

BRITISH AMERICAN TOBACCO (INVESTMENTS) LIMITED

Registered Number 00074974

Annual report and financial statements

For the year ended 31 December 2022

FRIDAY



AC6T4F4Z

A22

30/06/2023

#69

COMPANIES HOUSE

Contents

Strategic Report 2

Directors' Report 4

Independent Auditor's Report to the members of British American Tobacco (Investments) Limited for the
year ended 31 December 2022 8

Profit and loss account for the year ended 31 December 12

Statements of other comprehensive income and changes in equity for the year ended 31 December 13

Balance Sheet as at 31 December 14

Notes to the financial statements for the year ended 31 December 2022..... 15

British American Tobacco (Investments) Limited

Strategic Report

The Directors present their Strategic Report on British American Tobacco (Investments) Limited ("the Company") for the year ended 31 December 2022.

Principal activities

The Company is a holding company of a group of companies which operate in the tobacco and nicotine industry on behalf of the British American Tobacco p.l.c. group of companies (the "Group"). The Company also undertakes a significant amount of research and development in the fields of nicotine and tobacco, as described below.

Review of the year ended 31 December 2022

The loss for the financial year attributable to the Company's shareholders after deduction of all charges and the provision of taxation amounted to £184,334,000 (2021: £97,531,000 profit).

The Directors expect the Company's activities to continue on a similar basis in the foreseeable future.

Key performance indicators

Given the nature of the Company's activities, the Company's Directors believe that key performance indicators are not necessary or appropriate for an understanding of the Company's specific development, performance, or the position of its business. However, key performance indicators relevant to the Group, and which may be relevant to the Company, are disclosed in the Strategic Report in British American Tobacco p.l.c.'s 2022 Annual Report and Form 20-F ("BAT ARA & 20-F") and do not form part of this report.

Principal risks and uncertainties

The principal risks and uncertainties of the Company, including financial risk management, are integrated with the principal risks of the Group, and are monitored by audit committees to provide a framework for identifying, evaluating and managing risks faced by the Group. Accordingly, the key Group risk factors that may be relevant to the Company are disclosed in the BAT ARA & 20-F and do not form part of this report.

UK Companies Act 2006: Section 172(1) Statement

The Company is part of the Group and is ultimately owned by British American Tobacco p.l.c. As set out above in the Company's Strategic Report, the Company's principal activity is the holding of a group of companies operating in the tobacco and nicotine industry. The Company also undertakes a significant amount of research and development in the fields of tobacco and nicotine.

Under Section 172(1) of the UK Companies Act 2006 ("the Act") and as part of the Directors' duty to the Company's shareholders to act as they consider most likely to promote the success of the Company, the Directors must have regard for the likely long-term consequences of decisions and the desirability of maintaining a reputation for high standards of business conduct. The Directors must also have regard for the interests of the Company's employees, business relationships with the Company's wider stakeholders and the impact of the Company's operations on the environment and communities in which it operates. Consideration of these factors and other relevant matters is embedded into all Board decision making and risk assessments throughout the year.

The Company's key stakeholders are Group undertakings, including its shareholders, direct and indirect suppliers to the Company (including goods and services suppliers), employees, regulatory bodies and wider society applicable to the environment in which the Company operates.

Primary ways in which the Company engages directly or indirectly, as part of the Group, with its key external stakeholders are summarised on pages 20 to 21 of the BAT ARA & 20-F. The Company engages with other Group undertakings, including its shareholders through regular meetings, intra-group management activities and ongoing dialogue. There is also regular engagement within the Group on finance-related matters which is taken into account in the Company's decision making.

British American Tobacco (Investments) Limited

Strategic Report (continued)**UK Companies Act 2006: Section 172(1) Statement (continued)**

Where the Directors do not engage directly with the Company's stakeholders, they are kept updated on stakeholder perspectives, including through the use of management reporting and Board notes relating to matters presented to the Board during the year which set out stakeholder considerations as applicable to matters under consideration. This enables the Directors to maintain an effective understanding of what matters to those stakeholders and to draw on these perspectives in Board decision making.

In relation to employee engagement, a range of internal communications and engagement channels were used during the year to support effective engagement with Group company employees. The primary engagement channels for Group company employees based in the UK (including the Company's employees) include town hall sessions, employee council meetings, the Your Voice employee survey and webcasts as set out on pages 88, 140 and 169 of the BAT ARA & 20-F. The Group's 'Speak Up' channels are also available to all Company employees (as set out on page 66 of the BAT ARA & 20-F).

In accordance with the Group's overall governance and internal controls framework and in support of the Company's purpose as part of the Group, the Company applies and the Directors have due regard to all applicable Group policies and procedures, including the Group Statement of Delegated Authorities ("SoDA"), and the Group Standards of Business Conduct, International Marketing Principles, Health and Safety Policy, and Environment Policy as set out on pages 45 and 91 of the BAT ARA & 20-F. As a Group company, the Company acts in accordance with the Group's policies in relation to the safeguarding of human rights and community relationships, which are set out on page 45 of the BAT ARA & 20-F.

Certain authorities for decision making are delegated to management under the SoDA, part of the Group's governance and internal controls framework through which robust corporate governance, risk management and internal control are promoted within the Group. Application of the SoDA does not derogate from any requirement for Board review, oversight or approval in relation to the Company's activities.

The Directors receive training in relation to their role and duties as a Director on a periodic basis. All newly appointed Directors receive training in respect of their roles and duties on appointment, including on directors' duties under Section 172 of the Act. Director training is provided through the Company Secretary.

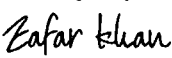
The principal decisions made by the Directors during the year included the review and approval of the Company's annual Modern Slavery Act Statement and organisational changes. Examples of how stakeholder considerations and other relevant factors have been taken into account during the decision making process in these contexts are as follows:

Modern Slavery Act Statement: The Board reviewed and approved the Company's annual Modern Slavery Act Statement for adoption by the Company. Key stakeholder interests taken into consideration in making these decisions include those of the Company's shareholders, direct and indirect suppliers, employees, and wider society applicable to the environment in which the Company operates.

Organisational changes: The Board reviewed and approved changes to the Company's organisational structure and activities, to drive greater efficiencies in the Company's processes and ways of working within the Group. Key factors taken into consideration in this context included the anticipated benefits of the reorganisation to the Company and its shareholders, as part of the wider Group, and the interests of the Company's employees.

Principal decisions are those decisions and discussions by the Board that are strategic or material to the Company and those of significance to any of Company's key stakeholders.

By Order of the Board

DocuSigned by:

 A9D6B6E4617D440...

Zafar Aslam Khan**Director****28 June 2023**

British American Tobacco (Investments) Limited**Directors' Report**

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2022.

In accordance with Section 414C(11) of the Act, the Directors have provided an indication of likely future developments in the business of the Company in the Strategic Report under the heading "Review of the year ended 31 December 2022".

Dividends

The Directors do not recommend the payment of a dividend for the year (2021: £nil).

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2022 to the date of this report are as follows:

	Appointments in the period	Resignations in the period
Jerome Bruce Abelman		
John Fry		
Zafar Aslam Khan		
Hae In Kim		
Tadeu Luiz Marroco		
David O'Reilly		28 February 2023
James Murphy	01 March 2023	
Kingsley Wheaton		

Directors' indemnities

Throughout the period from 1 January 2022 to the date of this report, an indemnity has been in force under which Tadeu Luiz Marroco as a Director, is indemnified by British American Tobacco p.l.c., the ultimate parent undertaking, in respect of all costs, charges, expenses or liabilities which he may incur in or about the execution of his duties to the Company or as a result of things done by him as a Director on behalf of the Company.

Research and development

The Company's activities include research and development on the development of toxicant reduced technologies, new products, new processes, quality improvement of existing products and cost reduction programmes in the nicotine industry.

Research is also undertaken into various aspects of the science and behavioural science related to the use of tobacco and nicotine products, including continued significant funding of independent studies. The research and development expenditure incurred by the Company in 2022 was £70,378,000 (2021: £77,267,000) including associated depreciation and staffing.

Auditor

Pursuant to Section 487 of the Act, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Employees

The average number of employees employed by the Company during the year was 792 (2021: 929).

The Company has employment policies which are committed to providing a work environment that is free from harassment, bullying and discrimination – these policies are available online to all employees. The Company is committed to ensuring there is no discrimination against people with disabilities who apply to join the Company and anyone within the Company with disability is awarded the same opportunities for promotion, training, and career development as other staff. The Company aims to establish and maintain a safe working environment for all staff, including those with disabilities

The Company utilises a range of initiatives to actively encourage employee involvement in the Group's business including individual discussions, team briefings and publications. The Company actively encourages employee

British American Tobacco (Investments) Limited**Directors' Report (continued)**

share ownership through participation in the employee share plans, such as the Share Reward Scheme. Further information is set out at pages 89, 167 to 168 and 268 of the BAT ARA & 20F.

Employee Engagement Statement

The Company's Section 172(1) statement set out in the Strategic Report on pages 2 and 3 summarises the Directors' approach to engaging with the Company's employees, and how the Directors have regard to their interests when making decisions. Further information regarding methods of engagement with BAT Group Company employees based in the UK (including the Company's employees) is provided in the Corporate Governance Statement below and on pages 88 to 89 of the BAT ARA & 20-F.

Stakeholder Engagement Statement

The Company's Section 172(1) statement set out in the Strategic Report on pages 2 and 3 summarises how the Directors have regard to the need to foster business relationships with customers, suppliers and other external stakeholders when making decisions on behalf of the Company. Further information regarding stakeholder engagement on behalf of the Company at Group level is provided on pages 20 to 21 of the BAT ARA & 20-F.

Corporate Governance Statement

This section reports on the corporate governance arrangements applied by the Company during the year. British American Tobacco p.l.c., the Company's ultimate parent company and a UK premium listed company, has adopted and reports in accordance with the UK Corporate Governance Code 2018.

As a member of the Group and a private limited company, the Company has adopted, and the Directors have due regard to, the Group's overall governance framework and all applicable Group policies and procedures, including the SoDA, as summarised in the Strategic Report.

Within this framework, the Company maintains its own corporate governance arrangements reported below, designed to promote high standards of corporate governance and the Company's long-term sustainable success. These arrangements are considered most appropriate for the Company as a wholly-owned subsidiary of British American Tobacco p.l.c.

Purpose and Leadership

- The Company's purpose and strategy is in full alignment with the overall strategy of the Group, and the Group's purpose to build A Better Tomorrow™.
- The Company's culture is guided by the BAT Ethos, to be bold, fast, empowered, responsible and diverse. The Directors support and uphold the values of the BAT Ethos to foster a vibrant and rewarding workplace.
- The Directors are kept updated on stakeholder perspectives, the impact of decisions on relevant stakeholders and engagement conducted with stakeholders where applicable, through the use of management reporting and board notes relating to matters presented to the Board during the year. This enables the Directors to maintain an effective understanding of what matters to those stakeholders and to draw on these perspectives in Board decision-making.

Board Composition

- The Board is made up of Directors who bring a diverse skill set, background, experience, knowledge and capability to promote effective decision-making, risk management and strategy development for the Company.
- The Board composition reflects the scale and complexity of the Company's operations. The Board comprises 7 Directors at the date of this report and Board composition is kept under review, including in view of events such as internal role changes, acquisitions and strategic developments.

Director Responsibilities

- The Board is collectively responsible to the shareholder of the Company for the Company's long-term sustainable success and for the Company's strategic direction, values, governance and alignment with those of the wider Group.

British American Tobacco (Investments) Limited**Directors' Report (continued)****Corporate Governance Statement (continued)****Director Responsibilities (continued)**

- Consistent with the Group's overall governance framework, the Board and each individual Director has a well-established understanding of their accountability and responsibilities to promote high standards of corporate governance, effective decision-making, risk management and internal controls in respect of the Company, and in the wider Group context.

Opportunity and Risk

- The principal risks and uncertainties of the Company, including financial risk management, are integrated within the principal risks of the Group and are monitored by audit committees within the Group to provide a framework for identifying, evaluating and managing risks faced by the Group. Further information is provided at pages 116 to 121 of the BAT ARA & 20-F. The key Group risk factors that may be relevant to the Company are disclosed on pages 341 to 361 of the BAT ARA & 20-F.
- The Company maintains its own procedures for risk management and has its own internal controls with a view to safeguarding shareholders' interests and the Company's assets.
- The Company's own procedures and policies for risk management and internal controls are designed to identify, evaluate and manage risks that may impede the Company's objectives and its strategy, but also to identify future opportunities to promote the long-term success of the Company.

Remuneration of the Board

- The remuneration policies and practices maintained within the Group are founded on a high degree of alignment of remuneration and consistency across the organisation and guide decisions on remuneration across the Group's businesses and, where applicable, the Company.
- The Board's remuneration structures and strategy are consistent with the remuneration policies and practices maintained within the Group. In reviewing remuneration, consideration is given to the level of individual experience, scope of role, responsibility, individual performance and pay levels in applicable peer groups.
- The Remuneration Committee of British American Tobacco p.l.c. reviews workforce remuneration and related policies across the Group, and the alignment of remuneration strategy with Group culture. Further information is disclosed on pages 168 to 169 of the BAT ARA & 20-F.

Stakeholder Relationships and Engagement

- The Board's approach to stakeholder engagement and consideration of stakeholders in key decisions in 2022 are set out above in the Strategic Report.
- Primary ways in which the Company engages directly or indirectly, as part of the Group, with its key stakeholders are summarised at pages 20 to 21 of the BAT ARA & 20-F.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report, and the financial statements in accordance with applicable law and regulations.

Applicable law requires the Directors to prepare financial statements for each financial year. Under applicable law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard ("FRS") 101 *Reduced Disclosure Framework*.

Under applicable law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

British American Tobacco (Investments) Limited

Directors' Report (continued)

Statement of Directors' Responsibilities (continued)

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Act. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

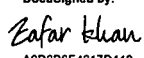
Directors' declaration in relation to relevant audit information

Having made appropriate enquiries, each of the Directors who held office at the date of approval of this report confirms that:

- (a) to the best of their knowledge and belief, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) they have taken all steps that a Director might reasonably be expected to have taken in order to make themselves aware of relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Act.

By Order of the Board

DocuSigned by:

A9D6B8E4917D440...
Zafar Aslam Khan
Director

28 June 2023

Independent Auditor's Report to the members of British American Tobacco (Investments) Limited

Opinion

We have audited the financial statements of British American Tobacco (Investments) Limited ("the Company") for the year ended 31 December 2022 which comprise the Profit and loss account, Statement of other comprehensive income, Statement of changes in equity, Balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Independent Auditor's Report to the members of British American Tobacco (Investments) Limited (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. Other income from fellow Group undertakings is not considered complex and no material estimation or manual intervention is required. We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by individuals who typically do not post journal entries or are not authorised to do so and posted to unrelated, unusual, or seldom used accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent Auditor's Report to the members of British American Tobacco (Investments) Limited (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on pages 6 and 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

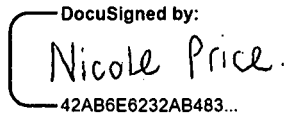
A fuller description of our responsibilities is provided on the FRC's website at

www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the members of British American Tobacco (Investments) Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

42AB6E6232AB483...

Nicole Price (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

28 June 2023

British American Tobacco (Investments) Limited

Profit and loss account for the year ended 31 December

	Notes	2022 £'000	2021 £'000
Continuing operations			
Other operating income	2	394,877	402,324
Other operating expenses	3	(727,990)	(578,863)
Operating loss		(333,113)	(176,539)
Income from shares in Group undertakings	4	162,565	280,753
Income from other investments at fair value	5	6,889	5,169
Interest receivable and similar income	6	3,422	—
Interest payable and similar expenses	7	(11,335)	(6,534)
(Loss)/profit before tax		(171,572)	102,849
Taxation	8	(12,762)	(5,318)
(Loss)/profit for the financial year		(184,334)	97,531

Statement of other comprehensive income for the year ended 31 December

	Notes	2022 £'000	2021 £'000
(Loss)/profit for the financial year		(184,334)	97,531
<i>Items that will not be reclassified to profit or loss:</i>			
Actuarial loss arising from defined benefit pension scheme		(63,268)	(110,467)
Deferred tax on actuarial loss	8	18,339	23,441
Effect of change in tax rates		—	(17,462)
Deferred tax on fair value reserve		(493)	(90)
Net fair value (loss)/gain on other investments at fair value	11	(4,663)	2,865
Total other comprehensive loss for the year		(50,085)	(101,713)
Total comprehensive loss for the year		(234,419)	(4,182)

The accompanying notes are an integral part of the financial statements.

British American Tobacco (Investments) Limited

Statement of changes in equity for the year ended 31 December

	Called up share capital £'000	Profit and loss account £'000	Fair Value Reserve £'000	Total Equity £'000
1 January 2021	134,747	223,698	85,844	444,289
Profit for the financial year	—	97,531	—	97,531
	134,747	321,229	85,844	541,820
Net fair value gain on other investments at fair value (note 11)	—	—	2,865	2,865
Actuarial loss arising from defined benefit pension scheme (note 16)	—	(110,467)	—	(110,467)
Deferred tax on actuarial loss (note 8)	—	23,441	—	23,441
Effect of changes in tax rates	—	(17,462)	—	(17,462)
Deferred tax on fair value reserve	—	—	(90)	(90)
31 December 2021	134,747	216,741	88,619	440,107
Loss for the financial year	—	(184,334)	—	(184,334)
	134,747	32,407	88,619	255,773
Net fair value loss on other investments at fair value (note 11)	—	—	(4,663)	(4,663)
Actuarial loss arising from defined benefit pension scheme (note 16)	—	(63,268)	—	(63,268)
Deferred tax on actuarial loss (note 8)	—	18,339	—	18,339
Deferred tax on fair value reserve	—	—	(493)	(493)
31 December 2022	134,747	(12,522)	83,463	205,688

The accompanying notes are an integral part of the financial statements.

British American Tobacco (Investments) Limited

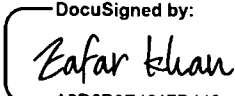
Balance sheet as at 31 December

	Notes	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	9	23,293	25,580
Tangible assets	10	63,131	81,551
Investments in Group undertakings	11	126,093	126,093
Other investments at fair value	11	89,931	94,594
Retirement benefit assets	16	184,661	275,420
		487,109	603,238
Current assets			
Debtors: amounts falling due within one year	12a	227,388	415,515
Debtors: amounts falling due after one year	12b	46,687	28,663
Cash at bank and in hand		1,090	1,038
		275,165	445,216
Creditors: amounts falling due within one year	13a	(173,842)	(172,390)
Net current assets		101,323	272,826
Total assets less current liabilities		588,432	876,064
Creditors: amounts falling due after more than one year	13b	(245,716)	(259,986)
Provisions for liabilities and other charges	14	(74,209)	(83,844)
Retirement benefit liabilities	16	(62,819)	(92,127)
Net assets including retirement benefit liabilities		205,688	440,107
Capital and reserves			
Called up share capital	15a	134,747	134,747
Profit and loss account	15b	(12,522)	216,741
Fair value reserve	15c	83,463	88,619
Total shareholders' funds		205,688	440,107

The accompanying notes are an integral part of the financial statements.

The financial statements on pages 12 to 46 were approved by the Directors on 28 June 2023 and signed on behalf of the Board.

DocuSigned by:


A9D6B6E4617D440...

Zafar Aslam Khan
Director

Registered number
00074974

British American Tobacco (Investments) Limited**Notes to the financial statements for the year ended 31 December 2022****1 Accounting policies****Basis of preparation**

The Company is a private company incorporated, domiciled and registered in England in the UK. The registered number is 00074974 and the registered address is Globe House, 1 Water Street, London, WC2R 3LA.

The financial statements of the Company have been prepared in accordance with the Act and in accordance with FRS 101 *Reduced Disclosure Framework*.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards but makes amendments where necessary in order to comply with the Act, and has taken advantage of certain disclosure exemptions available under FRS 101, including those relating to the preparation of a cash flow statement or disclosures regarding financial instruments and transactions with related parties.

The Directors have at the time of approving these financial statements a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months following the signing of these financial statements.

The Company is included in the consolidated financial statements of British American Tobacco p.l.c. which is incorporated in the United Kingdom and registered in England and Wales. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of Section 400 of the Act.

The preparation of the financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. The key estimates and assumptions are set out in the accounting policies below, together with the related notes to the financial statements.

The most significant items include:

- the review of asset values and impairment testing of financial and non-financial assets including investments in fellow Group undertakings;
- the estimation of and accounting for retirement benefits costs; and
- the estimation of amounts to be recognised in respect of taxation and legal matters.

Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute management's best judgment at the date of the financial statements. In the future, actual experience may deviate from these estimates and assumptions, which could affect the financial statements as the original estimates and assumptions are modified, as appropriate, in the year in which the circumstances change.

Foreign currencies

Items included in the financial statements of the Company are reported in Sterling, being the primary currency of the economic environment in which the Company operates. Transactions arising in currencies other than Sterling are translated at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities expressed in currencies other than Sterling are translated at rates of exchange ruling at the end of the financial year. All exchange differences are taken to the profit and loss account in the year except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

Income

Income is recognised in the profit and loss account when all contractual or other applicable conditions for recognition have been met.

British American Tobacco (Investments) Limited**Notes to the financial statements for the year ended 31 December 2022****1 Accounting policies (continued)****Taxation**

Taxation is that chargeable on the profits for the period, together with deferred taxation.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date.

Deferred taxation is provided in full using the liability method for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. As required under International Accounting Standard ("IAS") 12 *Income Taxes*, deferred tax assets and liabilities are not discounted.

Deferred tax is determined using the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or deferred tax liability is settled.

Tax is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or changes in equity.

The Company has exposures in respect of the payment or recovery of a number of taxes and applies International Financial Reporting Interpretations Committee ("IFRIC") 23 *Uncertainty over Income Tax Treatments* which requires that, where there is uncertainty as to whether a particular tax treatment will be accepted by the relevant taxation authority, the financial statements reflect the probable outcome with estimated amounts determined based on the most likely amount or expected value, depending on which method is expected to better predict the resolution of the uncertainty.

As a UK-resident wholly-owned subsidiary within the Group, the Company is eligible to surrender tax losses to, or claim tax losses from, fellow members of the same UK Group for the purposes of calculating corporation tax due in the UK ("Group Relief"). It is Group policy that tax losses are surrendered unless the entity generating the losses has a particular requirement to carry the losses forward. It is also Group policy not to reimburse entities for Group Relief surrendered unless, on a stand-alone basis and assuming the entity were not in the Group, those losses are judged to have value to the entity generating the loss.

Intangible assets

The intangible assets shown on the Company balance sheet consist mainly of trademarks and licences. Intangibles are carried at cost less accumulated amortisation and impairment.

Other intangible assets are amortised on a straight-line basis over their remaining useful lives, consistent with the pattern of economic benefits expected to be received, which do not exceed 20 years.

Computer software is carried at cost less accumulated amortisation and impairment, and, with the exception of global software solutions, is amortised on a straight-line basis over periods ranging from three years to five years.

Assets in the course of development are not amortised until brought into operational use.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and impairment. Depreciation is calculated on a straight-line basis to write off the assets over their useful economic life. No depreciation is provided on freehold land or assets classified as held for sale. Freehold and leasehold property are depreciated at rates between 2.5 per cent and 4 per cent per annum, and plant and equipment at rates between 5 per cent and 25 per cent per annum.

Investments in Group undertakings

Investments in Group undertakings are stated at cost, together with subsequent capital contributions, less provisions for any impairment in value, where appropriate.

British American Tobacco (Investments) Limited**Notes to the financial statements for the year ended 31 December 2022****1 Accounting policies (continued)****Impairment of non-financial assets and investments in Group undertakings**

Non-financial assets are reviewed for impairment whenever events indicate that the carrying amount of an asset may not be recoverable. In addition, assets that have indefinite useful lives are tested annually for impairment. An impairment loss is recognised to the extent that the carrying value exceeds the higher of the asset's fair value less costs to sell and its value in use.

Provisions

Provisions are recognised when either a legal or constructive obligation as a result of a past event exists at the balance sheet date, it is probable that an outflow of economic resources will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation.

Financial instruments

The Company's business model for managing financial assets is set out in the BAT Group Treasury Manual which notes that the primary objective with regard to the management of cash and investments is to protect against the loss of principal. The majority of financial assets are held in order to collect contractual cash flows (typically cash and cash equivalents and loans and other receivables).

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party to such provisions. Such assets and liabilities are classified as current if they are expected to be realised or settled within 12 months after the balance sheet date. If not, they are classified as non-current.

Non-derivative financial assets consist of loans and receivables. These are amounts owed by Group undertakings and other debtors, with fixed or determinable payments that are not quoted on an active market. These are measured at amortised cost, using the effective interest rate method, and stated net of allowances for credit losses. Non-derivative financial liabilities, including trade payables, are stated at amortised cost using the effective interest method.

Where interest bearing receivables and payables have their floating rates based on benchmark rates, such as the London Interbank Interest Rate ("LIBOR"), the Company accounted for the application of replacement benchmark rates in accordance with the Amendments to International Financial Reporting Standards ("IFRS") 9 Financial Instruments published in 2019 (phase 1) and 2020 (phase 2) when applicable. The replacement rate Sterling Overnight Index Average ("SONIA") has been applied since August 2021.

Other investments at fair value

Other investments at fair value that are not held for trading are accounted for as equity investments to be measured at fair value in accordance with IFRS 9 with changes in fair value being recognised directly in other comprehensive income. When such investments are derecognised the cumulative change in fair value remains in other comprehensive income and is not recycled to profit or loss. Dividend and interest income on these investments are included within 'income from other investments at fair value' when the Company's right to receive payments is established.

Fair values for quoted investments are based on observable market prices where available. If there is no active market for an investment, the fair value is established by using the discounted cash flows of estimated future dividends.

Leases

The Company applies IFRS 16 *Leases* to contractual arrangements which are, or contain, leases of assets, and consequently recognises right-of-use assets and lease liabilities at the commencement of the leasing arrangement, with the assets included as part of property, plant and equipment (note 10) and the liabilities included as part of creditors (note 13).

The Company has adopted several practical expedients available under the Standard including not applying the requirements of IFRS 16 to leases of intangible assets, applying the portfolio approach where appropriate to do so, not applying the recognition and measurement requirements of IFRS 16 to short-term leases (leases of less than 12 months maximum duration) and to leases of low-value assets. Except for property-related leases, non-lease components are not separated from lease components.

Lease liabilities are initially recognised at an amount equal to the present value of estimated contractual lease payments at the inception of the lease, after taking into account any options to extend the term of the lease.

British American Tobacco (Investments) Limited**Notes to the financial statements for the year ended 31 December 2022****1 Accounting policies (continued)****Leases (continued)**

Lease commitments are discounted to present value using the interest rate implicit in the lease if this can be readily determined, or the applicable incremental rate of borrowing, as appropriate. Right-of-use lease assets are initially recognised at an amount equal to the lease liability, adjusted for initial direct costs in relation to the assets, then depreciated over the shorter of the lease term and their estimated useful lives.

Contingent liabilities and contingent assets

The Company is a defendant in tobacco-related and other litigations. Provision for these litigations (including legal costs) would be made at such time as an unfavourable outcome became probable and the amount could be reasonably estimated. Contingent assets are possible assets whose existence will only be confirmed by future events not wholly within the control of the entity and are not recognised as assets until the realisation of income is virtually certain. Where a provision has not been recognised, the Company records its external legal fees and other external defence costs for tobacco-related and other litigations as these costs are incurred.

Employee share schemes

The Company is recharged by British-American Tobacco (Holdings) Limited, a fellow Group undertaking, for the cost of share schemes to which its employees belong. This recharge is expensed in the year incurred. The fellow Group undertaking, which administers the share schemes on behalf of other Group undertakings and calculates and reflects the charge for the share schemes, provides the relevant disclosures required under IFRS 2. As noted previously, disclosures in regard to these costs are included in the consolidated financial statements of the Company's ultimate parent.

Retirement benefits

The Company operates and participates in both defined benefit and defined contribution schemes. The net deficit or surplus for each defined benefit pension scheme is calculated in accordance with IAS 19 *Employee Benefits*, based on the present value of the defined benefit obligation at the balance sheet date less the fair value of the scheme assets adjusted, where appropriate, for any surplus restrictions or the effect of minimum funding requirements.

Actuarial gains and losses, changes in unrecognised scheme surpluses and minimum funding requirements are recognised in full through other comprehensive income. Past service costs or credits resulting from amendments to benefits are recognised immediately.

For defined benefit schemes, the actuarial cost charged to profit from operations consists of current service cost, net interest on the net defined benefit liability or asset, past service cost and the impact of any settlements. Some benefits are provided through defined contribution schemes and payments to these are charged as an expense as they fall due.

Research and development

Research expenditure is charged to income in the year in which it is incurred. Development expenditure is charged to income in the year it is incurred, unless it meets the recognition criteria of IAS 38 *Intangible Assets*.

Government grants

Government grants, including tax credits in relation to qualifying research and development expenditure are recognised in the same period as the related expenditure where the Company has complied with the relevant regulations and there is reasonable assurance that the tax credits will be received. These tax credits are presented as deductions from research and development expenditure.

Impairment of financial assets held at amortised cost

Loss allowances for expected credit losses on financial assets which are held at amortised cost are recognised on the initial recognition of the underlying asset. Allowances in respect of loans and other receivables (debtors) are initially recognised at an amount equal to 12-month expected credit losses. Where the credit risk on the receivables has increased significantly since initial recognition, allowances are measured at an amount equal to the lifetime expected credit loss.

British American Tobacco (Investments) Limited

Notes to the financial statements for the year ended 31 December 2022

1 Accounting policies (continued)

Other operating expenses

Operating expenses are recorded in period they relate to and are generated in the normal business operations of the Company.

2 Other operating income

Other operating income comprises technical and advisory fees, commission income, recharge of insurance costs and royalties receivable from fellow Group companies.

	2022 £'000	2021 £'000
Technical and advisory fees income	323,635	328,063
Insurance costs recharges	8,239	8,607
Royalty income	2,654	1,356
Other recharges	60,349	64,298
	394,877	402,324

3 Other operating expenses

	2022 £'000	2021 £'000
Staff costs	123,756	110,732
Technical and advisory fees	170,289	140,726
IT Costs	138,491	115,497
Insurance costs	41,005	40,845
Research and development	40,455	46,919
Depreciation of tangible assets	4,826	4,979
Amortisation of intangible assets	2,367	20,311
Impairment of tangible assets	4,753	3,925
Loss on disposal of tangible assets	—	3,125
Operating lease expenses – buildings	—	650
Exchange losses	11,178	1,600
Impairment of loans to Group undertakings	77,484	—
Other charges	113,386	89,554
	727,990	578,863

Included within research and development above is an amount of £1,400,000 (2021: £1,400,000) which is a tax credit related to qualifying research and development expenditure incurred during the year. Also, within depreciation and amortisation there is an amount of £4,540,000 (2021: £4,718,000) which relates to research and development activity.

Auditor's fees of £105,000 were borne by a fellow Group undertaking (2021: £75,000).

British American Tobacco (Investments) Limited

Notes to the financial statements for the year ended 31 December 2022

3 Other operating expenses (continued)

	2022 £'000	2021 £'000
Staff costs:		
Wages and salaries	98,510	80,948
Social security costs	9,112	9,033
Retirement benefits cost (note 16)	1,405	6,234
Other pension costs - defined contribution	5,188	5,708
Other pension costs – administration costs	134	134
Share scheme charges	9,407	8,698
Contributions from other Group undertakings	—	(23)
	123,756	110,732

Included within total staff costs is an amount of £25,383,000 (2021: £25,417,000) which relates to research and development activity.

The average number of employees employed by the Company during the year was 792 (2021: 929), of whom 477 (2021: 525) were working in an administrative capacity and 315 (2021: 404) were working in a research and development capacity.

The Company acts as contractual employer and has a number of employees who are contractually assigned, either fully or partly, to perform work for other Group undertakings. The average number of employees assigned to other Group undertakings was 265 (2021: 367).

Additionally, the Company has a number of employees who are assigned, either fully or partly, to perform work for the Company by employees of other Group undertakings. The average number of employees assigned by other Group undertakings was 85 (2021: 102).

The net number of employees after assignment was 612 (2021: 663). The salary costs reflected in the financial statements relate to the net employee costs after assignment.

The aggregate emoluments of the Directors payable by the Company in respect of their services to the Company were:

	2022 £'000	2021 £'000
Aggregate emoluments	1,265	1,469

	2022 Number	2021 Number
Directors exercising share options during the period	1	1
Directors entitled to receive shares under a long term incentive scheme	1	1
Directors retirement benefits accruing under a defined benefit scheme	1	1

Highest paid Director

	2022 £'000	2021 £'000
Aggregate emoluments	1,265	1,469
Accrued pension at the end of period	—	117

British American Tobacco (Investments) Limited

Notes to the financial statements for the year ended 31 December 2022**4 Income from shares in Group undertakings**

	2022 £'000	2021 £'000
Income from shares in Group undertakings	162,565	280,753

Income from shares in Group undertakings represents mainly dividends received from Abbey Investment Company Limited, Pakistan Tobacco Company Limited and Inversiones Casablanca S.A..

5 Income from other investments at fair value

	2022 £'000	2021 £'000
Income from other investments at fair value	6,889	5,169

Income from other investments at fair value represents dividends received from other investments at fair value.

6 Interest receivable and similar income

	2022 £'000	2021 £'000
Interest receivable from Group undertakings	3,422	—

7 Interest payable and similar expenses

	2022 £'000	2021 £'000
Interest payable to Group undertakings	9,439	5,775
Interest expense finance lease	2	3
Exchange losses	1,894	756
	11,335	6,534

British American Tobacco (Investments) Limited

Notes to the financial statements for the year ended 31 December 2022

8 Taxation

(a) Recognised in the profit and Loss account

	2022 £'000	2021 £'000	2021 £'000	£'000
<i>UK corporation tax</i>				
Current tax on income for the period	—	—	—	
Adjustments in respect of prior periods	—	—	—	
<i>Foreign tax</i>				
Current tax on income for the period	12,053	16,477	16,477	
Total current tax		12,053		16,477
Origination and reversal of temporary differences	709	(1,238)		
Adjustments in respect of prior periods	—	(7,039)		
Effect of rate change	—	(2,882)		
Total deferred tax		709		(11,159)
Total income tax expense		12,762		5,318

(b) Factors affecting the taxation charge

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly. The deferred tax liability at 31 December 2022 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences.

The taxation charge for the year differs from the charge that would be expected based on the statutory 19% (2021: 19%) rate of corporation taxation in the UK. The major causes of this difference are listed below:

	2022 £'000	2021 £'000
(Loss)/profit for the financial year	(184,334)	97,531
Total tax expense	12,762	5,318
(Loss)/profit before tax	(171,572)	102,849
Tax using the UK corporation tax rate of 19% (2021: 19%)	(32,599)	19,541
Non-deductible expenses	40,427	23,321
Tax exempt revenues	(32,196)	(54,326)
Group Relief surrendered for nil consideration	25,843	11,404
Effect of rate change	170	(3,178)
Foreign tax expensed	(936)	(882)
Foreign tax suffered	12,053	16,477
Adjustments in respect of prior years	—	(7,039)
Total tax charge	12,762	5,318

The deferred tax liability relates to fixed asset temporary differences, defined benefit pension schemes and fair value reserve.

British American Tobacco (Investments) Limited

Notes to the financial statements for the year ended 31 December 2022

8 Taxation (continued)

(c) Income tax recognised in other comprehensive income

	2022 £'000	£'000	2021 £'000	£'000
Deferred tax on actuarial loss	18,339		23,441	
Effect of change in tax rates	—		(17,462)	
Deferred tax on fair value reserve	(493)		(90)	
		17,846		5,889

9 Intangible assets

	Computer software £'000	Patents and trademarks £'000	Under development £'000	Total £'000
Cost				
1 January 2022	5,539	33,239	14,908	53,686
Additions	—	—	80	80
31 December 2022	5,539	33,239	14,988	53,766
Accumulated amortisation and impairment				
1 January 2022	(4,998)	(23,108)	—	(28,106)
Charge for the year	(541)	(1,826)	—	(2,367)
31 December 2022	(5,539)	(24,934)	—	(30,473)
Net book value				
1 January 2022	541	10,131	14,908	25,580
31 December 2022	—	8,305	14,988	23,293

Intangible assets under development represent the purchase of innovative technology intellectual property that the Company intends to develop, and which is not yet ready for use.

British American Tobacco (Investments) Limited

Notes to the financial statements for the year ended 31 December 2022

10 Tangible assets

	Freehold property £'000	Leasehold property £'000	Plant and equipment £'000	Under construction £'000	Total £'000
Cost					
1 January 2022	49,197	294	65,903	38,877	154,271
Additions	91	—	1,749	9,779	11,619
Reallocations	447	—	1,588	(2,035)	—
Disposals	—	—	(3,477)	(20,426)	(23,903)
31 December 2022	49,735	294	65,763	26,195	141,987
Accumulated depreciation and impairment					
1 January 2022	(21,544)	(156)	(51,020)	—	(72,720)
Charge for the year	(1,311)	(52)	(3,463)	—	(4,826)
Impairment charge	(3,608)	—	(1,145)	—	(4,753)
Disposals	—	—	3,443	—	3,443
31 December 2022	(26,463)	(208)	(52,185)	—	(78,856)
Net book value					
1 January 2022	27,653	138	14,883	38,877	81,551
31 December 2022	23,272	86	13,578	26,195	63,131

The Company has entered into arrangements with external suppliers whereby the Company pays between 30% and 100% as down payments for pieces of machinery to be built in order to meet Group demand in certain end markets. Generally, machinery can take up to two years to build (in certain situations the period required to build the machinery can be longer) and when it is finalised it is transferred to the end markets, with the down payment being reimbursed by the supplier. These down payments are presented in tangible assets under construction.

British American Tobacco (Investments) Limited

Notes to the financial statements for the year ended 31 December 2022

11 Investments

(1) Shares in Group undertakings

Country	Address	Company	Share Class	Direct interest (%)	Subsidiary Interest (%)	Attributable interest (%)
Argentina	San Martin 140, Floor 14, City of Buenos Aires, Argentina	BAT Operaciones S.A.U.	New Ordinary	0.00	99.52	49.50
Bahrain	Flat 2115, Building 2504, Road 2832, Block 428 Al Seef Area, Kingdom of Bahrain	British American Tobacco Middle East W.L.L	Ordinary	0.00	100.00	100.00
Benin	Cotonou, Lot Numero H19, Quartiers Les Cocotiers, 01 BP 2520, Benin	British American Tobacco Benin SA	Ordinary	0.00	100.00	100.00
Burkina Faso	Ouagadougou, Avenue Yennega BP: 882, Ouagadougou, Burkina Faso	Tobacco Marketing Consultant Burkina Faso SARL	Ordinary	0.00	100.00	100.00
Cambodia	516, National Road No. 2, Phum Prek Ta Nu, Sangkat Chak Ang Re Leu, Khan Mean Chey, Phnom Penh, Kingdom of Cambodia	British American Tobacco (Cambodia) Limited	Ordinary	0.00	71.00	71.00
Cambodia	1121 National Road 2, Prek Tanou Village, Sangkat Chak Ang Re Leu, Khan Mean Chey, Phnom Penh, Cambodia	British American Tobacco (Cambodge) International Limited	Ordinary	100.00	0.00	100.00
Chile	Isidora Goyenechea 3000, Piso 15, of 1501, Las Condes, Santiago, Chile.	BAT Chile S.A.	Ordinary	0.00	100.00	49.54
Chile	Isidora Goyenechea 3000, Piso 15, of 1501, Las Condes, Santiago, Chile.	Inversiones Casablanca S.A.	Ordinary	99.98	0.02	100.00
Chile	Isidora Goyenechea 3000, Piso 15, of 1501, Las Condes, Santiago, Chile.	British American Tobacco Chile Operaciones S.A.	Ordinary	2.61	46.89	49.50
Egypt	Administrative unit no.1 , 5th Floor, Building S2B, Sector A, Downtown Mall Katameya, Sth settlement, New Cairo, Egypt	BETCO for General Services and Marketing LLC	Ordinary	50.00	50.00	100.00
Egypt	Administrative unit no.1 , 5th Floor, Building S2B, Sector A, Downtown Mall Katameya, Sth settlement, New Cairo, Egypt	BETCO for Trade and Distribution LLC	Ordinary	50.00	50.00	100.00
Egypt	Administrative unit no.1 , 5th Floor, Building S2B, Sector A, Downtown Mall Katameya, Sth settlement, New Cairo, Egypt	British American Tobacco Egypt LLC	Ordinary	0.00	100.00	100.00
Fiji	Lady Maraia Road, Nabua, Suva, Fiji	British American Tobacco (Fiji) Marketing Pte Limited	Ordinary	50.00	50.00	50.00
Iraq	Empire Business Tower, Building CS, 2nd floor, Erbil, Kurdistan Region of Iraq	B.A.T. Iraqia Company for Tobacco Trading Limited	Ordinary	0.00	100.00	100.00
Isle of Man	2nd Floor, St Mary's Court, 20 Hill Street, Douglas, IM1 1EU, Isle of Man	Abbey Investment Company Limited	Ordinary	100.00	0.00	100.00
Kenya	8 Likoni Road, Industrial Area, P.O. Box 30000-00100, Nairobi, Kenya	British American Tobacco Area Limited	Ordinary	0.00	100.00	50.00
Mali	DJEL/BOUGOU-Immeuble BASSARO- BP 2065, Bamako -Mali	British American Tobacco (Mali) sari	Ordinary	0.00	100.00	100.00

British American Tobacco (Investments) Limited
Notes to the financial statements for the year ended 31 December 2022
11 Investments (continued)
(1) Shares in Group undertakings (continued)

Country	Address	Company	Share Class	Direct interest (%)	Subsidiary Interest (%)	Attributable interest (%)
Pakistan	Serena Business Complex, Khayaban-e-Suhrwardy, Islamabad, Pakistan	Pakistan Tobacco Company Limited	Ordinary	94.34	0.31	94.34
Pakistan	Bun Khurma Chichian Road, Mirpur Azad Jammu & Kashmir, Pakistan	Phoenix (Private) Limited	Ordinary	0.00	94.65	94.34
Qatar	PO Box 6689, 41 Floor, Tornado Tower, West Bay, Doha, Qatar	British American Tobacco Q LLC	Ordinary	0.00	100.00	100.00
Senegal	Almadies, Route Hôtel Meridien en Face Club Med, Dakar, Senegal BP 3174	Tobacco Marketing Consultant TMC S.A.R.L (in liquidation)	Ordinary	0.00	100.00	100.00
Solomon Islands	Kukum Highway, Ranadi, Honiara, Honiara, Solomon Islands	Solomon Islands Tobacco Company Limited	Ordinary	50.00	0.00	50.00
Sudan	Byblos Tower, Al-Muk Nemer Street, Postal Code 11111, P.O Box 1381, Khartoum, Sudan.	Blue Nile Cigarette Company Limited	Ordinary	0.00	100.00	100.00
Tanzania, United Republic of	Acacia Estate Building, Kinondoni Road, P.O Box 288, Dar es Salaam, Tanzania	British American Tobacco (Tanzania) Limited (in liquidation)	Ordinary	99.90	0.10	100.00
Tanzania, United Republic of	Acacia Estate Building, Kinondoni Road, P.O Box 288, Dar es Salaam, Tanzania	International Cigarette Distributors Limited (in liquidation)	Ordinary	0.00	99.00	99.00
Tanzania, United Republic of	Acacia Estate Building, Kinondoni Road, P.O Box 288, Dar es Salaam, Tanzania	Zanzibar Distribution Company Limited (in liquidation)	Ordinary	0.00	99.00	99.00
Trinidad and Tobago	Corner Eastern Main Road and Mt. D'or Road, Champs Fleurs, Trinidad and Tobago	The West Indian Tobacco Company Limited	Ordinary	50.13	0.00	50.13
Uganda	10th Floor, Lotis Towers, Plot 16 Mackinnon Road, Nakasero, Kampala, Uganda	British American Tobacco Uganda Limited	Ordinary	70.00	20.00	70.00
United Arab Emirates	Jumeirah Business Centre 3, 37th Floor, Jumeirah Lake Towers, Dubai, P.O. Box 337222, United Arab Emirates	British American Tobacco GCC DMCC	Ordinary	0.00	100.00	100.00
United Arab Emirates	Jumeirah Business Centre 3, 37th Floor, Jumeirah Lake Towers, Dubai, P.O. Box 337222, United Arab Emirates	British American Tobacco ME DMCC	Ordinary	0.00	100.00	100.00
United Arab Emirates	Unit # 2680, DMCC Business Center- Level# 1, Jewellery & Gemplex 3 Dubai United Arab Emirates	British American Tobacco International DMCC	Ordinary	0.00	100.00	100.00
United Arab Emirates	2302-08, Smart Heights, Al Thanyah First, Dubai - UAE	BAT Middle East For Trading LLC	Ordinary	0.00	100.00	100.00
Saudi Arabia, Kingdom of	7051 Al Amir Sultan-Al Salamah District, Unit 1302. Jeddah 23525 - 2661 Saudi Arabia	BAT Arabia for Trading	Ordinary	0.00	100.00	100.00
Saudi Arabia, Kingdom of	*Office Pending*	Regional HQ of British American Tobacco Middle East - Single Person Company	Ordinary	0.00	100.00	100.00
Saudi Arabia, Kingdom of	7051 Al Amir Sultan-Al Salamah District, Unit 1302. Jeddah 23525 - 2661 Saudi Arabia	BAT Saudia for Trading	Ordinary	0.00	100.00	100.00
United Kingdom	Globe House, 1 Water Street, London, WC2R 3LA, United Kingdom	Advanced Technologies (Cambridge) Limited	Ordinary	99.00	1.00	100.00

British American Tobacco (Investments) Limited

Notes to the financial statements for the year ended 31 December 2022

11 Investments (continued)

(1) Shares in Group undertakings (continued)

Country	Address	Company	Share Class	Direct interest (%)	Subsidiary Interest (%)	Attributable interest (%)
United Kingdom	Globe House, 4 Temple Place, London, WC2R 2PG, United Kingdom	B.A.T Additional Retirement Benefit Scheme Trustee Limited	Ordinary	50.00	50.00	100.00
United Kingdom	Globe House, 1 Water Street, London, WC2R 3LA, United Kingdom	Ryservs (1995) Limited	Ordinary	100.00	0.00	100.00
United Kingdom	Globe House, 1 Water Street, London, WC2R 3LA United Kingdom	B.A.T Cambodia (Investments) Limited	Ordinary	100.00	0.00	100.00
United Kingdom	Globe House, 1 Water Street, London, WC2R 3LA United Kingdom	B.A.T (U.K. and Export) Limited	Ordinary	100.00	0.00	100.00
United Kingdom	Globe House, 1 Water Street, London, WC2R 3LA United Kingdom	B.A.T Services Limited	Ordinary	0.00	100.00	100.00
United Kingdom	Globe House, 1 Water Street, London, WC2R 3LA United Kingdom	B.A.T Uzbekistan (Investments) Limited	Ordinary	100.00	0.00	100.00
United Kingdom	Globe House, 1 Water Street, London, WC2R 3LA United Kingdom	B.A.T Vietnam Limited	Ordinary	50.00	50.00	100.00
United Kingdom	Globe House, 1 Water Street, London, WC2R 3LA, United Kingdom	British American Tobacco (AIT) Limited	Ordinary	0.00	100.00	100.00
United Kingdom	Globe House, 1 Water Street, London, WC2R 3LA, United Kingdom	British American Tobacco (Philippines) Limited	Ordinary	100.00	0.00	100.00
United Kingdom	Globe House, 1 Water Street, London, WC2R 3LA, United Kingdom	British American Tobacco (South America) Limited	Ordinary	100.00	0.00	100.00
United Kingdom	Globe House, 1 Water Street, London, WC2R 3LA, United Kingdom	British American Tobacco Georgia Limited	Ordinary	100.00	0.00	100.00
United Kingdom	Globe House, 1 Water Street, London, WC2R 3LA, United Kingdom	British-American Tobacco (Mauritius) p.l.c.	Ordinary	100.00	0.00	100.00
United Kingdom	Globe House, 1 Water Street, London, WC2R 3LA, United Kingdom	Carreras Rothmans Limited	6% FIRST PREF.	0.00	100.00	100.00
United Kingdom	Globe House, 1 Water Street, London, WC2R 3LA, United Kingdom	Carreras Rothmans Limited	6% SECOND PREF. SHARES	0.00	100.00	100.00
United Kingdom	Globe House, 1 Water Street, London, WC2R 3LA, United Kingdom	Carreras Rothmans Limited	Ordinary	0.00	100.00	100.00
United Kingdom	212-218 Upper Newtownards Road, Belfast, BT4 3ET, Northern Ireland	Murray, Sons & Company, Limited	Ordinary	0.00	100.00	100.00
United Kingdom	Globe House, 1 Water Street, London, WC2R 3LA, United Kingdom	Powhattan Limited	Ordinary	100.00	0.00	100.00
United Kingdom	Globe House, 1 Water Street, London, WC2R 3LA, United Kingdom	Rothmans Exports Limited	Ordinary	0.00	100.00	100.00
United Kingdom	Globe House, 1 Water Street, London, WC2R 3LA, United Kingdom	Rothmans International Tobacco (UK) Limited	Ordinary	100.00	0.00	100.00

British American Tobacco (Investments) Limited

Notes to the financial statements for the year ended 31 December 2022

11 Investments (continued)

(1) Shares in Group undertakings (continued)

Country	Address	Company	Share Class	Direct interest (%)	Subsidiary interest (%)	Attributable interest (%)
United Kingdom	Globe House, 1 Water Street, London, WC2R 3LA, United Kingdom	Rothmans of Pall Mall (Overseas) Limited	Ordinary	0.00	100.00	100.00
United Kingdom	Globe House, 1 Water Street, London, WC2R 3LA, United Kingdom	Ryservs (No.3) Limited	Ordinary	0.00	100.00	100.00
United Kingdom	Globe House, 1 Water Street, London, WC2R 3LA, United Kingdom	Tobacco Exporters International Limited	Ordinary	0.00	100.00	100.00
United Kingdom	Globe House, 1 Water Street, London, WC2R 3LA, United Kingdom	Tobacco Marketing Consultants Limited	Ordinary	0.00	100.00	100.00
United Kingdom	Globe House, 1 Water Street, London, WC2R 3LA, United Kingdom	Westanley Trading & Investment Company Limited	Ordinary	99.90	0.10	100.00
United Kingdom	Globe House, 1 Water Street, London, WC2R 3LA, United Kingdom	Westminster Tobacco Company Limited	Ordinary	99.99	0.01	100.00
Uzbekistan	77 Minor Passage, Tashkent, 100084, Uzbekistan	JSC JV "UZBAT" A.O.	Ordinary	0.00	97.38	97.38

(2) Indirect Investments in Associated Undertakings

Country	Address	Company	Share Class	Direct interest (%)	Subsidiary interest (%)	Attributable interest (%)
Uzbekistan	Gulobod Village, Samarkand Region, 140100, Uzbekistan	FE "Samfruit" JSC	Ordinary	0.00	45.40	45.40
Yemen	P.O. Box 14, Sanna, Yemen	Kamran Industry and Investment Company	Ordinary	0.00	25.00	25.00
Yemen	P.O. Box 5302, Hoban, Taiz, Yemen	United Industries Company Limited	Ordinary	0.00	19.18	4.95

(3) Other investments at fair value

Country	Address	Company	Share Class	Direct interest (%)	Subsidiary interest (%)	Attributable interest (%)
Fiji	Lady Maria Road, Nabua, Suva, Fiji	Central Manufacturing Company Pte Limited	Ordinary	15.00	100.00	15.00
Nepal	Shree Bal Sadan, Gha 2-513, Kantipath, Kathmandu, Nepal	Surya Nepal Pvt. Limited	Ordinary	2.00	0.00	2.00

Other investments at fair value are residual investments in companies which are part of the BAT Group.

British American Tobacco (Investments) Limited

Notes to the financial statements for the year ended 31 December 2022**11 Investments (continued)****(4) Investments in Group companies**

	Investments in Group Companies £'000	Other fixed asset investments £'000	Total £'000
Cost			
1 January 2022	1,090,520	39	1,090,559
Additions	—	—	—
31 December 2022	1,090,520	39	1,090,559
Impairment provisions			
1 January 2022	964,427	39	964,466
Charge in the year	—	—	—
31 December 2022	964,427	39	964,466
Net book value			
1 January 2022	126,093	—	126,093
31 December 2022	126,093	—	126,093

(5) Other investments at fair value

	Other investments at fair value £'000
Cost	
1 January 2022	94,594
Change in fair value	(4,663)
31 December 2022	89,931

The fair value of the investments has been determined using a model based on dividends in perpetuity. The key assumptions used in the model are the dividends forecasts and the discount rates.

The Directors are of the opinion that the individual investments in the Group undertakings have a value not less than the amount at which they are shown in the Balance Sheet.

British American Tobacco (Investments) Limited

Notes to the financial statements for the year ended 31 December 2022

12 Debtors

(a) Amounts falling due within one year

Amounts due from Group undertakings have been reported in the balance sheet, net of allowances as follows:

	2022 £'000	2021 £'000
Amounts due from Group undertakings - gross	551,886	649,203
Allowances account	(353,109)	(268,597)
Amounts due from Group undertakings - net of allowances	198,777	380,606
Other debtors	5,390	6,586
Prepayments and accrued income	23,221	28,323
	227,388	415,515

Included within amounts due from Group undertakings is an amount of £121,216,000 (2021: £290,046,000) which is unsecured, interest bearing and repayable on demand. The Company has amounts receivable from fellow Group subsidiaries where the variable interest rate is in accordance with the Group's intercompany lending agreements. During 2022, the standard lending agreements within the Group were revised to take account of global benchmark interest rate reform. Prior to 1 August 2021 the applicable rate was based LIBOR and with effect from this date it is based on the SONIA. Management consider the replacement rates in the revised intercompany agreement to be economically equivalent to those used previously. The impact of the change in rates was not significant to the Company. Amounts due from Group undertakings also include interest free loans that have been fully provided during the year.

Other amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

The movement in allowances accounts is as follows:

	2022 £'000
1 January 2022	268,597
Impairment loss recognised	77,484
Impairment loss reversed	(1,829)
Differences in exchange	8,857
31 December 2022	353,109

The impairment loss recognised in the year relates to impairment of loans to group undertakings (please refer to Note 3). The impairment loss reversed relates to decreases in allowances for other amounts due from Group undertakings driven by differences between the carrying value of the debtors and the debtors discounted to present value.

(b) Amounts falling due after one year

	2022 £'000	2021 £'000
Amounts due from Group undertakings - gross	49,278	20,653
Allowances account	(12,326)	(5,025)
Amounts due from Group undertakings - net of allowances	36,952	15,628
Prepayments	9,735	13,035
	46,687	28,663

Amounts included in allowances account relate to the difference between the carrying value of debtors and the debtors discounted to present value.

The amount of £9,735,000 (2021: £13,035,000) represent prepayments to suppliers of tobacco products components.

British American Tobacco (Investments) Limited

Notes to the financial statements for the year ended 31 December 2022

13 Creditors

(a) Amounts falling due within one year

	2022 £'000	2021 £'000
Amounts owed to Group undertakings	84,905	77,312
Accruals	74,667	95,017
FII GLO	14,208	—
Lease liability	62	61
	173,842	172,390

"FII GLO" refers to the Franked Investment Income Global Litigation Order and it represents the portion of the receipt allocated to the Company. The total gross amount received from HM Revenue and Customs ("HMRC") by the Group was £1,225,244,000 in three separate payments. HMRC held back £261,000,000 on the second payment received by the Group, contending that it represents a new 45% tax on the interest component of restitution claims against HMRC. The total cash allocated to the Company was £274,132,000, after an apportioned deduction of £92,597,000 representing the 45% tax described previously. In 2022, a payment in amount of £14,208,000 was made to HMRC, therefore the total cash allocated to the Company after the last payment is £259,924,000.

Actions challenging the legality of the 45% tax have been lodged by both the Group and other participants in FII GLO.

The payments made by HMRC have been made without any admission of liability and are subject to refund were HMRC to succeed on appeal.

Due to the uncertainty of the amount and eventual outcome, the Company has not recognised this receipt in the profit and loss account in the current or prior period.

The FII GLO amounts included in "Creditors: amounts falling due with one year" (£14,208,000) are related to payments expected to be made by the Company in 2023.

Other amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

(b) Amounts falling due after more than one year

	2022 £'000	2021 £'000
FII GLO	245,716	259,924
Lease liability	—	62
	245,716	259,986

14 Provisions for liabilities and other charges

	2022 £'000	2021 £'000
Deferred tax liability	19,686	36,823
Other provisions	54,523	47,021
	74,209	83,844

British American Tobacco (Investments) Limited

Notes to the financial statements for the year ended 31 December 2022

14 Provisions for liabilities and other charges (continued)

Movement in deferred tax liability:

	1 January 2022 £'000	Recognised in Profit and Loss £'000	Recognised in equity £'000	31 December 2022 £'000
Accelerated capital allowances	(14,122)	(2,267)	—	(16,389)
Pensions	45,825	2,976	(18,339)	30,462
Fair Value Reserve	5,120	—	493	5,613
Total	36,823	709	(17,846)	19,686

The deferred tax liability relates to fixed asset temporary differences, defined benefit pension schemes and fair value reserve.

Movement in other provisions:

	Other provisions £'000
1 January 2022	47,021
Interest accrued - profit and loss charges	9,437
Restructuring provision reversal	(2,256)
Other movements*	321
31 December 2022	54,523

*Amounts provided above are shown net of reversals of unused provisions which include reversals of £839,000.

15 Capital and reserves

(a) Called up share capital

Ordinary shares of £0.25 each	2022	2021
Allotted, called up and fully paid		
- value	£134,747,266	£134,747,266
- number	538,989,062	538,989,062

The called up share capital account records the nominal value of shares issued.

(b) Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

(c) Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of other investments measured at FVOCI.

British American Tobacco (Investments) Limited

Notes to the financial statements for the year ended 31 December 2022

16 Retirement benefits

The Company operates and participates in several pension schemes, the largest of which, the British American Tobacco UK Pension Fund ("UKPF"), provides benefits for employees and ex-employees of several UK subsidiaries of the Group. The fund as a defined benefit scheme was closed to new members on 1 April 2005, and new members since then have joined the defined contribution scheme. The UKPF closed to future accrual for current employees with effect from 1 July 2020. The Company also sponsors the B.A.T Overseas Pension Fund ("BATOPF"), a funded defined benefit scheme and the Associated Companies Plan ("ACP"), which is partially funded. The schemes are formally valued annually by a qualified independent actuary.

Through its defined benefit schemes, the Company is exposed to a number of risks, including:

- **Asset volatility:** The plan liabilities are calculated using discount rates set by reference to bond yields. If plan assets underperform this yield, e.g., due to stock market volatility, this will create a deficit. However, most schemes hold a proportion of assets which are expected to outperform bonds in the long term. As a result of the 'buy-in' transactions noted below, the assets held by UKPF are expected to largely match the liabilities of that scheme.
- **Changes in bond yields:** A decrease in corporate bond yields will increase scheme liabilities, although this will be partially offset by an increase in the value of the schemes' bond holdings, 'buy-in' insurance assets or other hedging instruments.
- **Inflation risk:** Some of the Company's pension obligations are linked to inflation and higher inflation will lead to higher liabilities, although in most cases, caps on the level of inflationary increases are in place in the scheme rules, while some assets and derivatives, including the 'buy-in' policies provide specific inflation protection.
- **Life expectancy:** The majority of the schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. Assumptions regarding mortality and mortality improvements are regularly reviewed in line with actuarial tables and scheme specific experience.

Under IAS 19, where more than one Group company participates in a defined benefit scheme, if there is no contractual agreement or stated policy for charging the net defined benefit cost for the plan as a whole to individual Group entities, then the whole net defined benefit cost and liability shall be recognised in the accounts of the Group entity that is legally the sponsoring employer with the other Group entities recognising a cost equal to their contributions to those costs for the period. The Company is the principal employer of the UKPF and as a result, has recognised the balances required by IAS 19 in full in these financial statements. The retirement benefit liabilities and funding obligations in respect of the scheme are cross guaranteed by the principal employer and all of the participating employers, including British American Tobacco p.l.c..

The UKPF is established under trust law and has a corporate trustee that is required to run the scheme in accordance with the Scheme's Trust Deed and Rules and to comply with the Pension Scheme Act 1993, Pensions Act 1995, Pension Act 2004 and all the relevant legislation. Responsibility for the governance of the schemes, including investment decisions and contribution schedules, lies with the trustees. The trustees consist of representatives appointed by both the sponsoring company and the beneficiaries. The liabilities arising in the defined benefit schemes, including UKPF, are determined in accordance with the advice of independent, professionally qualified actuaries, using the projected unit credit method, this being formally valued at least every three years.

The most recent triennial actuarial valuation of UKPF was last carried out with an effective date of 31 March 2020. This showed that UKPF had a surplus of £139 million on a Technical Provisions basis, in accordance with the statutory funding objective. The Trustee also has a Long-Term Funding Target to be fully funded on a Solvency Liabilities basis by 2026, and on this basis UKPF had a surplus of £7 million at the valuation date.

Following the completion of the valuation noted above, the Trustee and the Company agreed a new Schedule of Contributions with an effective date of 5 October 2020. This schedule was subsequently replaced with a new Schedule with an effective date of 30 March 2021, such that the Company made no contributions in 2021 but was committed to pay £18 million in July 2022 and £18 million in July 2023 as contributions towards further de-risking of UKPF's assets and securing members' benefits. The Schedule of Contributions was further amended on 8 August 2022 such that the Company would make no contributions in 2022 but would commit to pay £36 million in July 2023. However, the Trustee retained the right to require an interim payment of up to £18 million at any time before 19 August 2023 should it consider this, in all the circumstances, to be necessary and

British American Tobacco (Investments) Limited

Notes to the financial statements for the year ended 31 December 2022

16 Retirement benefits (continued)

appropriate. Consequently, no contributions were made to UKPF in 2022 or 2021. On 16 March 2023, the Schedule of Contributions was further amended to remove any funding commitment for the foreseeable future.

On 26 October 2022, the Company entered into an agreement with the Trustee to provide a temporary liquidity facility capped at £40 million for up to two years. The facility will be used for the purposes of providing short-term liquidity for UKPF, should this be necessary, in meeting capital calls in respect of the certain residual investments held by UKPF. Once borrowed and repaid, amounts cannot be redrawn. Interest will accrue on the amounts borrowed under the facility at SONIA plus 2.25% p.a. A commitment charge of 0.56% will be paid by the Trustee. As at 31 December 2022 this facility was undrawn.

Under the UKPF scheme rules, the Trustee does not have a unilateral power to commence a wind up of UKPF, and the Company has recognised a surplus as an unconditional right to a refund assuming the gradual settlement of the UKPF liabilities over the life of the scheme with any future surplus returnable to the Company at the end of the life of the scheme. The funding commitment is not considered onerous, and in accordance with IFRIC 14 no additional liabilities or surplus restrictions have been recognised in respect of these funding commitments.

As part of its risk management strategy, on 31 May 2019, the Trustee entered into a 'buy-in' agreement with Pension Insurance Corporation plc ("PIC") to acquire an insurance policy with the intent of matching a specific part of UKPF's future cash flows arising from the accrued pension liabilities of retired and deferred members and improving the security to the UKPF and its members. On an IAS 19 basis, the subsequent fair value of the insurance policy matches the present value of the liabilities being insured. On completion of the transaction, a loss of £691 million was recognised through the statement of other comprehensive income on the initial revaluation of the insurance asset. On 19 May 2021, the Trustee entered into an agreement with PIC to acquire a second buy-in policy which involved the transfer of £383 million of assets held by UKPF to PIC. A loss of £117 million has been recognised through the statement of other comprehensive income on the initial revaluation of the insurance asset. On 26 October 2022, a third and final buy-in policy was acquired with PIC. £198 million of assets were transferred immediately with £35 million of the premium deferred until 2023 and 2024. A loss of £79 million has been recognised through the statement of other comprehensive income on the initial revaluation of the insurance asset.

As a result of these transactions, approximately 94% of the assets held by UKPF (2021: 84%) are represented by the buy-in contracts, covering 100% of UKPF liabilities (2021: 91%).

For the residual assets held by UKPF, the current allocation is broadly split as 75% in risk reducing assets and 25% in return seeking assets. The return seeking portfolio is invested in illiquid assets which, in the normal course of events, will wind down naturally over time, with their value being realised as the investments mature. This is consistent with the Trustee's ultimate target which is to be 100% invested in risk reducing assets or matching assets. Given the strong funding position of UKPF as shown in the 31 March 2020 Actuarial valuation, the Trustee will continue to review the investment strategy and may look to increase the proportion of risk-reducing or matching assets, commensurate with their ultimate target to further reduce UKPF's exposure to asset volatility.

	UKPF		ACP and BATOPF		Total	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Present value of funded scheme liabilities	(2,082,563)	(3,313,665)	(96,446)	(133,946)	(2,179,009)	(3,447,611)
Fair value of funded scheme assets	2,267,224	3,589,085	33,627	41,819	2,300,851	3,630,904
	184,661	275,420	(62,819)	(92,127)	121,842	183,293

British American Tobacco (Investments) Limited

Notes to the financial statements for the year ended 31 December 2022

16 Retirement benefits (continued)

The above net asset/(liability) is recognised in the Balance Sheet as follows:

	UKPF		ACP and BATOPF		Total	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Retirement benefit scheme liabilities	—	—	(62,819)	(92,127)	(62,819)	(92,127)
Retirement benefit scheme assets	184,661	275,420	—	—	184,661	275,420
	184,661	275,420	(62,819)	(92,127)	121,842	183,293

The amounts recognised in the profit and loss account for the defined benefit schemes are as follows:

	UKPF		ACP and BATOPF		Total	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Defined benefit schemes						
Service cost						
– current service cost	3,076	3,337	—	—	3,076	3,337
– past service cost	—	6,247	708	—	708	6,247
– settlements and curtailments	—	—	201	(314)	201	(314)
Net interest on the net defined benefit liability						
– interest on scheme liabilities	58,162	45,948	3,475	2,828	61,637	48,776
– interest on scheme assets	(63,401)	(51,256)	(816)	(556)	(64,217)	(51,812)
Total amount recognised in the profit and loss account (note 3)	(2,163)	4,276	3,568	1,958	1,405	6,234

The above charges are recognised within employee staff costs in note 3.

The amounts recognised in Other comprehensive income in respect of actuarial gains and losses of the Company are as follows:

	UKPF		ACP and BATOPF		Total	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Actuarial (Losses)/Gains on scheme assets	1,124,390	8,185	37,312	(3,045)	1,161,702	5,140
Net actuarial (Losses)/ Gains in Other comprehensive income	(1,217,312)	(117,617)	(7,658)	2,010	(1,224,970)	(115,607)
Net actuarial (Losses)/ Gains in Other comprehensive income	(92,922)	(109,432)	29,654	(1,035)	(63,268)	(110,467)

The movements in scheme liabilities are as follows:

British American Tobacco (Investments) Limited

Notes to the financial statements for the year ended 31 December 2022

16 Retirement benefits (continued)

	UKPF		ACP and BATOPF		Total	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Present value at 1 January	3,313,665	3,438,099	133,946	139,139	3,447,611	3,577,238
Exchange differences	—	—	10,399	810	10,399	810
Current service cost	3,076	3,337	—	—	3,076	3,337
Past service costs	—	6,247	708	—	708	6,247
Settlements and curtailments	—	—	(9,061)	(5,706)	(9,061)	(5,706)
Interest on scheme liabilities	58,162	45,948	3,475	2,828	61,637	48,776
Benefits paid (cash outflow)	(167,950)	(171,781)	(5,709)	(6,170)	(173,659)	(177,951)
Actuarial loss/ (gain)	(1,124,390)	(8,185)	(37,312)	3,045	(1,161,702)	(5,140)
Present value at 31 December	2,082,563	3,313,665	96,446	133,946	2,179,009	3,447,611

Scheme liabilities by scheme membership:

	UKPF		ACP and BATOPF		Total	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Active members	—	—	—	—	—	—
Deferred members	360,082	748,417	13,625	38,393	373,707	786,810
Retired members	1,722,481	2,565,248	82,821	95,553	1,805,302	2,660,801
Present value at 31 December	2,082,563	3,313,665	96,446	133,946	2,179,009	3,447,611

Scheme liabilities by benefits earned to date:

	UKPF		ACP and BATOPF		Total	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Guaranteed benefits	2,082,563	3,313,665	81,329	108,709	2,163,892	3,422,374
Discretionary benefits	—	—	15,117	25,237	15,117	25,237
Present value at 31 December	2,082,563	3,313,665	96,446	133,946	2,179,009	3,447,611

Actuarial (losses)/ gains shown above can be analysed as follows:

	UKPF		ACP and BATOPF		Total	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Actuarial (losses)/ gains:						
- arising from changes in demographic assumptions	30,850	(289)	54	229	30,904	(60)
- arising from changes in financial assumptions	1,194,319	36,052	32,869	(2,116)	1,227,188	33,936
Experience (losses)/ gains	(100,779)	(27,578)	4,389	(1,158)	(96,390)	(28,736)
Total	1,124,390	8,185	37,312	(3,045)	1,161,702	5,140

Changes in financial assumptions principally relate to discount rate and inflation rate movements.

The movements in funded scheme assets are as follows:

British American Tobacco (Investments) Limited

Notes to the financial statements for the year ended 31 December 2022

16 Retirement benefits (continued)

	UKPF		ACP and BATOPF		Total	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value at beginning of period	3,589,085	3,827,225	41,819	41,041	3,630,904	3,868,266
Exchange differences	—	—	310	24	310	24
Settlements	—	—	(9,262)	(5,392)	(9,262)	(5,392)
Interest on scheme assets	63,401	51,256	816	556	64,217	51,812
Company contributions	—	—	13,311	9,751	13,311	9,751
Benefits paid (cash outflow)	(167,950)	(171,779)	(5,709)	(6,171)	(173,659)	(177,950)
Actuarial gains/ (losses)	(1,217,312)	(117,617)	(7,658)	2,010	(1,224,970)	(115,607)
Fair value at end of period	2,267,224	3,589,085	33,627	41,819	2,300,851	3,630,904

The fair value of scheme assets by category:

	UKPF		ACP and BATOPF		Total	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Equities – listed	—	—	2,055	2,756	2,055	2,756
Equities – unlisted	53,469	59,586	—	—	53,469	59,586
Bonds – listed	—	—	20,183	27,730	20,183	27,730
Bonds – unlisted	98,624	482,295	—	—	98,624	482,295
Other assets – listed	—	—	8,003	7,825	8,003	7,825
Other assets – unlisted	2,115,131	3,047,204	3,386	3,508	2,118,517	3,050,712
Fair value of scheme assets at 31 December	2,267,224	3,589,085	33,627	41,819	2,300,851	3,630,904

As noted above, in 2019, 2021 and 2022 the UKPF Trustee acquired insurance policies that operate as a UK Fund investment asset in a 'buy-in' transaction, included within "other assets – unlisted" above. The fair value of these assets was estimated as the present value of the underlying obligations covered by the insurance policy and consequently the valuation of these assets at each balance sheet date is subject to the same measurement uncertainty as for the related scheme liabilities. The residual assets now predominantly consist of cash and a proportion of illiquid investments, such as private equity and infrastructure investments, as well as certain liability-driven investments and absolute return funds.

The actuarial gains and losses in both years principally relate to movements in the fair values of scheme assets and actual returns are stated net of applicable taxes and fund management fees.

	UKPF		ACP and BATOPF		Total	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Actual return on scheme assets	(1,195,911)	(66,360)	(6,843)	2,566	(1,202,754)	(63,794)

The principal actuarial assumptions used, weighted to reflect individual scheme differences are shown below. In both years, discount rates are determined by reference to normal yields on high quality corporate bonds at the balance sheet date.

British American Tobacco (Investments) Limited

Notes to the financial statements for the year ended 31 December 2022

16 Retirement benefits (continued)

	2022 %	2021 %
Rate of increase in pensions in payments	3.20	3.40
Rate of increase in deferred pensions	2.80	3.00
Discount rate	5.00	1.80
General inflation	3.20	3.40
Weighted average duration of liabilities	12.25	16.50

Mortality assumptions are subject to regular review. The following table has been used for 2022: S3PA (YOB) with the CMI (2021) improvement model with a 1.25% long term improvement rate (2021: S3PA (YOB) with the CMI (2020) improvement model with a 1.25% long-term improvement rate).

Based on the above, the weighted average life expectancy, in years, for mortality tables used to determine benefit obligations is as follows:

	2022 Years	2021 Years
Member age 65 (current life expectancy)		
- male	22.91	22.85
- female	24.23	24.19
Member age 45 (life expectancy at age 65)		
- male	24.54	24.49
- female	25.95	25.92

Valuation of retirement benefit schemes involves judgements about uncertain future events. Sensitivities in respect of the key assumptions used to measure the principal pension schemes as at 31 December 2022 are set out below. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation, with the exception of the sensitivity to inflation which incorporates the impact of certain correlating assumptions such as salary increases. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation, while asset values also change, and the impacts may offset to some extent.

	1 year increase £'000	1 year decrease £'000	0.25 percentage point increase £'000	0.25 percentage point decrease £'000	0.50 percentage point increase £'000	0.50 percentage point decrease £'000
Average life expectancy – increase/ (decrease) of scheme liabilities	64,396	(64,555)				
Rate of inflation – increase/ (decrease) of scheme liabilities			52,816	(51,369)		
Discount rate – (decrease)/increase of scheme liabilities					(119,639)	132,465

British American Tobacco (Investments) Limited

Notes to the financial statements for the year ended 31 December 2022**16 Retirement benefits (continued)****Defined Contribution Scheme Costs**

On 1 April 2005, the UK defined benefit schemes were closed to new employees, and no new members since then have joined the defined contribution scheme. The cost to the Company was:

	2022 £'000	2021 £'000
Defined contribution schemes recognised in the profit and loss account (note 3)	5,188	5,708

17 Share-based payments

The Group operates a number of share-based payment arrangements of which the three principal ones are:

Long-Term Incentive plan (LTIP)

Since 2020, performance-related conditional awards under which shares are released automatically following a 3-year vesting period (5-year period for the Executive Directors). LTIP awards granted up to 2019 are nil-cost options exercisable after three years from date of grant (five years for Executive Directors) with a contractual life of 10 years.

For awards granted in 2021, 2020 and 2019, vesting is subject to performance conditions measured over a 3-year period (for all awards), based on earnings per share (40% of grant), operating cash flow (20% of grant), total shareholder return (20% of grant) and net turnover (20% of grant). Total shareholder return combines the share price and dividend performance of the Company by reference to one comparator group.

For 2022 awards, the performance conditions are based on earnings per share (30% of grant), operating cash flow (20% of grant), total shareholder return (20% of grant), net turnover (15% of the grant) and New Categories revenue growth (15% of the grant).

Participants are not entitled to dividends prior to the vesting or exercise of the awards. A cash equivalent dividend accrues through the vesting period (other than for the Executive Directors where additional shares are delivered in lieu of cash) and is paid on vesting. Both equity and cash-settled PSP awards are granted in March each year.

In the U.S., PSP awards are made over BAT American Depositary Shares (ADSs).

Restricted Share Plan (RSP)

Introduced in 2020, conditional awards under which shares are released three years from date of grant, subject to a continuous employment condition during the three-year vesting period. Participants are not entitled to dividends prior to shares vesting. A cash equivalent dividend accrues through the vesting period and is paid on vesting. Both equity and cash settled RSP awards are granted in March or September.

In the U.S., RSP awards are made over BAT American Depositary Shares (ADSs).

Deferred Share Bonus Scheme (DSBS)

Granted in connection with annual bonuses, conditional awards under which shares are released three years from date of grant subject to a continuous employment condition during the three-year vesting period. A cash equivalent dividend accrues through the vesting period and is paid quarterly (other than for the Executive Directors where additional shares are delivered in lieu of cash). Both equity and cash-settled DSBS awards are granted in March each year.

The Group also has a number of other arrangements which are not material for the Group, and these are as follows:

British American Tobacco (Investments) Limited**Notes to the financial statements for the year ended 31 December 2022****17 Share-based payments (continued)****Sharesave Scheme (SAYE)**

Options granted in March each year by invitation at a 20% discount to the market price. Options under this equity-settled scheme are exercisable at the end of a three-year or five-year savings contract. Participants are not entitled to dividends prior to the exercise of the options. The maximum amount that can be saved by a participant in this way is £6,000 in any tax year.

Share Reward Scheme (SRS)

Free shares granted in April each year (maximum £3,600 in any year) under the equity-settled schemes are subject to a three-year holding period. Participants receive dividends during the holding period which are reinvested to buy further shares. The shares are held in a UK-based trust and are normally capable of transfer to participants tax-free after a five-year holding period.

International Share Reward Scheme (ISRS)

Conditional shares are granted in April each year (maximum £3,600 in any year) subject to a three-year vesting period. Dividend equivalents accrue through the vesting period and additional shares are delivered at vesting. Awards may be equity or cash - settled.

Partnership Share Scheme

Employees can allocate part of their pre-tax salary to purchase shares in British American Tobacco p.l.c. (maximum £1,800 in any year). The shares purchased are held in a UK-based trust and are normally capable of transfer to participants tax-free after a five-year holding period.

Share-based payment expense

Please refer to the BAT ARA & 20-F for full disclosures under IFRS 2.

The weighted average share price on exercise of LTIP shares in 2022 was £32.87 (2021: £27.67).

The weighted average share price on exercise of DSBS shares in 2022 was £32.19 (2021: £27.58).

The outstanding shares for the year ended 31 December 2022 had an exercise price range of £31.95 - £35.20 (2021: £26.04 - £28.00). The weighted average remaining contractual life are 1.81 years (2021: 3.68 years) for the LTIP shares and are 1.26 years (2021: 1.28 years) for the DSBS shares.

18 Related party disclosures

As a wholly owned subsidiary the Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 'Related party disclosures' from disclosing transactions with other subsidiary undertakings of the Group.

British American Tobacco (Investments) Limited**Notes to the financial statements for the year ended 31 December 2022****19 Contingent liabilities***Canada*

There is currently a stay of proceedings of all Canadian tobacco litigation pending against the Company. On 1 March 2019, the Quebec Court of Appeal handed down a judgment which largely upheld and endorsed the lower court's previous decision in two Quebec class actions (the "Quebec Class Actions"). The share of the judgment for Imperial Tobacco Canada Limited ("Imperial"), the British American Tobacco operating company in Canada, is approximately CAD \$9.2 billion (approximately £5.6 billion). As a result of this judgment, there were attempts by the Quebec plaintiffs to obtain payment out of the CAD \$758 million (approximately £465 million) on deposit with the court. JTI-MacDonald Corp (a co-defendant in the cases) filed for creditor protection under the Companies' Creditors Arrangement Act (the "CCAA") on 8 March 2019. A court order to stay all tobacco litigation in Canada against all defendants (including R. J. Reynolds Tobacco Company ("RJRT") and its affiliate R.J. Reynolds Tobacco International Inc. (collectively, the "RJR Companies")) until 4 April 2019 was obtained, and the need for a mediation process to resolve all the outstanding litigation across the country was recognised. On 12 March 2019 Imperial filed for creditor protection under the CCAA. In its application Imperial asked the Ontario Superior Court to stay all pending or contemplated litigation against Imperial, certain of its subsidiaries and all other Group companies that were defendants in the Canadian tobacco litigation, including the Company, British American Tobacco p.l.c., B.A.T. Industries p.l.c. ("Industries") and Carreras Rothmans Limited ("Carreras") (collectively, the "UK Companies"). On 22 March 2019 Rothmans, Benson & Hedges Inc. also filed for CCAA protection and obtained a stay of proceedings (together with the other two stays, the "Stays"). The Stays are currently in place until 29 September 2023. While the Stays are in place, no steps are to be taken in connection with the Canadian tobacco litigation with respect to any of the defendants.

The below represents the state of the referenced litigation as at the advent of the Stays.

Following the implementation of legislation enabling provincial governments to recover healthcare costs directly from tobacco manufacturers, ten actions for recovery of healthcare costs arising from the treatment of smoking and health-related diseases have been brought. These proceedings name various Group companies as defendants, including the UK Companies and Imperial as well as the RJR Companies. Pursuant to the terms of the 1999 sale of RJRT's international tobacco business to Japan Tobacco Incorporated ("JTI"), JTI has agreed to indemnify RJRT for all liabilities and obligations (including litigation costs) arising in respect of the Canadian recoupment actions. Subject to a reservation of rights, JTI has assumed the defence of the RJR Companies in these actions.

The ten cases were proceeding in British Columbia, New Brunswick, Newfoundland and Labrador, Ontario, Quebec, Manitoba, Alberta, Saskatchewan, Nova Scotia and Prince Edward Island. The enabling legislation is in force in all ten Provinces. In addition, legislation has received Royal Assent in two of the three territories in Canada but has yet to be proclaimed into force.

British American Tobacco (Investments) Limited

Notes to the financial statements for the year ended 31 December 2022

19 Contingent liabilities (continued)

Canadian province	Act pursuant to which Claim was brought	Companies named as Defendants	Current stage
British Columbia	Tobacco Damages and Health Care Costs Recovery Act 2000	Imperial, the Company, Industries, Carreras, the RJR Companies and other former Rothmans Group companies have been named as defendants and served.	The defences of the Company, Imperial, Industries, Carreras, and the RJR Companies have been filed and document production and discoveries were ongoing. On 13 February 2017 the Province delivered an expert report dated October 2016, quantifying its damages in the amount of CAD\$118 billion (approximately £72.4 billion). No trial date has been set. The federal government is seeking CAD\$5 million (approximately £3.1 million) jointly from all the defendants in respect of costs pertaining to the third-party claim, now dismissed.
New Brunswick	Tobacco Damages and Health Care Costs Recovery Act 2006	Imperial, the UK Companies and the RJR Companies have all been named as defendants and served.	The defences of Imperial, the UK Companies and the RJR Companies have been filed and document production and discoveries are substantially complete. The most recent expert report filed by the Province estimated a range of damages between CAD \$11.1 billion (approximately £6.8 billion) and CAD \$23.2 billion (approximately £14.2 billion), including expected future costs. Following a motion to set a trial date, the New Brunswick Court of Queen's Bench ordered that the trial commence on 4 November 2019. On 7 March 2019, the New Brunswick Court of Queen's Bench released a decision which requires the Province to produce a substantial amount of additional documentation and data to the defendants. As a result, the original trial date of 4 November 2019 would have been delayed. No new trial date has been set.
Ontario	Tobacco Damages and Health Care Costs Recovery Act 2009	Imperial, the UK Companies and the RJR Companies have all been named as defendants and served.	The defences of Imperial, the UK Companies and the RJR Companies have been filed. The parties completed significant document production in the summer of 2017 and discoveries commenced in the autumn of 2018. On 15 June 2018, the Province delivered an expert report quantifying its damages in the range of CAD \$280 billion (approximately £171.8 billion) – CAD \$630 billion (approximately £386.5 billion) in 2016/2017 dollars for the period 1954 – 2060, and the Province amended the damages sought in its Statement of Claim to CAD \$330 billion (approximately £202.5 billion). On 31 January 2019, the Province delivered a further expert report claiming an additional amount between CAD \$9.4 billion (approximately £5.8 billion) and CAD \$10.9 billion in damages (approximately £6.7 billion) in damages in respect of environmental tobacco smoke. No trial date has been set.

British American Tobacco (Investments) Limited

Notes to the financial statements for the year ended 31 December 2022

19 Contingent liabilities (continued)

Canadian province	Act pursuant to which Claim was brought	Companies named as Defendants	Current stage
Newfoundland and Labrador	Tobacco Health Care Costs Recovery Act 2001	Imperial, the UK Companies and the RJR Companies have been named as defendants and served.	This case is at an early case management stage. The defences of Imperial, the UK Companies and the RJR Companies have been filed and the Province began its document production in March 2018. Damages have not been quantified by the Province. No trial date has been set.
Saskatchewan	Tobacco Damages and Health Care Costs Recovery Act 2007	Imperial, the UK Companies and the RJR Companies have been named as defendants and served.	This case is at an early case management stage. The defences of Imperial, the UK Companies and the RJR Companies have been filed and the Province has delivered a test shipment of documents. Damages have not been quantified by the Province. No trial date has been set.
Manitoba	Tobacco Damages Health Care Costs Recovery Act 2006	Imperial, the UK Companies and the RJR Companies have been named as defendants and served.	This case is at an early case management stage. The defences of Imperial, the UK Companies and the RJR Companies have been filed and document production commenced. Damages have not been quantified by the Province. No trial date has been set.
Alberta	Crown's Right of Recovery Act 2009	Imperial, the UK Companies and the RJR Companies have been named as defendants and served.	This case is at an early case management stage. The defences of Imperial, the UK Companies and the RJR Companies have been filed and the Province commenced its document production. The Province has stated its claim to be worth CAD \$10 billion (approximately £6.1 billion). No trial date has been set.
Quebec	Tobacco Related Damages and Health Care Costs Recovery Act 2009	Imperial, the Company, Industries, Carreras and the RJR Companies have been named as defendants and served.	The case is at an early case management stage. The defences of the Company, Imperial, Industries, Carreras and the RJR Companies have been filed. Motions over admissibility of documents and damages discovery have been filed but not heard. The Province is seeking CAD \$60 billion (approximately £36.8 billion). No trial date has been set.
Prince Edward Island	Tobacco Damages and Health Care Costs Recovery Act 2009	Imperial, the UK Companies and the RJR Companies have been named as defendants and served.	This case is at an early case management stage. The defences of Imperial, the UK Companies and the RJR Companies have been filed and the next step was expected to be document production, which the parties deferred for the time being. Damages have not been quantified by the Province. No trial date has been set.
Nova Scotia	Tobacco Health Care Costs Recovery Act 2005	Imperial, the UK Companies and the RJR Companies have been named as defendants and served.	This case is at an early case management stage. The defences of Imperial, the UK Companies and the RJR Companies have been filed. The Province provided a test document production in March 2018. Damages have not been quantified by the Province. No trial date has been set.

British American Tobacco (Investments) Limited**Notes to the financial statements for the year ended 31 December 2022****19 Contingent liabilities (continued)**

There are seven class actions being brought in Canada against the Company, including various Canadian and non-Canadian tobacco related entities.

In these cases, none of which have quantified their asserted damages, the plaintiffs allege claims based on fraud, fraudulent concealment, breach of warranty of merchantability, and of fitness for a particular purpose, failure to warn, design defects, negligence, breach of a "special duty" to children and adolescents, conspiracy, concert of action, unjust enrichment, market share liability, and violations of various trade practices and competition statutes. Pursuant to the terms of the 1999 sale of RJRT's international tobacco business, and subject to a reservation of rights, JTI has assumed the defence of the RJR Companies in each of these actions.

In June 2009, four smoking and health class actions were filed in Nova Scotia (Semple), Manitoba (Kunka), Saskatchewan (Adams) and Alberta (Dorion) against various Canadian and non-Canadian tobacco-related entities including the UK Companies, Imperial and the RJR Companies. In Saskatchewan, British American Tobacco p.l.c., Carreras and Ryeseeks p.l.c. have been released from Adams and the RJR Companies have brought a motion challenging the jurisdiction of the court. There are service issues in relation to Imperial and the UK Companies in Alberta and in relation to the UK Companies in Manitoba. The plaintiffs did not serve their certification motion materials and no dates for certification motions were set.

In June 2010, two smoking and health class actions were filed in British Columbia against various Canadian and non-Canadian tobacco-related entities, including the UK Companies, Imperial and the RJR Companies. The Bourassa claim is allegedly on behalf of all individuals who have suffered chronic respiratory disease and the McDermid claim proposes a class based on heart disease. Both claims state that they have been brought on behalf of those who have "smoked a minimum of 25,000 cigarettes." The UK Companies, Imperial, the RJR Companies and other defendants objected to jurisdiction. Subsequently, British American Tobacco p.l.c., Carreras and Ryeseeks p.l.c. were released from Bourassa and McDermid. Imperial, Industries, the Company and the RJR Companies remain as defendants in both actions. The plaintiffs did not serve their certification motion materials and no dates for certification motions were set.

In June 2012, a smoking and health class action was filed in Ontario (Jacklin) against various Canadian and non-Canadian tobacco related entities, including Imperial, the UK Companies and the RJR Companies. The claim has been in abeyance.

Nigeria

British American Tobacco (Nigeria) Limited ("BAT Nigeria"), British American Tobacco p.l.c. and the Company have been named as defendants in a medical reimbursement action filed by the federal government of Nigeria, filed on 6 November 2007 in the Federal High Court, and in similar actions filed by the Nigerian states of Kano (9 May 2007), Oyo (30 May 2007), Lagos (13 March 2008), Ogun (26 February 2008), and Gombe (17 October 2008) commenced in their respective High Courts. In the five cases that remain active, the plaintiffs seek a total of approximately 10.6 trillion Nigerian naira (approximately £15 billion) in damages, including special, anticipatory and punitive damages, restitution and disgorgement of profits, as well as declaratory and injunctive relief.

The suits claim that the state and federal government plaintiffs incurred costs related to the treatment of smoking-related illnesses resulting from allegedly tortious conduct by the defendants in the manufacture, marketing, and sale of tobacco products in Nigeria, and assert that the plaintiffs are entitled to reimbursement for such costs. The plaintiffs assert causes of action for negligence, negligent design, fraud and deceit, fraudulent concealment, breach of express and implied warranty, public nuisance, conspiracy, strict liability, indemnity, restitution, unjust enrichment, voluntary assumption of a special undertaking and performance of another's duty to the public.

British American Tobacco p.l.c. and the Company have made a number of challenges to the jurisdiction of the Nigerian courts. Such challenges are still pending (on appeal) against the federal government and the states of Lagos, Kano, Gombe and Ogun. The underlying cases are stayed or adjourned pending the final outcome of these jurisdictional challenges. In the state of Oyo, on 13 November 2015, and 24 February 2017 respectively, British American Tobacco p.l.c.'s and the Company's jurisdictional challenges were successful in the Court of Appeal and the issuance of the writ of summons was set aside.

British American Tobacco (Investments) Limited**Notes to the financial statements for the year ended 31 December 2022****19 Contingent liabilities (continued)***United Kingdom*

On 9 April 2020, Nicoventures Trading Limited (Nicoventures) commenced an action in the England and Wales High Court (Patents Court) against Philip Morris Products S.A. ("PMP") for revocation against three divisional patents in the same family, of which PMP is the proprietor (a further divisional patent in the same family was added into the revocation action on 9 July 2020). On 12 May 2020 PMP filed its defence together with a counterclaim for patent infringement against the Company and Nicoventures concerning prototype examples or production samples of certain 'glo' tobacco heating devices. PMP are seeking an injunction and damages on commercial sales (and interest thereon). On 14 July 2021 the England and Wales High Court (Patents Court) handed down its judgment finding that all four divisional patents were invalid and consequently, that PMP's counterclaim for patent infringement against Nicoventures and the Company failed. PMP's appeal was heard in November 2022 and dismissed in December 2022.

On 11 February 2022, Nicoventures commenced an action in the England and Wales High Court (Patents Court) against PMP for revocation against one of PMP's patents (a further divisional patent in the same family was added into the revocation action on 27 May 2022). On 22 August 2022, PMP counterclaimed for patent infringement against Nicoventures and the Company concerning certain 'glo' tobacco heating devices that comprise two inductive heating coils and their corresponding consumables. (PMP later abandoned its counterclaim in respect of one of the patents, but maintained its counterclaim in respect of the other). PMP is seeking an injunction and damages (plus interest thereon). The trial was heard in March 2023. On 18 April 2023 the England and Wales High Court (Patents Court) handed down its judgment finding that the PMP patents were valid but one of them is not infringed (the counterclaim in respect of the other patent having been abandoned). Thus PMP's counterclaim for patent infringement against Nicoventures and the Company failed. On 10 May 2023, the trial judge (i) granted PMP permission to appeal in respect of the infringement finding, and (ii) granted Nicoventures permission to appeal in respect of one aspect of the validity finding, but refused permission in respect of a further aspect (Nicoventures has renewed its application for permission to appeal to the Court of Appeal in respect of the further aspect). No hearing date has yet been listed for the appeal.

Conclusion

While it is impossible to be certain of the outcome of any particular case or of the amount of any possible adverse verdict, the Company believes that the defences of the Company to all these various claims are meritorious on both the law and the facts, and a vigorous defence is being made everywhere. If adverse judgments are entered against the Company in any case, avenues of appeal will be pursued. Such appeals could require the appellants to post appeal bonds or substitute security in amounts which could in some cases equal or exceed the amount of the judgment. At least in the aggregate, and despite the quality of defences available to the Company, it is not impossible that the Company's results of operations or cash flows in any particular period could be materially affected by the impact of a significant increase in litigation, difficulties in obtaining the bonding required to stay execution of judgments on appeal, or any final outcome of any particular litigation.

The Directors do not consider it appropriate to make any provision in respect of any pending litigation of the Company because the likelihood of any resulting material loss, on an individual case basis, is not considered probable and/or the amount of any such loss cannot be reasonably estimated. The Directors do not believe that the ultimate outcome of all litigation of the Company will significantly impair the Company's financial condition. If the facts and circumstances change and result in unfavourable outcomes in the pending litigation, then there could be a material impact on the financial statements of the Company.

British American Tobacco (Investments) Limited

Notes to the financial statements for the year ended 31 December 2022

20 Parent undertakings

The Company's ultimate parent undertaking and ultimate controlling party is British American Tobacco p.l.c. being incorporated in the United Kingdom and registered in England and Wales. The Company's immediate parent undertaking is British-American Tobacco (Holdings) Limited. Group financial statements are prepared only at Group level and may be obtained from:

The Company Secretary
Globe House
4 Temple Place
London
WC2R 2PG