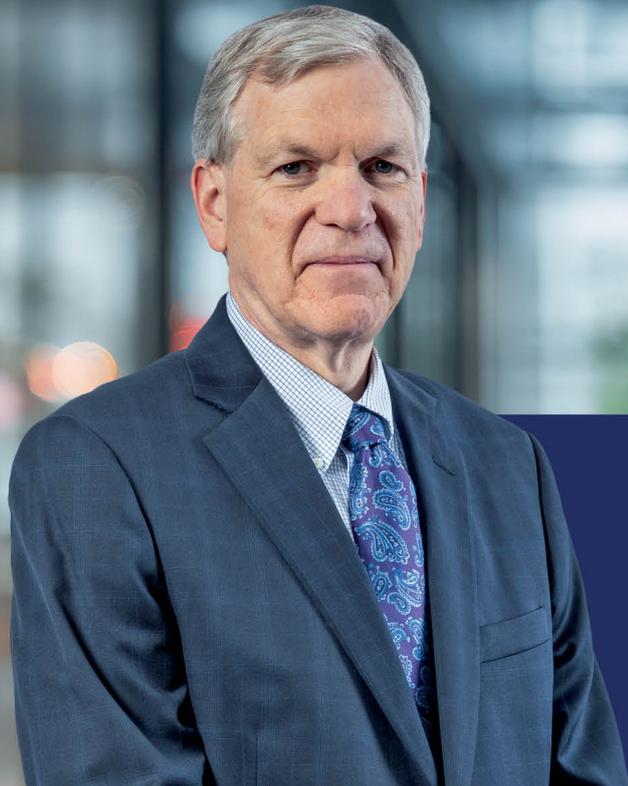


Chair's Introduction



With our refined strategy as our north star, our transformation accelerated in 2025, underpinned by disciplined execution and resilience.

Luc Jobin
Chair

2025 was a year that challenged the global economy and tested the resilience of markets and businesses everywhere.

It was shaped by subdued growth, trade realignments and continued geopolitical and macro-economic shifts, alongside a changing labour market and the acceleration of AI.

Our industry, like many others, has not been immune to these external forces. Competitive and regulatory complexity, coupled with evolving consumer preferences, continue to shape the landscape.

BAT is no exception. We are not the same business we were ten or twenty years ago. As the world transforms, we recognise the opportunity we have not only to navigate change, but to help shape it.

Transforming with Confidence

With our refined strategy as our north star, our transformation accelerated in 2025, underpinned by disciplined execution and resilience. This enabled us to manage volatility, seize opportunities and innovate at pace.

We returned to growth in the U.S., continued developing new products and launched three innovations across our Smokeless portfolio. At the same time we've been thoughtfully extracting value from our combustibles business – all while staying closely attuned to adult consumer preferences and industry trends.

I'm encouraged that we have built a much stronger platform to deliver dependable performance, underpinned by the right talent and capabilities, our sales mix and our international presence.

Now more than ever, keeping pace with change while staying true to our strategy is essential – and I'm confident we are rising to that challenge.

Delivering for Shareholders

Our strategy continues to deliver for our shareholders.

The Board has declared a dividend of 245.04p per ordinary share, payable in four equal instalments of 61.26p per ordinary share, to shareholders registered on the UK main register or the South Africa branch register and to American Depository Shares (ADS)¹ holders each on the applicable record dates.

Further information on dividends can be found on page 54 of the Financial Performance Summary and page 399 in the Shareholder Information section.

Our disciplined approach to capital allocation remains crucial to fully realising our ambitions. As part of this framework, the share buy-back programme has been increased for 2026 to £1.3 billion.

As a Board, we're confident in our capital allocation framework and continually review it to provide value for shareholders and support the growth of BAT.

“ We returned to growth in the U.S., continued developing new products, and launched three innovations across our Smokeless portfolio. ”

Enhancing our Capabilities

Success in a rapidly evolving environment demands agility, diversified supply chains, strong digital capabilities, partnerships and a culture that embraces change. Combined with strategic clarity and long-term vision, these attributes position us for sustainable success.

Our people have consistently demonstrated resilience and effectiveness, and the improvements seen across the Group are also testament to their hard work and commitment to BAT's transformation.

Transformation has become second nature, but to capture future opportunities, we must nevertheless operate as a more dynamic business. Through our Fit2Win programme and progressive partnerships – outlined by Tadeu on page 7 – we are building an organisation that is truly future-fit.

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Tobacco Harm Reduction is the fastest route to achieving a Smokeless World, and we are determined to make it happen.”

A Smokeless World

Over one billion adults² still smoke cigarettes worldwide, but we believe that this number could reduce significantly with the right regulation and greater acceptance of Smokeless products.

Tobacco Harm Reduction (THR) – encouraging smokers who would otherwise continue to smoke to switch completely to less risky alternatives[†] – is the fastest route to achieving a Smokeless World, and we're determined to make it happen.

In 2025, we took Omni™ – our award-winning science and evidence-backed manifesto for change – to over 23 markets across the world, engaging with policymakers, public health officials and regulators. You can read more about this on page 61.

We also launched our new international campaign: Vapers Deserve Better, calling on key stakeholders for better standards and regulations for Vapour products, while demonstrating what we believe responsible leadership in THR looks like.

We are confident that growth in the Smokeless category will be driven by sustained investment and targeted innovation, while our international reach and active management of our multi-category portfolio stand us in good stead to deliver results.

Board Evolution

This year, we welcomed Uta Kemmerich-Keil and Matthew Wright as Non-Executive Directors. Uta brings deep experience in regulated industries, consumer markets, and digital transformation, while Matthew adds leadership advisory expertise and international perspective. Both will make valuable contributions.

We also said farewell to Murray S. Kessler and Soraya Benchikh, who stepped down from the Board. On behalf of the Board, I thank them for their service and wish them well. Javed Iqbal, Director of Digital and Information, is acting as interim Chief Financial Officer while we complete a global search to identify a successor for this role.

Looking Ahead

If the last 120+ years have shown us anything at BAT, it's that resilience is embedded in the fabric of our business. Change is rarely simple, but progress demands it and we are embracing that reality.

With a solid foundation and momentum behind our strategy, we believe we are well positioned for the future. Our portfolio is diverse, our footprint international and our people engaged. Coupled with our ability to identify opportunities and create value, these strengths set us apart.

We expect 2026 to be a year of further strategic progress and delivery for investors, consumers and wider stakeholders, as we continue to Build a Smokeless World.

“
If the last 120+ years have shown us anything at BAT, it's that resilience is embedded in the fabric of our business.”

Notes:

- * Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.
- † Products 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.
- 1. The dividends receivable by ADS holders in US dollars will be calculated based on the exchange rate on the applicable payment dates.
- 2. WHO global report on trends in prevalence of tobacco use 2000-2024 and projections 2025-2030. Geneva: World Health Organization; 2025. Available at: www.who.int/publications/item/9789240116276