we are committed to Building a Smokeless World. We will deploy our global multi-category portfolio to actively encourage adult 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 ambition to become a predominantly smokeless business, with over 50% of our revenue from Smokeless products by 2035. Revenue growth in the global nicotine industry is accelerating through the development of New Categories, which offer reduced-risk alternatives[*†] to smoking.

We continue to make progress towards our target of 50 million adult consumers of our Smokeless products by 2030, adding another 3.6 million in 2024 to a total of 29.1 million.

Prioritising where and what products to focus on, via our market archetype model, will guide our resource allocation decisions. We are profitable within our New Categories business, on a category contribution basis, and we expect to be increasingly profitable in the coming years.

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

In order to achieve this, our refined strategic pillars will act as our executional compass, and we will drive performance using KPIs to track our journey.

Dynamic Business Making Active Choices for the Future

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

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

Our long-standing experience operating within complex regulatory, legal and fiscal frameworks provides us with a compelling competitive advantage to transform within the wider tobacco industry in the long-term. With our Corporate and Regulatory Affairs function we are driving a more proactive, science-led engagement with all stakeholders.

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. Our transformation will also be accelerated by a culture of inclusivity and collaboration, supported by senior talent recruitment from a diverse range of industries. Together with our Chief People Officer, we are focused on developing a skills-enabled and performance-driven organisation.

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

Building a Sustainable Future for Our Stakeholders

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

We seek to take a leading role in tackling some of the biggest global issues in sustainability. We intend to do this by responsibly Building a Smokeless World, reducing our use of natural resources and delivering our climate goals as we transition to A Better Tomorrow™. We strive to create a meaningful impact in the communities where we operate and inspire all our people to drive change.

In 2024, we refined our sustainability strategy to better address our material topics and continue to deliver greater value to our stakeholders, with five strategic delivery areas:
1. Tobacco Harm Reduction, 2. Climate, 3. Nature, 4. Circularity, and 5. Communities.

Action plans to address these focus areas are underway, and our commitments in each are rooted in ambitions and targets against which we will track and share the progress as our transformation continues.

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

As we continue working towards reducing the health and sustainability impact of our business, we will drive growth, create shared value and build a stronger, more sustainable BAT.

For more details on the five strategic delivery areas, see page 37.

Continuing our Track Record of Delivery

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 4-6% adjusted profit from operations growth on a constant currency basis by 2026.

The Group is highly cash generative. Over the last five years, we have delivered at least 100% operating cash conversion annually and returned, since 2020, a total of £27.5 billion to shareholders. We expect to deliver in excess of £50 billion of free cash flow before dividends between 2024 and 2030 (inclusive).

We remain committed to continuing our track record of consistent dividend growth for over a quarter of a century, rewarding our shareholders through all economic cycles. In 2024 we initiated a sustainable share buy-back programme starting with £700 million in 2024 and £900 million in 2025.

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

- a progressive dividend;
- operating within our target leverage corridor of 2.0-2.5x adjusted net debt to adjusted EBITDA;
- considering potential bolt-on M&A opportunities to accelerate our transformation; and
- sustainable share buy-back programmes to enhance shareholder returns.

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 products as sold in the U.S., including Vuse, Velo, Grizzly, Kodiak, and Camel Snus, are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.

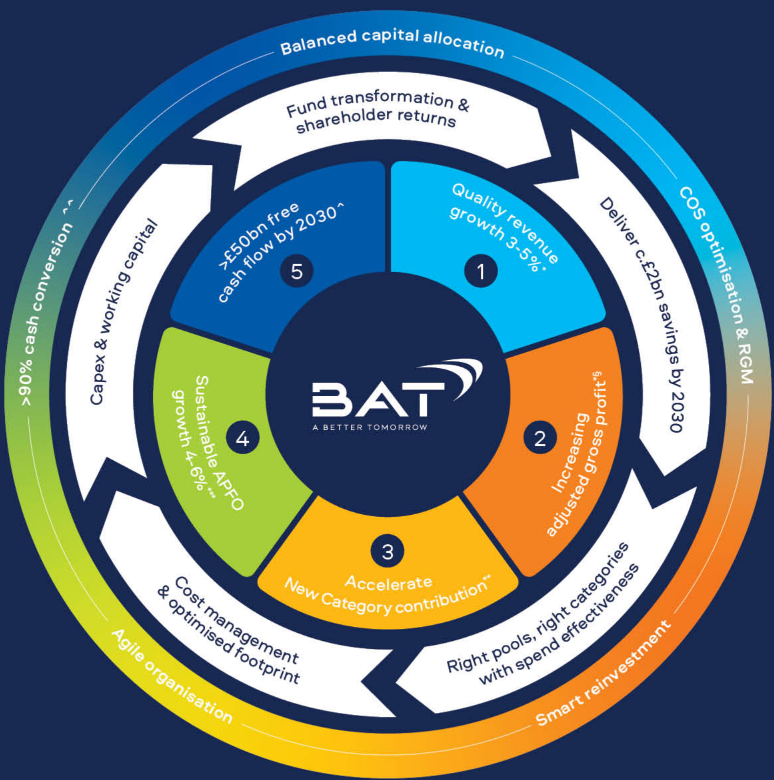
Chief Financial Officer's Overview:
Our performance

Our strategy is expected to deliver shareholder value creation as:

Combustibles fuel our transformation

Targeted capital deployment focuses on return on investment

Soraya Benchikh
Chief Financial Officer



I am honoured and delighted to be the Chief Financial Officer of BAT.

I am confident that we are in a strong position to deliver on our ambitions, and I share the passion and conviction to Build a Smokeless World.

Our strategy is designed to maximise shareholder sustainable returns.

Our key financial focus areas are:

fuelling our transformation as we maximise value from combustibles, using our scale and efficiencies to release cash;

deploying capital in a disciplined and targeted manner. This means investing wisely in the largest profit pools whilst maintaining a laser focus on return on investment;

strengthening our financial position by reducing debt, providing us with greater financial resilience; and

a balanced capital allocation approach – prioritising our transformation while delivering a progressive dividend, maintaining a sustainable share buy-back programme and exploring bolt-on acquisitions.

We believe we will achieve our priorities through an algorithm built around five key drivers.

Our five key drivers are:

1. Quality revenue growth.
2. Increase our adjusted gross profit.
3. Accelerate New Category contribution.
4. Sustainable growth in Adjusted Profit from Operations.
5. Deliver in excess of £50 billion of free cash flow by 2030.

Notes:

* On an organic, constant rate basis.

** Category contribution: Profit from operations before the impact of adjusting items and translational foreign exchange, having allocated costs that are directly attributable to New Categories.

*** On an adjusted, organic, constant rate basis.

^^ Net cash generated from operating activities before the impact of trading loans provided to a third party and after dividends paid to non-controlling interests, net interest paid and net capital expenditure.

§ Adjusted gross profit as defined on page 399 of the Annual Report and Form 20-F 2024.

2024 financial performance summary

Our financial results have been impacted by a number of events that impacted the current and comparator period.

In 2024, revenue was down 5.2% to £25,867 million (having declined 1.3% in 2023 to £27,283 million). This was partly due to the timing of the sale of our Russia and Belarus businesses in September 2023, negatively impacting the comparative revenue and profit from operations by £479 million and £193 million, respectively.

Profit from operations was £2,736 million, against a loss of £15,751 million in 2023.

2023 was also negatively impacted by the impairment charges (£27.3 billion) largely associated with our U.S. combustibles business. 2024 included a total charge of £6.2 billion in respect of the anticipated settlement of Canadian litigation (see page 328 of the Annual Report and Form 20-F 32024), the first year of amortisation charges of the U.S. combustibles brands (£1.4 billion), a charge of £646 million in respect of Camel Snus, a charge of £449 million in respect of an excise assessment in Romania and £149 million of fixed asset impairments related to the Group's London head office and the intention to seek an orderly exit from Cuba.

In 2024, translational foreign exchange was a headwind on both revenue (by 4.7%) and profit from operations (by 4.4%).

Excluding these items, on a constant currency basis, which we believe reflects the operational performance of the Group:

- Revenue was up 1.3% driven by the continued growth of New Categories, which grew revenue by 8.9%; and
- Adjusted profit from operations was up 1.4%, as New Categories further grew profitability (at the category contribution level) building on the momentum shown in 2023 as those products became profitable two years earlier than originally planned.

On a reported basis, basic EPS was 136.7p compared to -646.6p in 2023, which was a decline of 320.5%. Diluted EPS was 136.0p in 2024, while in 2023 it was -646.6p, or down 321.5%. This was mainly due to the impacts to profit from operations described earlier, offset by a one-off gain of £1.4 billion, recognised as the Group monetised a portion of the investment in its Indian associate ITC and a credit of £0.6 billion related to debt refinancing undertaken in 2024.

Excluding the adjusting items and the effect of translational foreign exchange, adjusted diluted earnings per share, at constant rates, increased by 1.7% to 381.9p, building on the 4.0% growth in 2023.

We remain highly cash generative. This allows us to balance investment in the future while rewarding shareholders with a further increase in dividends (up 2.0% to 240.24p), while targeting our narrowed leverage range of 2.0-2.5x adjusted net debt to adjusted EBITDA - reaching 2.44x in 2024. However, excluding the provision recognised in respect of cash and cash equivalents and investments held at fair value, and adjusted EBITDA earned, in Canada, this would have been 2.75x.

Delivering our financial algorithm

Quality revenue growth

We aim to maximise the value from combustibles while driving growth in our New Categories through innovation and premiumisation.

Excluding the impact of currency:

- Combustibles pricing remained a driver of value, with Group price/mix of 5.3% in 2024 (compared to 7.5% in 2023). However, our combustibles revenue was down 1.6% (2023: down 0.8%), driven by lower combustibles volume (down 9.0% in 2024) largely due to the difficult trading in the U.S. where volume was 10.1% lower. Both years were also impacted by the timing of the sale of our businesses in Russia and Belarus, excluding which would have seen a marginal growth of 0.1% in 2024 and growth of 0.6% in 2023.
- New Categories revenue was up 6.1% in 2024 and 17.8% in 2023, with growth (excluding the impact of Russia and Belarus) driven by all three regions as the increases in Modern Oral and HP more than offset a decline in Vapour.

Increase our adjusted gross profit

We aim to continually increase our adjusted gross profit*, as defined on page 399 of the Annual Report and Form 20-F 2024. Adjusted gross profit is a new measure, introduced in 2024, with comparative movements to 2023 only.

Total adjusted gross profit*, on a constant currency basis, grew by £396 million, an increase of 2.2% in 2024.

Adjusted gross profit from our combustibles portfolio, through pricing and efficiencies, has remained resilient, up 0.3% in 2024.

The main driver of growth has been New Categories, which has improved in each of the last four years. This continued in 2024 with an increase of 19.8% in adjusted gross profit, driven by volume growth, revenue growth management programmes and cost optimisation.

Accelerate New Category contribution

We will continue to invest in our transformation. We will focus on the right opportunities in the key growth areas - evaluating opportunities to maximise returns, freeing up resources for growth and incremental profit.

In 2023, this resulted in our New Categories being profitable (on a contribution basis), two years ahead of our original plan.

In 2024, we have further increased New Category contribution by £251 million (at constant rates), with New Category contribution margin at 7.1% up from 0.0% in 2023 (excluding the impact of the businesses sold in Russia and Belarus).

Notes:

* Excluding the sale of Russia and Belarus.

** 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.

Sustainable growth in Adjusted Profit from Operations

Adjusted profit from operations*, on a constant currency basis, was up 1.4% in 2024, having grown 3.1% in 2023.

This is supported by our strict management of overhead expenses. We are committed to disciplined cost management and to continue to explore opportunities to optimise our footprint.

In 2024, our cost optimisation programmes delivered savings of £402 million. This largely offset the impact of inflation of 6.5% (or £387 million), mainly due to higher leaf prices (impacted by adverse weather conditions) and manufacturing costs (labour and utilities) and which we expect to continue into 2025 due to the timing and utilisation of leaf inventory. We have committed to deliver cost savings of over £1.2 billion in the three years to 2025 (with over 70% delivered to date) and an additional £2 billion from 2026 to 2030.

Deliver in excess of £50 billion of free ®cash flow ®(2024-2030)

Our operating cash conversion, as defined on page 409 of the Annual Report and Form 20-F 2024,, has been ahead of our 90% target for a number of years. In 2024, we again delivered ahead of expectations at 101%.

The Group remains highly cash generative. Excluding material payments in areas such as the Canadian litigation settlement, repayments in respect of FII GLO (refer to page 289 of the Annual Report and Form 20F 2024), we expect to generate over £8 billion of average annual free cash flow before dividends, growing at least in line with adjusted profit from operations.

In 2024, the Group generated £10.1 billion (2023: £10.7 billion) of net cash generated from operating activities. This translates to £7.9 billion (2023: £8.4 billion) of free cash flow before dividends.

Since 2020, we have returned £27.5 billion to shareholders, including a £700 million share buy-back programme in 2024, with a further £900 million committed for 2025.

Yet our leverage ratio (being adjusted net debt to adjusted EBITDA) has continued to improve towards our narrowed target range, decreasing from 2.57 times to 2.44 times.

Our liquidity profile remains strong, with average debt maturity close to 9.5 years and maximum debt maturities in any one calendar year of around £4 billion. We continue to target a solid investment-grade credit rating of Baa1, BBB+ and BBB+, with a current rating of Baa1 (stable outlook), BBB+ (stable outlook), BBB+ (stable outlook) from Moody's, S&P and Fitch**, respectively.

Facing the Future with Increasing Confidence

We believe our business is well placed for the future.

Our track record of delivering robust financial performance and consistent cash generation demonstrates how we navigate the near-term macro-economic uncertainties and challenges, underpinned by geographic diversity and a portfolio of international brands.