

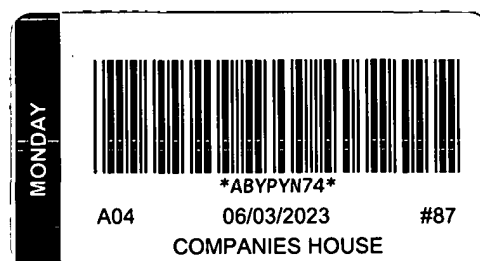
THE RALEIGH INVESTMENT COMPANY LIMITED

Registered Number UK FC002675

Registered Number Isle of Man 513

Annual report and financial statements

For the year ended 31 December 2022



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The Raleigh Investment Company Limited

Directors' Report

The Directors present their report together with the financial statements of The Raleigh Investment Company Limited ("the Company") for the year ended 31 December 2022.

Principal activities

The Company acts as an investment holding company in subsidiary and associated undertakings of the British American Tobacco p.l.c. group of companies (the "Group") which are active in the tobacco industry.

Review of the year ended 31 December 2022

The profit for the financial year attributable to the Company's shareholders after deduction of all charges and the provision of taxation amounted to £79,048,000 (2021: £70,626,000).

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.

Dividends

During the year the Company paid dividends amounting to £83,000,000 (2021: £62,000,000).

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:

David Patrick Ian Booth
Anthony Michael Hardy Cohn
Paul McCrory
Neil Arthur Wadey

Research and development

No research and development expenditure has been incurred during the year (2021: nil).

Employees

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

Statement of Directors' Responsibilities

The Directors are responsible for preparing 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 FRS 101 *Reduced Disclosure Framework*, as applicable to an Isle of Man company.

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:

The Raleigh Investment Company Limited

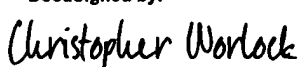
Directors' Report (continued)

- 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;
- 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 Isle of Man Companies Acts 1931 to 2004. 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.

By Order of the Board

Christopher Worlock
Secretary

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2 March 2023

The Raleigh Investment Company Limited

Profit and loss account for the year ended 31 December

	Notes	2022 £'000	2021 £'000
Continuing operations			
Other operating expenses	2	(126)	(355)
Operating loss		(126)	(355)
Income from shares in Group undertakings	3	83,196	74,830
Income from shares in participating interests	4	5,231	4,039
Interest receivable and similar income	5	480	3
Interest payable and similar expenses	6	(890)	(4)
Profit before tax		87,891	78,513
Taxation	7	(8,843)	(7,887)
Profit for the financial year		79,048	70,626

There is no difference between the profit before taxation and the profit for the financial year stated above and their historical cost equivalents.

There are no recognised gains or losses other than the profit for the financial year and therefore no Statement of other comprehensive income has been presented.

Statement of changes in equity for the year ended 31 December

	Called up share capital £'000	Profit and loss account £'000	Other reserves £'000	Total Equity £'000
1 January 2021	13,038	43,062	34	56,100
Profit for the financial year	—	70,626	—	70,626
Dividends paid	—	(62,000)	—	(62,000)
31 December 2021	13,038	51,688	34	64,760
Profit for the financial year	—	79,048	—	79,048
Dividends paid	—	(83,000)	—	(83,000)
31 December 2022	13,038	47,736	34	60,808

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

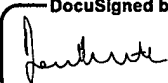
The Raleigh Investment Company Limited**Balance sheet as at 31 December**

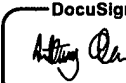
	Notes	2022 £'000	2021 £'000
Fixed assets			
Investments in Group undertakings	8	23,766	23,766
Investments in participating interests	8	842	842
		24,608	24,608
Current assets			
Debtors: amounts falling due within one year	9	36,096	40,133
Cash at bank and in hand		104	19
Net current assets		36,200	40,152
Total assets less current liabilities		60,808	64,760
Capital and reserves			
Called up share capital	10a	13,038	13,038
Profit and loss account	10b	47,736	51,688
Other reserves		34	34
Total shareholders funds		60,808	64,760

The financial statements on pages 4 to 12 were approved by the Directors on 2 March 2023 and signed on behalf of the Board.

David Patrick Ian Booth
Director

Anthony Michael Hardy Cohn
Director

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Registered number
UK FC002675
Isle of Man 513

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

The Raleigh Investment Company Limited

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

1 Accounting policies

Basis of accounting

The Company is incorporated, domiciled and registered in the Isle of Man with a UK establishment registered number of UK FC002675 and an Isle of Man registered number of 513. The registered address is 2nd Floor St Mary's Court, 20 Hill Street, Douglas, IM1 1EU.

The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with FRS 101 Reduced Disclosure Framework and Isle of Man Companies Acts 1931 to 2004. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of Isle of Man Companies Acts 1931 to 2004, but makes amendments where necessary in order to comply with Isle of Man Companies Acts 1931 to 2004 and where advantage of disclosure exemptions available under FRS 101 have been taken, such as the preparation of a cash flow statement or disclosures regarding financial instruments or transactions with related parties have been taken.

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 accounts.

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 accounts.

The most significant items include:

- the review of asset values and impairment testing of non-financial assets;
- the estimation of amounts to be recognised in respect of taxation.

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.

The accounting policies set out below, have unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Foreign currencies

The functional currency of the Company is Sterling. 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.

Operating expenses

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

Income

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

The Raleigh Investment Company 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.

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.

Any liabilities or assets recognised for exposures in respect of the payment or recovery of a number of taxes are recognised at such time as an outcome becomes probable and when the amount can reasonably be estimated.

As a UK resident wholly-owned subsidiary of 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.

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.

Financial instruments

The Company's business model for managing financial assets is set out in the BAT Group Treasury Manual of the Group 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.

Financial instruments are initially recognised at fair value plus directly attributable costs where applicable. The Company's financial assets (amounts owed by Group undertakings) are subsequently carried at amortised cost.

Where interest bearing receivables and payables have their floating rates based on benchmark rates, such as London Interbank Offered Rate ("LIBOR"), the Company accounted for the application of replacement benchmark rates in accordance with the Amendments to International Financial Reporting Standard ("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.

Investments in participating interest

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

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.

The Raleigh Investment Company Limited

Notes to the financial statements for the year ended 31 December 2022**1 Accounting policies (continued)****Dividends**

Final dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders, while interim dividend distributions are recognised in the period in which the dividends are declared or paid.

2 Other operating expenses

There were no employees (2021: nil) and no staff costs during the year (2021: nil).

None of the Directors received any remuneration in respect of their services during the year (2021: £nil).

The Company considers that there is no practicable method to allocate a portion of the emoluments the Directors receive from their respective Group company employer for any qualifying services in respect of the Company, as these are considered to be incidental and part of the Directors overall management responsibilities within the Group.

	2022 £'000	2021 £'000
Operating expenses comprise:		
Bank charges	132	353
Exchange losses	1	—
Expected credit loss allowance (reversal)/ set up	(7)	2
	126	355

3 Income from shares in Group undertakings

	2022 £'000	2021 £'000
Income from shares in Group undertakings	83,196	74,830

Income from shares in Group undertakings represents dividends received from British American Tobacco Bangladesh Company Limited.

4 Income from shares in participating interests

	2022 £'000	2021 £'000
Income from shares in participating interests	5,231	4,039

Income from shares in participating interests represents dividends received from VST Industries Limited.

5 Interest receivable and similar income

	2022 £'000	2021 £'000
Interest receivable from Group undertakings	480	3

6 Interest payable and similar expenses

	2022 £'000	2021 £'000
Exchange losses	890	1
Interest payable to Group undertakings	—	3
	890	4

The Raleigh Investment Company Limited

Notes to the financial statements for the year ended 31 December 2022**7 Taxation****(a) Recognised in the profit and Loss account**

	2022 £'000	2021 £'000
<i>Foreign tax</i>		
Current tax on income for the period	8,843	7,887
Total current tax	8,843	7,887
Total income tax expense	8,843	7,887

(b) Factors affecting the taxation charge

The Company is resident in the Isle of Man and is subject to the standard rate of taxation at nil% on the profits. However, the Company's profits are subject to taxation in the United Kingdom (the "UK").

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 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
Profit for the financial year	79,048	70,626
Total tax expense	8,843	7,887
Profit before tax	87,891	78,513
Tax using the UK corporation tax rate of 19% (2021: 19%)	16,699	14,917
Group Relief surrendered for nil consideration	104	68
Income not taxable	(16,803)	(14,985)
Effects of overseas tax rates	8,843	7,887
Total tax charge	8,843	7,887

The Raleigh Investment Company Limited

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

8 Investments

Country	Address	Company	Share Class	Direct Interest (%)	Subsidiary Interest (%)	Attributable Interest (%)
Bangladesh	New DOHS Road, Mohakhali, Dhaka 1206 Bangladesh	British American Tobacco Bangladesh Company Limited	Ordinary	72.91	0.00	72.91
India	Azamabad, Andhra Pradesh, Hyderabad, 500 020 India	VST Industries Limited	Ordinary	23.45	0.00	23.45

The total holding by the Group in British American Tobacco Bangladesh Company Limited is 72.91%.

The total holding by the Group in VST Industries Limited is 32.16%. Market valuation at 31 December 2022 was £120,637,111 (2021: £114,095,000).

The Raleigh Investment Company Limited

Notes to the financial statements for the year ended 31 December 2022**8 Investments (continued)****(2) Shareholdings at cost less provisions**

	Investments in Group Companies £'000	Investments in participating interests £'000	Total £'000
Cost			
1 January 2022	23,766	842	24,608
31 December 2022	23,766	842	24,608
Impairment provisions			
1 January 2022	—	—	—
31 December 2022	—	—	—
Net book value			
1 January 2022	23,766	842	24,608
31 December 2022	23,766	842	24,608

(3) The Directors are of the opinion that the individual investments in the Group undertakings and participating interests have a value not less than the amount at which they are shown in the balance sheet.

9 Debtors: amounts falling due within one year

	2022 £'000	2021 £'000
Amounts due from Group undertakings - gross	36,103	40,147
Allowances account	(7)	(14)
Amounts due from Group undertakings - net of allowances	36,096	40,133

Amounts owed by Group undertakings are 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 2021, 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 on LIBOR and with effect from this date it is based on SONIA. Management considers 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. Other amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

The expected credit loss allowance regarding debtors: amounts falling due within one year is £7,000 (2021: £14,000).

The movement in allowances accounts is as follows:

	2022 £'000
1 January 2022	14
Reversed in the year	(7)
31 December 2022	7

The Raleigh Investment Company Limited

Notes to the financial statements for the year ended 31 December 2022**10 Capital and reserves****(a) Called up share capital**

Ordinary shares of £1.00 each	2022	2021
Authorised		
- value	£15,410,000	£15,410,000
- number	15,410,000	£15,410,000
Ordinary shares of £1.00 each	2022	2021
Allotted, called up and fully paid		
- value	£13,038,662	£13,038,662
- number	13,038,662	13,038,662

(b) Profit and loss account

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

11 Related party disclosures

As a wholly owned subsidiary the Company has taken advantage of the exemption under paragraph 3(c) of Financial Reporting Standard ("FRS") 101 from disclosing transactions with other subsidiary undertakings of the Group.

12 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 (The Netherlands) B.V.. 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