2026 Interim Results

Highlights Video

Transcript

30 July 2026

CORPORATE PARTICIPANT

Tadeu Marroco, Chief Executive

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I'm pleased that our First Half performance is in-line with expectations. We are building momentum as we transform and I am confident that we are firmly on track to deliver our full-year 2026 guidance.

Our global multi-category portfolio of leading brands, combined with enhanced commercial execution, continues to drive our transformation, with our Smokeless* products now accounting for 19.8% of Group revenue.

I would like to share four key takeaways from today's results:

First – Our New Categories continue to gain momentum, and I'm delighted to report accelerating top and bottom-line growth.

We continue to expect mid-teens New Category revenue growth for the full-year, driven by:

- Excellent momentum in Modern Oral performance across all three regions,
- A return to growth in Vapour for the first time in two years, led by the U.S.,
- And continued traction from our innovation roll-outs across New Categories.

Importantly, we remain focused on Quality Growth, prioritising investment in our most profitable value pools, enhancing returns and driving strong New Category contribution growth.

Second – In the U.S., we delivered strong revenue and profit growth.

We are the fastest growing company in total nicotine, reflecting the strength of our multi-category portfolio and disciplined execution, in the world's largest value pool.

This broad-based momentum, combined with planned Modern Oral and Vapour portfolio expansion in the second half, reinforces my confidence in our sustainable future delivery.

Third – We continue to extend our clear global Modern Oral leadership in the fastest growing New Category.

In the U.S., we delivered triple-digit volume and revenue growth, driven by the success of Velo Plus and Grizzly Modern Oral.

And, in both AME and APMEA, Velo continued to drive strong growth and financial delivery.

As a result, we further strengthened our clear global volume share leadership, and Modern Oral has now become our largest New Category by revenue.

And finally, we continue to drive value from combustibles to fund our transformation, while remaining focused on volume share globally.

In combustibles, revenue was up 2.1%, led by the U.S. and AME, more than offsetting a slower than expected recovery in APMEA. Category contribution was up 2.7%, supported by our ongoing simplification and cost savings programmes.

BAT continues to be highly cash generative, and we remain on track to generate more than 50 billion pounds of free cash flow before dividends by the end of 2030.

We are making good progress towards our year-end target leverage range of 2 to 2.5 times**, and remain committed to delivering sustainable shareholder value through robust cash returns.

Finally, I would like to thank our BAT colleagues around the world who continue to drive our transformation with their passion, their innovation and their commitment.

As I look ahead and reflect on what's on the horizon for BAT, I'm excited by the growth opportunities across our multi-category portfolio, and I'm confident in our ability to deliver long-term, profitable growth and sustainable value for shareholders.

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* Smokeless products refers to non-combustibles, including Vapour products, Heated Products, Modern Oral and Traditional Oral.

** On an adjusted for Canada basis.

Appendix:

Unless otherwise stated, absolute financials are presented at constant rates of exchange, growth in financial metrics is presented at constant rates of exchange and share data is presented versus full prior year.

A1: Non-GAAP financial measures

Adjusting (Adj.)
Adjusting items represent certain items which the Group considers distinctive based upon their size, nature or incidence.
Adjusted for Canada: Certain of these measures are also presented on an "adjusted for Canada" basis, reflecting the removal of the distorting effect of the Canadian results. From 29 August 2025, all of the Group's outstanding tobacco litigation in Canada was settled, pursuant to which annual payments based on a percentage (initially 85%, reducing over time) of the Group's net income after taxes, based on amounts generated in Canada from all sources, excluding New Categories, will be paid out by the Group until the aggregate settlement amount is paid. Due to the initial uncertain nature of the timing of the implementation of the settlement on the Group's 2025 results, for 2025, this charge was 100% of the net income after taxes earned from all sources in Canada, excluding New Categories.
Constant currency
Constant currency – measures are calculated based on the prior year's exchange rate, removing the potentially distorting effect of translational foreign exchange on the Group's results. The Group does not adjust for normal transactional gains or losses in profit from operations which are generated by exchange rate movements.
Definitions:
-Adj. diluted earnings per share (EPS): Earnings per share before the impact of adjusting items, after adjustments to the number of shares outstanding for the impact of share option schemes whether they would be dilutive or not under statutory measures, presented at the prior year's rate of exchange.
-Adj. gross margin: Adjusted gross profit as a proportion of revenue. Adjusted gross margin for HY26 is presented at constant rates, and for HY25 at HY25 rates.
-Adj. gross profit: Profit from operations before the impact of adjusting items and translational foreign exchange, and before all non production/attributable distribution costs.
-Adj. operating margin: Adjusted profit from operations as a percentage of revenue.
-Adj. profit from operations: Profit from operations before the impact of adjusting items.
-Category contribution: Profit from operations before the impact of adjusting items and translational foreign exchange, having allocated costs that are directly attributable to the relevant category.
-Contribution margin: Category contribution as a percentage of category revenue. Category contribution for HY26 is presented at constant rates, and for HY25 at HY25 rates.
-Free cash flow before dividends: Net cash generated from operating activities after dividends paid to non-controlling interests, net interest paid and net capital expenditure.
-New Category revenue: Revenue before the impact of adjusting items and translational foreign exchange, having allocated revenue directly attributable to New Categories, on a constant rate basis.
-**Operating Cash Conversion**: Net cash generated from operating activities before the impact of adjusting items and dividends from associates and excluding trading loans to third parties, pension short fall funding, taxes paid and net capital expenditure, as a proportion of adjusted profit from operations.
-Ratio of adjusted net debt to adjusted EBITDA (Leverage): Net debt, excluding the impact of the revaluation of Reynolds American Inc. acquired debt arising as part of the purchase price allocation process, as a proportion of profit for the year (earnings) before net finance costs (interest)/income, taxation on ordinary activities, depreciation, amortisation, impairment costs, the Group's share of post-tax results of associates and joint ventures, translational foreign exchange and other adjusting items.
Price/Mix
Price/Mix is a term used by management and investors to explain the movement in revenue between periods and includes excise duty drawback. Revenue is affected by the volume (how many units are sold) and the price (how much each unit is sold for). The Group may achieve a movement in revenue due to the relative proportions of higher price volume sold compared to lower price volume sold.

A2: Share metrics

HY26 growth vs. HY25, unless otherwise stated. Volume share: The estimated number of units bought by consumers of a specific brand or combination of brands, as a proportion of the total estimated units bought by consumers in the industry, category or other sub-categorisation. Sub-categories include, but are not limited to, the total nicotine category, Modern Oral, Vapour, Traditional Oral or cigarettes. Corporate volume share is the share held by BAT Group. Value share: The estimated retail value of units bought by consumers of a particular brand or combination of brands, as a proportion of the total estimated retail value of units bought by consumers in the industry, category or other sub-categorisation in discussion.

Except when referencing particular markets, volume share and value share represent share in the Group's Top Markets. Our top markets are defined by estimated industry revenue in their relevant category. **Top Vapour markets:** U.S. – Circana Non-Syndicated RSD, Canada – Scan Data, the UK – NielsenIQ, France – Logista RA, Germany – NielsenIQ, Spain – Logista RA. These six markets account for c.70% of total addressable industry vapour revenue (rechargeable closed systems consumables) and disposables in tracked channels) in 2025. **Top HP markets:** Japan – CVS-BC, South Korea – CVS, Italy – NielsenIQ, Germany – NielsenIQ, Greece – NielsenIQ, Poland – NielsenIQ, Romania – NielsenIQ, the Czech Republic – NielsenIQ, Portugal – Logista RA, Spain – Logista RA. These ten markets account for c.80% of total addressable industry HP revenue in 2025. **Top Modern Oral markets:** U.S. – Circana Non-Syndicated RSD, Sweden – NielsenIQ, Denmark – NielsenIQ, Norway – NielsenIQ, Switzerland – IMS, the UK – NielsenIQ, Poland – NielsenIQ. These seven markets account for c.90% of total industry Modern Oral revenue in 2025. **Top Cigarette markets:** U.S. – Circana Non-Syndicated RSD, Germany – NielsenIQ, Japan – CVS, Romania – NielsenIQ, Brazil – Scanntech, Mexico – NielsenIQ, Pakistan – Access Retail. These seven markets account for c.50% of total addressable industry cigarettes revenue in 2025. Market share is used by management to assess the relative performance of the Group against the performance of its main competitors.

A3: Poly-usage

-Combustibles Poly-use – refers to the use by an adult[^] consumer of both combustibles products and potentially reduced-risk [*†] tobacco and nicotine products which for many smokers is part of a transitional period where those consumers move towards a complete switch to potentially reduced-risk products*† by reducing the consumption of combustible tobacco products and replacing them with one or more potentially reduced-risk products.

-New Categories Poly-use – refers to the consumption of two or more potentially reduced-risk*† tobacco or nicotine product categories by adult^ consumers who do not consume any combustibles products.

-Total Poly-use – total number of adult^ consumers consuming two or more tobacco and/or nicotine products, which may or may not include combustibles products.

^ As defined by the relevant local law but shall in no circumstance refer to any person under the age of 18; and shall in no circumstance refer to any person under the age of 21 in the U.S.

A4: Consumers of Smokeless products

The number of adult consumers of Smokeless products is defined as the estimated number of Legal Age (minimum 18 years) consumers of the Group's Smokeless products - which does not necessarily mean these users are solus consumers of these products. In markets where regular consumer tracking is in place, this estimate is obtained from adult consumer tracking studies conducted by third parties (including Kantar). In markets where regular consumer tracking is not in place, the number of consumers of Smokeless products is derived from volume sales of consumables and devices in such markets, using consumption patterns obtained from other similar markets with adult consumer tracking (utilising studies conducted by third parties, including Kantar). The number of consumers is adjusted for those identified (as part of the consumer tracking studies undertaken) as using more than one BAT brand.

The number of consumers of Smokeless products is used by management to assess the number of adult consumers regularly using the Group's Smokeless products as the increase in Smokeless products is a key pillar of the Group's Sustainability ambition and is integral to the sustainability of our business.

* 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

Forward looking statements:

References in this video to 'BAT', 'Group', 'we', 'us' and 'our' when denoting opinion refer to British American Tobacco p.l.c. (BAT) and when denoting business activity refer to BAT Group operating companies, collectively or individually as the case may be.

This video does not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any BAT shares or other securities. This video 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", "being confident" 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.

In particular, these forward-looking statements include, among other statements, statements regarding (i) the Group's confidence in delivering its full-year 2026 guidance, (ii) the Group's expectation of mid-teens New Category revenue growth for the full-year 2026, (iii) the Group's confidence in sustainable future delivery in the U.S. and the planned Modern Oral and Vapour portfolio expansion in the second half of 2026, (iv) the Group's expectation to continue to be highly cash generative and generate more than £50 billion of cumulative free cash flow before dividends by the end of 2030, (v) the Group's expectation to be within its 2.0x–2.5x leverage target range by the end of 2026, on an adjusted for Canada basis, and (vi) the Group's confidence in its ability to deliver long-term, profitable growth and sustainable value for shareholders.

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 video are reasonable, but they may be affected by a wide range of variables that could cause actual results and performance 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 increased competition from illicit trade and illegal products; changes or differences in domestic or international economic or political conditions; the impact of adverse domestic or international legislation and regulation of tobacco, New Categories and other regulation; the impact of supply chain disruptions; adverse litigation and external investigations 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; the inability to develop, commercialise and deliver the Group's New Categories strategy; adverse decisions by domestic or international regulatory bodies, including disputed taxes, interest and penalties; the impact of serious injury, illness or death in the workplace and those who work with the business; the ability to maintain credit ratings and to fund the business under the current capital structure; translational and transactional foreign exchange rate exposure; direct and indirect adverse impacts associated with climate change (both physical and transition); the ability to deliver a viable circular business model in response to global demand, combined with increasing regulatory, stakeholder and consumer pressure; and the Group's ability to defend against Cyber & Digital actions that result in loss of confidentiality, availability or integrity of systems and data.

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 video and BAT undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise. Viewers are cautioned not to place undue reliance on such forward-looking statements.

No statement in this video is intended to be a profit forecast and no statement in this video should be interpreted to mean that earnings per share of BAT for the current or future financial years would necessarily match or exceed the historical published earnings per share of BAT.

A review of the reasons why actual results and developments may differ materially from the expectations disclosed or implied within forward-looking statements can be found by referring to the information contained under the headings "Cautionary Statement" and "Group Principal Risks" in the 2025 Annual Report and Accounts of BAT and under the heading "Forward Looking Statements" and Item 3.D - *Risk Factors* in the 2025 Annual Report on Form 20-F of BAT and under any similar headings in any future annual and interim reports, all of which may be obtained free of charge at the SEC's website, http://www.sec.gov, and the BAT website, http://www.bat.com.

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