

BAT opens £30m Innovation Centre for New Category products in Southampton

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- Innovation Centre to play a pivotal role in continuing BAT's transformation as it builds A Better Tomorrow™
- New facilities at Southampton R&D HQ will accelerate development of the next generation of BAT's New Category products
- £30m investment into R&D supports BAT's vision to 'Build a Smokeless World' and become a predominately smokeless business, with 50% of revenue from Non-Combustibles by 2035

BAT has opened a new state-of-the-art Innovation Centre at its global research & development (R&D) headquarters in Southampton which will play a key role in continuing the company's transformation as it builds A Better Tomorrow™.

The £30m facility strengthens and deepens BAT's R&D capabilities, providing nine specially designed technical spaces to aid the development of BAT's portfolio of Reduced Risk*† Products. These spaces are dedicated to research for modern oral nicotine pouches, for liquids and flavours for vapour products, for Heated Products, and for wellbeing and stimulation beyond nicotine. The investment will also support work on packaging, engineering, innovation development and system integration.

Dr James Murphy, Director, Research and Science at BAT, said:

"The opening of this new facility marks an important milestone in BAT's transformation and will play a key role in making a smokeless future a reality. Evidence provided by objective world-class science is essential to facilitate the migration of adult smokers to smokeless products and support public health objectives. The investment in our Innovation Centre will support the cutting-edge research and product development efforts of our global R&D team for many years to come."

The new facilities will bring together cross-functional and key R&D teams – with 400 highly specialised scientists and engineers, drawn from a range of advanced fields including biotechnology and clinical trials. Intended to accelerate the development of the next generation of BAT's New Category products, their work includes developing the robust scientific evidence necessary to encourage adult smokers to switch to less risky*† alternatives. To date, R&D carried out in BAT's Southampton facilities has produced over 200 peer reviewed studies for smokeless products published in scientific journals and has contributed to BAT's filing of hundreds of patents a year. BAT is listed as one of the top patent filers in Europe as the company continues to develop smokeless products.

The new Innovation Centre is the latest example of BAT's commitment to invest in the highest standards of scientific research and product development to support its ambition to reduce the health impact of its business and deliver A Better Tomorrow™.

BAT's refined strategy has committed the company to 'Building a Smokeless World' and becoming a predominately smokeless business, with 50% of revenue generated from Non-

Combustibles by 2035. Rigorous science is central to this aim and underpins the Tobacco Harm Reduction agenda, which BAT believes is the greatest public health opportunity.

BAT's site in Southampton, the home of its R&D operations since 1956, is one of the largest employers in the region, with over 1,000 current employees drawn predominantly from across the UK, and a local supply chain with over 25 suppliers based within a 30-mile radius. More broadly, the company's UK operations support 7,100 jobs across the wider economy and contribute over £300m to UK GDP¹. The opening of the Innovation Centre exemplifies BAT's commitment to and ongoing investment in the UK, marking the first stage of an eight-part, multi-phase refurbishment programme for BAT's entire Southampton campus.

Globally, BAT has over 1,600 R&D specialists spread across the UK, USA, Brazil, Indonesia, Malaysia and China. The £30m investment in the Southampton facility follows the opening of BAT's Innovation Centres in Trieste (Italy) in 2021 and in Shenzhen (China) in 2022, and an investment of £300 million a year in R&D to develop New Category products and establish substantiation of their reduced risk potential.

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About BAT

BAT is a leading, multi-category consumer goods business. Our purpose is to create A Better Tomorrow™ by Building a Smokeless World. This commitment is demonstrated by our ambition to generate 50% of our revenue from non-combustible products by 2035.

The company continues to be clear that combustible cigarettes pose serious health risks, and the only way to avoid these risks is not to start or to quit. To help Build a Smokeless World, BAT encourages those who would otherwise continue to smoke to switch completely to scientifically-substantiated alternatives.

BAT aims to have 50 million consumers of its non-combustible products by 2030 and to generate £5 billion of New Categories revenue by 2025. BAT has a range of Sustainability targets, including a 50% reduction in Scope 1 and 2 GHG emissions and a 50% reduction in Scope 3 GHG emissions by 2030 (vs 2020 baseline), and 100% of packaging to be reusable, recyclable or compostable by 2025.

BAT employs over 46,000 people and, in 2023, the BAT Group generated revenue of £27.28 billion, with an adjusted profit from operations of £12.46 billion.

The company's Strategic Portfolio is made up of its global cigarette brands and a growing range of nicotine and smokeless tobacco products. These include our Vapour brand Vuse; our Heated Product brand glo; and Velo our Modern Oral (nicotine pouch) brand. These New Category products have delivered more than £3 billion in annual revenue since their introduction a decade ago.

We currently have 24 million consumers of non-combustible products, the revenue from which accounted for 16.5% of Group revenue in 2023.

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

† Our vapour product Vuse (including Alto, Solo, Ciro and Vibe), and certain products, including Velo, Grizzly, Kodiak, and Camel Snus, which are sold in the U.S., are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.

¹ Oxford Economics, The UK economic and R&D impact of BAT's alternative nicotine products, 22 April 2021.

Forward-looking statements

This release contains certain forward-looking statements, including "forward-looking" statements made within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are often, but not always, made through the use of words or phrases such as "believe," "anticipate," "could," "may," "would," "should," "intend," "plan," "potential," "predict," "will," "expect," "estimate," "project," "positioned," "strategy," "outlook", "target" and similar expressions. These include statements regarding our customer target ambition, New Categories revenue targets and our ESG targets.

All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors. It is believed that the expectations reflected in this release are reasonable but they may be affected by a wide range of variables that could cause actual results to differ materially from those currently anticipated. A review of the reasons why actual results and developments may differ materially from the expectations disclosed or implied within forward-looking statements can be found by referring to the information contained under the headings "Cautionary Statement" and "Group Principal Risks" in the 2023 Annual Report and Form 20-F of British American Tobacco p.l.c. (BAT).

Additional information concerning these and other factors can be found in BAT's filings with the U.S. Securities and Exchange Commission ("SEC"), including the Annual Report on Form 20-F and Current Reports on Form 6-K, which may be obtained free of charge at the SEC's website, <http://www.sec.gov> and BAT's Annual Reports, which may be obtained free of charge from the BAT website www.bat.com.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser. The forward-looking statements reflect knowledge and information available at the date of preparation of this release and BAT undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on such forward-looking statements.