Building a Better Tomorrow™
Faster Transformation

CAGNY February 2022

Jack Bowles | Chief Executive
Kingsley Wheaton | Chief Marketing Officer
Tadeu Marroco | Finance and Transformation Director
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In particular, among other statements: (i) certain statements in the opening section (slides 5, 10, 11, 12, 16 and 17); (ii) certain statements in the second section (slides 24 and 34); and (iii) certain statements in the third section (slides 43, 45, 48, 49 and 50).

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; 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; and changes in the market position, businesses, financial condition, results of operations or prospects of the Group.

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No statement in this presentation is intended to be a profit forecast and no statement in this presentation 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.
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Additional Information
Our vapour product Vuse (including Alto, Solo, Ciro and Vibe), and certain oral products including Velo, Grizzly, Kodiak, and Camel Snus, which are sold in the US, are subject to the Food and Drug Administration (FDA) regulation and no reduced-risk claims will be made to these products without agency clearance.

No Profit or Earnings Per Share Forecasts
No statement in this presentation is intended to be a profit forecast and no statement in this presentation 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.

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Building a Better Tomorrow™
Faster Transformation

CAGNY February 2022

Jack Bowles | Chief Executive
Kingsley Wheaton | Chief Marketing Officer
Tadeu Marroco | Finance and Transformation Director
1. We have built a high growth >£2bn New Category business...
   ...with the greatest opportunity to switch smokers to reduced risk products*

2. With strong brands and proven capabilities...
   ...we are confident in £5bn New Category revenue & profitability by 2025**

3. We are committed to shareholder returns...
   ...driven by financial discipline & strong cash flow

* Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive. ** New Category Profitability at category contribution level: Profit from the sales of brands after deduction of directly attributable costs (including marketing) and before allocation of overheads.
Our 2019 Commitment

A Step-Change In New Categories

Combustible Value Growth
Simplify the Company
A Step Change in New Categories

New Category Revenue*  
>£2bn  
32% CAGR

Adult Consumers of Non-Combustible Products**  
18m  
31% CAGR

Doubled Non-Combustible Revenue – accelerating to 12% of Group Revenue

Supported by Combustible Value Growth

Combustible Revenue Growth*  >3% CAGR

Combustible Value Share Growth  +20bps Per Annum Average

Group Revenue Growth*  >5% CAGR

Growth over 2018-2021. * At Constant rates. See Appendix A2
And a Simplified Organisation

**Rationalised Combustible SKUs**
-30%

**Reduced Business Units**
-40%

**Savings Delivered 12 months early**
£1.3bn

We delivered the Pivotal Year in 2021

- **Accelerating New Category revenue growth**
  - 51% Revenue growth*

- **Reducing New Category losses**
  - c.£100m Reduced losses**

- **De-levered to c. 3x adj. net debt/adj. EBITDA***
  - 2.99x Leverage

Enabling more active capital allocation
Including £2bn Share Buyback in 2022

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* Constant rate growth. See Appendix A2. ** Reduction at category contribution level: Profit from the sales of brands after deduction of directly attributable costs (including marketing) and before allocation of overheads. *** Adjusted net debt to adjusted EBITDA at current rates. See Appendix A1.
We are now entering the next phase of our journey

New Category revenue growth and consumer acquisition*

New Category contribution to profit growth**

Active capital allocation for long-term shareholder value

Faster Transformation

* Constant rate growth. See Appendix A2. Target market for acquisition of consumers of non-combustible products is existing adult smokers/nicotine users. See Appendix A6. ** Contribution based on the pathway to profitability, with reducing losses at category contribution level. Profit from the sales of brands after deduction of directly attributable costs (including marketing) and before allocation of overheads.
We are on track for £5bn New Category revenue and profitability by 2025

BAT New Category Revenue

2017*  
£0.5bn

2021  
£2.1bn

2025  
£5bn

+44% CAGR  
+25% CAGR

* on a representative basis, including a full 12 months of results from US acquisition Reynolds.
Driven by strong share growth across our 3 Global Drive Brands

### VUSE

**Value Share**
- **33.5%**
- **#1**
  - CAN
  - UK
  - FRA
  - GER

### glo

**Volume Share**
- **18.1%**
- **#2**
  - CAN
  - UK
  - FRA
  - GER

### VELO

**Volume Share**
- **34.7%**
- **#1**
  - SWE
  - NOR

- **#3**
  - US
  - DEN
  - SWZ

Our transformation journey has accelerated

Non-Combustible products revenue %

<table>
<thead>
<tr>
<th></th>
<th>SWE</th>
<th>JPN</th>
<th>UK</th>
<th>NOR</th>
<th>US</th>
<th>RUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>63%</td>
<td>42%</td>
<td>28%</td>
<td>27%</td>
<td>13%</td>
<td>7%</td>
</tr>
<tr>
<td>2021</td>
<td>72%</td>
<td>47%</td>
<td>38%</td>
<td>33%</td>
<td>14%</td>
<td>14%</td>
</tr>
</tbody>
</table>

Note: % Revenue by market FY 2020, 2021
With additional opportunities Beyond Nicotine

Leveraging BAT DNA: Strengths & Capabilities

Target areas:
- Health and Wellness
- Functional Products – e.g. Focus, Energize & Relax
- Science
- Sustainability
- Technology

17 investments closed to date

Consumer Areas

BOOST

FOCUS

CALM

Strategic collaborations, partnerships and bolt-on M&A

- R&D collaboration
- Associate investment

Leveraging BAT DNA: Strengths & Capabilities

ORGANIGRAM
Addressing our core ESG challenges

Reducing the **HEALTH** impact of our business

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**E**

Excellence in **ENVIRONMENTAL** management

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**S**

Delivering a positive **SOCIAL** impact

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**G**

Robust corporate **GOVERNANCE**

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Creating value for all our stakeholders

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- 50 million consumers of non-combustible* products by 2030
- £5bn New Category Revenue by 2025
- Carbon neutral Scopes 1 & 2 by 2030**
- Net zero value chain emissions by 2050**
- Eliminate unnecessary single-use plastic & all plastic packaging recyclable^ by 2025**

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* Non-combustible consumer definition. See Appendix A6. ** Environmental targets, net zero across scopes 1, 2 and 3. See Appendix A5. ^ Capable of being reusable, recyclable or compostable.
Well on our way to building
A Better Tomorrow™

Our Purpose

To reduce the
health impact* of our business

Our Commitment

To provide adult consumers with a wide range of enjoyable and less risky products*

To encourage adult smokers to switch completely to scientifically-substantiated reduced-risk alternatives*

* Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.
Strong brands and proven capabilities - Confident in our 2025 New Category targets
Our multi-category strategy is unique and delivering

**Consumer-Centric Multi-Category model**

* Revenue Growth Management
And offers the greatest opportunity to deliver tobacco harm reduction

Consumers
Market taste profiles
Regulation

Opportunity to reduce harm*
Commercial opportunity
Resilience to regulation

MULTI-CATEGORY STRATEGY

Maximises ability to switch smokers, deliver harm reduction and create value

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

1. **IDENTITY**
   - Premium / Status
   - Modern / Style
   - Innovation / Progression

2. **SATISFACTION**
   - Authentic Tobacco Taste / Balance
   - Engaging & Familiar Ritual
   - Nicotine Satisfaction

3. **REDUCED RISK**
   - Reduced harm to Self
   - Personal Hygiene
   - Social Consideration

4. **AFFORDABILITY**
   - Relative Affordability vs FMC
   - Out of Pocket & Total Spend

5. **FLAVOUR EXPLORATION**
   - Flavour Range & Likeability
   - Experimentation by adult nicotine consumers
   - Satisfying Taste

6. **CONVENIENCE**
   - Simplicity / Ease of Use
   - Conveniently Accessible

**6 Drivers of New Category Conversion**

Source: Company data. *Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.*
Which vary by category

1. **IDENTITY**
   - Primary drivers: c.70%
   - Secondary drivers: c.30%

2. **SATISFACTION**
   - THP: 23%, Vapour: 16%, Modern Oral: 27%

3. **REduced RISK**
   - THP: 5%, Vapour: 11%, Modern Oral: 18%

4. **AFFORDABILITY**
   - THP: 5%, Vapour: 14%, Modern Oral: 8%

5. **FLAVOUR EXPLORATION**
   - THP: 5%, Vapour: 9%, Modern Oral: 23%

6. **CONVENIENCE**
   - THP: 5%, Vapour: 11%, Modern Oral: 18%

**6 Drivers of New Category Conversion**

Source: Company data. *Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.*
We have built three Global Drive Brands
We are embedding ESG in our brands

Source: Company data. Focus areas shown above demonstrate our ESG ambitions for each brand. For more detail on our environmental targets, see Appendix A5.
And driving ESG throughout the business

Excellence in **ENVIRONMENTAL** management

**Carbon-smart farming programme** focused on reducing emissions

35% of sites with zero waste to landfill in our operations

Delivering a positive **SOCIAL** impact

>350,000 human rights training attendances delivered in our leaf operations

96% of farmers also growing non-tobacco crops for food or additional sources of income

Robust **GOVERNANCE**

Launched new training on IMP and YAP compliance across digital and social channels

100% of employees completed annual SoBC training and compliance sign-off

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1 Programme focused on reducing emissions from tobacco farming and leveraging the positive effect agriculture could have in removing carbon from the atmosphere. 2 Whenever a site reports all waste as recycled, or incinerated with or without energy recovery, and no waste sent to landfill, it is considered being at site at zero waste to landfill. 3 Delivered by leaf operations and strategic third party suppliers. 4 Reported diversification of farmers contracted to BAT and our strategic third-party suppliers. 5 iCommit training on applying our IMP and YAP guidelines across digital channels being rolled out to all Group employees, with 100% completion by senior leaders during initial phase. 6 SoBC stands for our Standards of Business Conduct.
With further strong ESG recognition

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

REFINITIV 91 /100

QUALITYSCORE 1

Sustainability Award
Gold Class 2022
S&P Global

Supply Chain Top 20

20th consecutive year of DJSI inclusion
Extensive Scientific Substantiation supports our products as Reduced Risk*

<table>
<thead>
<tr>
<th>Product</th>
<th>Emissions: - 99%¹</th>
<th>Toxicology: - 99%¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>VUSE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GLO</td>
<td>Emissions: - 90% to - 95%²</td>
<td>Toxicology: - 95%²</td>
</tr>
<tr>
<td>VELO</td>
<td></td>
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</tbody>
</table>

Our data is published in 81 peer-reviewed manuscripts.
Our data is published in 75 peer-reviewed manuscripts.

>30 yrs of studies show Snus is much less risky than smoking

Toxicology: even less harmful than Snus³

We believe Modern Oral products are reduced risk as toxicant levels are lower than in snus*.

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* Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive. 1. ePod and ePen3 compared to a reference cigarette. 2. Compared to a reference cigarette. 3. Approximate reduction. Comparison based on an assessment of smoke from a scientific standard reference cigarette (approximately 9mg tar) and components released during use of a commercial Snus pouch and a Velo pouch, in terms of the average of the 9 harmful components the World Health Organization recommends to reduce in cigarette smoke.
Governments and institutions are recognising the role of THR and responsible regulation.
We are leveraging our strengths to accelerate our transformation

Deep Consumer Insights –
One Size Does Not Fit All

Unrivalled Outlet Reach

Our People Delivering the Enterprise of the Future

Note: Company share of retail sales estimated based on category channel breakdown for 2020 where available, otherwise 2019; numbers rounded for simplicity; Channel classification: On-premise includes Bars, Restaurants, Hotels. Modern includes Super/Hypermarkets, Other Grocers, Discounters, Drug, Mixed Retailers e.g. (Department stores); Convenience includes Convenience (traditional/convenience), Forecourt, Food/Dinn/Deli (specialists), Independent Grocers; Source: Euromonitor; company financials; desk research; BCG analysis; 29 markets representing c. 90% group revenue.
Leveraging Digital Capabilities

3.4bn
Potential media reach from Strategic partnerships

#1 in
Branded search traffic across T5* for Vuse

+600m
Increase in adult social followers

14.2m
Contactable Adult New Category Consumers

64m
Total own e-comm visits**

X3 Profitability v Traditional retail***

+42%
Active subscribers
40% of Vuse own e-comm revenue

+26%
Strategic own e-comm revenue^
And strong products are driving improved conversion rates

BAT’s active consumers who have stopped regular smoking

<table>
<thead>
<tr>
<th>Product</th>
<th>Dec 20</th>
<th>Dec 21</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>glo</td>
<td>44%</td>
<td>52%</td>
<td>53%</td>
</tr>
<tr>
<td>Conversion² In the Top 5 THP markets³</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>v</td>
<td>45%</td>
<td>51%</td>
<td>41%</td>
</tr>
<tr>
<td>Conversion² In the Top 5 Vapour markets⁴</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Source: Monthly Kantar tracker data. 1 Active Consumers - use New Category product at least once a week. 2 “Converted Smokers” - % of active consumers who do not consume Combustibles. Here, “smokers” are defined as daily combustible consumers as per standard BAT definition. 3 Top 5 markets THP markets refer to: Japan, Russia, Ukraine, Italy, South Korea. 4 Top 5 Vapour markets refer to: USA, Canada, UK, France and Germany. 5 Category refers to peer conversion scores weighted by volume across top 5 markets.
This is driving strong share* growth across all 3 Categories

**vuse**

<table>
<thead>
<tr>
<th>Country</th>
<th>2021</th>
<th>FY'21 vs. FY'20</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>32.5%</td>
<td>+7.6pp</td>
</tr>
<tr>
<td>CAN</td>
<td>80.4%</td>
<td>+34.3pp</td>
</tr>
<tr>
<td>UK</td>
<td>16.9%</td>
<td>+2.1pp</td>
</tr>
<tr>
<td>FRA</td>
<td>45.7%</td>
<td>+14.2pp</td>
</tr>
<tr>
<td>GER</td>
<td>59.9%</td>
<td>+10.1pp</td>
</tr>
</tbody>
</table>

**glo**

<table>
<thead>
<tr>
<th>Country</th>
<th>2021</th>
<th>FY'21 vs. FY'20</th>
</tr>
</thead>
<tbody>
<tr>
<td>JPN</td>
<td>21.2%</td>
<td>+1.8pp</td>
</tr>
<tr>
<td>RUS</td>
<td>19.3%</td>
<td>+10.7pp</td>
</tr>
<tr>
<td>ITA</td>
<td>12.8%</td>
<td>+8.7pp</td>
</tr>
<tr>
<td>UKR</td>
<td>20.9%</td>
<td>+9.9pp</td>
</tr>
<tr>
<td>ROM</td>
<td>22.1%</td>
<td>+5.3pp</td>
</tr>
</tbody>
</table>

**VELO**

<table>
<thead>
<tr>
<th>Country</th>
<th>2021</th>
<th>FY'21 vs. FY'20</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>11.7%</td>
<td>+4.1pp</td>
</tr>
<tr>
<td>SWE</td>
<td>59.6%</td>
<td>+5.8pp</td>
</tr>
<tr>
<td>DEN</td>
<td>92.6%</td>
<td>-1.3pp</td>
</tr>
<tr>
<td>SWZ</td>
<td>91.5%</td>
<td>-3.4pp</td>
</tr>
<tr>
<td>NOR</td>
<td>63.9%</td>
<td>+1.8pp</td>
</tr>
</tbody>
</table>

And successfully prioritising our investments

1. Consumer & Commercial Opportunity

2. Product Satisfaction Index (PSI)

3. Regulatory & Tax/Excise Environment

4. Distribution & Channel Landscape

N. America & W. Europe
Predominantly Vapour

Northern Europe
Oral

Central & Eastern Europe
Mixed Usage *

Japan & SK
Predominantly THP

Modern Oral
Emerging Potential

* Across non-combustible products. Source: Kantar & Internal Forecasts
In the US, the focus is vapour

- Large pool of adult nicotine consumers
- Vapour is the largest New Category
- Vapour is expected to be the key driver of New Category value growth over next 5 years*

Vapour offers the greatest opportunity to transition US smokers to reduced-risk products**

* Estimates based on company data. Tracker FY 2021 21+ ** Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.
Vuse has closed a 27 percentage point share gap in just 2 years

Competitor 1

Vuse

Disposables

Value share of total vapour (closed systems) – monthly share to Dec 2021. See Appendix A3 for Value share definition.
Whilst also achieving profitability* in H2 2021

Source: Company data. * New Category Profitability at category contribution level: Profit from the sales of brands after deduction of directly attributable costs (including marketing) and before allocation of overheads.
The transformation is happening in ENA

2021 New Categories Revenue as % of Total Revenue
(Selected markets account for >90% of ENA New Category Revenue)

Note: % Revenue by market FY2021
Vuse – Value share leader in ENA

Vuse #1 Brand in 7 markets*

UK  FRA  GER  BEL  SWZ  DEN  CZE

Upgraded & Optimised Portfolio

99% Retention Achieved in Priority Markets**

12 E-Comm & 14 Social Media Platforms on Vuse

Improved Consumer Experience & Exclusive Digital Services

14 markets migrated from Vype to Vuse in 6 months

* Value share of total vapour (closed systems) FY 2021. ** Priority markets refer to Vapour Top 5 markets, 3 of which are in ENA: UK, France and Germany
glo – Step change with Hyper in ENA

Step change in THP Performance with Hyper Launch

- c.10bn sticks in 2021
- +195% vs FY20

Glo national volume share of total nicotine* market

- Approaching 2%
- c.2%

Glo national volume share of THP category

- c.20%
- c.15%

Glo Revenue** £m

- +167% vs FY20
- 364

Revenue

** FMC + THP market Note: Source for market/segment share data is Retail Audit (RA) in measured channels; where RA is not available share estimates are based on In Market Sales (IMS) or scanning data. See Appendix A3 for Volume share definition. **2021 revenue at constant rates. See Appendix A2.
BAT has leadership position in
15 of 17
ENA markets

BAT 2021 volume share of Modern Oral in key markets

- SWE: 60%
- DEN: 93%
- NOR: 64%
- SWZ: 92%
- CZE: 72%

Note: Source for market/segment share data is Retail Audit (RA) in measured channels; where RA is not available share estimates are based on In Market Sales (IMS) or scanning data. See Appendix A3 for Volume share definition.

*Revenue at constant rates. See Appendix A2. Includes EPOK/LYFT brands in ENA. Velo brand represents over 50% of FY21 Modern Oral markets. Continue to migrate remaining EPOK, LYFT brands into H1 2022.
Our multi-category strategy is driving our transformation

**Consumer-Centric Multi-Category model**

* Revenue Growth Management
Committed to shareholder returns through financial discipline & strong cash flow
In summary we have delivered our Pivotal Year in 2021

<table>
<thead>
<tr>
<th>Accelerating New Category revenue growth</th>
<th>Improving New Category profitability</th>
<th>De-levered to c. 3x adj. net debt/ adj. EBITDA^</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 51% Revenue growth*</td>
<td>• c.£100m reduction in New Category losses***</td>
<td></td>
</tr>
<tr>
<td>• +4.8m Consumers of our non-combustible products to 18.3m</td>
<td>• Driven by increased scale</td>
<td></td>
</tr>
<tr>
<td>• Strong share growth**</td>
<td>• Clear pathway to 2025 profitability</td>
<td></td>
</tr>
</tbody>
</table>

* At constant rates. See Appendix A2. ** Volume share in THP, Modern Oral and Value share in Vapour. ***Reduction at category contribution level: Profit from the sales of brands after deduction of directly attributable costs (including marketing) and before allocation of overheads. ^ Adjusted Net Debt to Adjusted EBITDA. See Appendix A1.
Delivering robust results alongside our transformation

- **Group Revenue**: +6.9%
- **Combustibles Price/Mix**: +4.3%
- **Cigarette & THP Value Share**: +20 bps
- **Free Cash Flow**: £7.4bn
- **New Category Revenue**: +51%
- **Combustibles BAT Volume**: -0.3%
- **Adjusted Profit from Operations**: +5.2%
- **Adjusted Diluted EPS**: +6.6%

Together with c.£100m reduced losses* from New Categories driven by growing scale

### Improved Trade Margin**
- Vuse Trade Margins improved by 31%

### Reduced Cost of Goods
- Further scale benefits
- c.£220m productivity savings*** delivered in 2021
- Vuse Cost of Goods reduced by 22% driven by automation

### Marketing Spend Effectiveness (MSE)
- Revenue Growth Management
- Leveraging big data analytics
- Consumer acquisition cost reduction
  - Vuse 47% improvement
  - glo 25% improvement
  - Velo 28% improvement

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**Clear Pathway to Profitability by 2025***

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* Change calculated based on FY21 v FY20. * Reduction in losses at category contribution level. Profitability by 2025 at category contribution level: Profit from the sales of brands after deduction of directly attributable costs (including marketing) and before allocation of overheads. ** Reference to trade margins is to recommended margins based on recommended resale prices. *** Across New Categories.
Quest: Delivering the Enterprise of the Future

Quantum Delivery
Over £1 Bn Total Savings
Delivered 12 months early

Unleash Innovation
To become a technology-driven CPG company

Empowered Organisation
Faster and simpler organisation; stronger with new capabilities

Shaping Sustainability
World-class science backing our products & ESG ambitions

Technology & Digital
Acceleration in digital, analytics & automation to become top quartile

£1.3 Bn
Savings delivered

80%
Revenue and New Categories investment coverage by RGM and MSE

Breakthrough Innovations
with strong IP
-50%
Development time

c.10,000
Reduction in headcount in the last 3 years

c.2,000
New capability roles in the last 3 years

1st
Of its kind FDA Marketing Authorisation for Vuse Solo*

On track
“Carbon Neutral” by 2030**
“Net Zero” by 2050**

+26%
Strategic own e-Comm revenue***

+42%
Contactable Adult New Category Consumers^
We have successfully de-levered driven by strong cash flow

**Continued Strong Operating Cash Conversion***

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Cash Conversion %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>100%</td>
</tr>
<tr>
<td>2019</td>
<td>97%</td>
</tr>
<tr>
<td>2020</td>
<td>103%</td>
</tr>
<tr>
<td>2021</td>
<td>104%</td>
</tr>
</tbody>
</table>

**Reduced Leverage to c.3x**

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjusted Net Debt / Adjusted EBITDA***</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>4.00</td>
</tr>
<tr>
<td>2019</td>
<td>3.51</td>
</tr>
<tr>
<td>2020</td>
<td>3.26</td>
</tr>
<tr>
<td>2021</td>
<td>2.99</td>
</tr>
</tbody>
</table>

We are committed to shareholder returns with £2bn 2022 buyback

Active Capital Allocation Framework

Cash Flow

Investing in our Transformation

Litigation/ Fiscal/Regulatory outcomes

Free Cash Flow*

Growing Dividend

Leverage within 2-3X**

Bolt-On M&A

Share Buybacks

c.£40bn 5 Year Cumulative Free Cash Flow***

* Free cash flow before dividends. See Appendix A1 and A7.  ** Adjusted net debt to adjusted EBITDA at current rates. See Appendix A1. ***Ambition over the next 5 years. Pre-dividend payments. See Appendix A1 and A7.
Delivering shared stakeholder & shareholder value

Medium term outlook

- **£5bn** New Category revenue and profitability by 2025*
- Beyond Nicotine opportunities
- 3-5% Group Revenue Growth**
- High-Single Figure EPS^ growth
- Cumulative free cash generation c.£40bn***

* Profitability at category contribution level: Profit from the sales of brands after deduction of directly attributable costs (including marketing) and before allocation of overheads. ** At constant rates. See Appendix A2. ^Adjusted diluted constant rate basis. See Appendix A1 & A2. *** Ambition over the next 5 years. Pre dividend payments. See Appendix A1 and A7.
Transforming BAT into a Multi-Category CPG with greater societal acceptance

From
- Cigarettes
- And Declining Volume Growing Value

To
- Multi-category CPG Nicotine & Beyond*
- And Growing Volume & Value

Building A Better Tomorrow™

*Beyond refers to Wellbeing & Stimulation Beyond Nicotine. Expected target market for consumer acquisition is existing adult smokers/nicotine/beyond nicotine users.
Building a Better Tomorrow™
Faster Transformation
Appendix

A1: Adjusting (Adj.)
Adjusting items represent certain items which the Group considers distinctive based upon their size, nature or incidence.

A2: 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.

A3: Share metrics
Volume share: The number of units bought by consumers of a specific brand or combination of brands, as a proportion of the total 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 cigarette. Corporate volume share is the share held by BAT Group/Reynolds (US region). Except when referencing particular markets, volume share is based on our key markets (representing over 80% of the Group's cigarette volume).

Value share: The retail value of units bought by consumers of a particular brand or combination of brands, as a proportion of the total retail value of units bought by consumers in the industry, category or other sub-categorisation in discussion.

Nicotine share: The retail sales volume/value of the nicotine product sold as a proportion of total specified nicotine product volume/value in that market. In the US covers: Combustibles, vapour and total oral.

A4: Price/Mix
Price mix is a term used by management and investors to explain the movement in revenue between periods. Revenue is affected by the volume (how many units are sold) and the value (how much is each unit sold for). Price mix is used to explain the value component of the sales as the Group sells each unit for a value (price) but may also achieve a movement in revenue due to the relative proportions of higher value volume sold compared to lower value volume sold (mix).

A5: Environmental Targets
Targets include climate change, water and waste, sustainable agriculture. Full details are available from the latest ESG Report British American Tobacco – Sustainability reporting (bat.com)

A6: Consumers of Non-Combustible Products
The number of consumers of Non-Combustible products is defined as the estimated number of Legal Age (minimum 18 years) consumers of the Group’s Non-Combustible 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 Non-Combustible 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 - referred to as “poly users”.

The number of consumers of Non-Combustible products is used by management to assess the number of consumers using the Group’s New Categories products as the increase in Non-Combustible products is a key pillar of the Group's ESG ambition and is integral to the sustainability of our business.

The Group’s management believes that this measure is useful to investors given the Group’s ESG ambition and alignment to the sustainability of the business with respect to the Non-Combustibles portfolio.

A7: Free Cash Flow
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.

A8: 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.