# B.A.T. INTERNATIONAL FINANCE P.L.C.

# 2024 Annual Report and Financial Statements

# B.A.T. INTERNATIONAL FINANCE P.L.C.

# ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

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**Notice of Meeting**

Notice is hereby given that the Annual General Meeting of B.A.T. International Finance p.l.c. will be held at Globe House, 4 Temple Place, London, WC2R 2PG on 20 February 2025 at 2.00pm for the transaction of the following business:

1. To receive the financial statements for the year ended 31 December 2024 and the reports of the Directors and the Auditor thereon.
2. To re-elect Directors.
3. To reappoint the Auditor.
4. To authorise the Directors to determine the Auditor's remuneration.

By Order of the Board

DocuSigned by:

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Ruth Wilson, Secretary

12 February 2025

Note: A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of them. Such proxy need not be a member of the Company.

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Secretary and Registered Office

Ruth Wilson

Globe House

4 Temple Place

London WC2R 2PG

Registered Number 01060930

Independent Auditor

KPMG LLP
Chartered Accountants and Statutory Auditor

15 Canada Square, London, E14 5GL

# Strategic Report

The Directors present their Strategic Report on B.A.T. International Finance p.l.c. (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2024.

**Principal activities**

The principal activities of the Group and the Company comprise the raising of finance for British American Tobacco p.l.c. and its subsidiaries (the "BAT Group"), the management of financial risks arising from the BAT Group's underlying operations and the management of the BAT Group's cash resources. The Group's treasury operations and management of financial risks are described fully in Note 12 on pages 30 to 37. All these activities are carried out under defined policies, procedures and limits. It is intended that the Group will continue to undertake business relating to these activities.

**Review of the year ended 31 December 2024**

The Group's profit for the financial year attributable to the Company's shareholders amounted to **£1,141 million** (2023: £1,204 million). Total equity has increased by **£1,186 million** (2023: £1,131 million).

As at 31 December 2024, the Group had access to a £5.4 billion revolving credit facility. With effect from March 2024, the Group exercised the first of the one-year extension options on the 2.5 billion 364-day tranche of the revolving credit facility, with the second one-year extension subsequently exercised in February 2025. Effective March 2025, therefore, the £2.5 billion 364-day tranche will be extended to March 2026.. Additionally, £2.85 billion of the five-year tranche remains available until March 2025, with £2.7 billion extended to March 2026 and £2.5 billion extended to March 2027.

During 2024, the Group extended short-term bilateral facilities totalling £2.4 billion. As at 31 December 2024, £nil was drawn on a short-term basis with £2.4 billion undrawn and still available under such bilateral facilities. Cash flows relating to bilateral facilities that have maturity periods of three months or less are presented on a net basis in the Group's cash flow statement.

In January 2025, the Group entered into a medium-term facility of £503 million equivalent which was fully drawn.

Activities during the year:

In March 2024, the Group repaid a £229 million bond at maturity;

In April 2024, the Group accessed the Euro market under its EMTN Programme, raising a total of €900 million;

To optimise the Group's debt capital structure using available liquidity and to reduce gross and net debt, the Group completed capped cash debt tender offers in May 2024, targeting series of low-priced, long-dated GBP- and EUR-denominated bonds, pursuant to which the Group repurchased bonds prior to their maturity in a principal amount of £692 million; and

In October 2024, the Group repaid €850 million bond at maturity.

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

**Key performance indicators**

Given the nature of the Group's activities, the Group's capital base is managed within the overall framework of the BAT Group and the Company's Directors consider that key performance indicators based solely on the Group's results are not necessary or appropriate for an understanding of the Group's specific development, performance, or position of its business. However, key performance indicators relevant to the BAT Group are disclosed in the Strategic Report in British American Tobacco p.l.c.'s 2024 Annual Report and Form 20-F ("BAT ARA & 20-F") and do not form part of this report.

**Principal risks and uncertainties**

The Board of British American Tobacco p.l.c. reviews and agrees the overall treasury policies and procedures, delegating appropriate authority to the Company. Any significant change to agreed policies is subject to prior approval by the Board of British American Tobacco p.l.c.. Clear parameters have been established, including levels of authority, on the type and use of financial instruments the Group can use to manage the financial risks facing the BAT Group. Such instruments are only used if they relate to an underlying exposure; speculative transactions are expressly forbidden under the BAT Group's treasury policy.

The Group's treasury position is monitored by the BAT Group Corporate Finance Committee ("CFC"), which meets regularly and is chaired by the Chief Financial Officer, who is is a Director of the Company. Regular reports are provided to senior management and the treasury operations are subject to periodic independent reviews and audits, both internal and external. Details of the risks mitigated are detailed in Note 12 of the Group's financial statements.

**Governance on climate strategy**

As a member of the BAT Group, the Company adheres to the BAT Group's climate-related strategy. Details of the BAT Group's climate-related financial disclosures consistent with the recommendations and recommended disclosures of the Task Force on Climate-related Financial Disclosures (TCFD) are set out on pages 120 to 136 of the BAT ARA & 20-F.

**Energy & Carbon Reporting (ECR)**

As the Company is a subsidiary of British American Tobacco p.l.c. which prepares a group report, ECR details are included in pages 120 to 136 of the BAT ARA & 20-F for the year ended 31 December 2024.

**UK Companies Act 2006: Section 172(1) statement**

The Company is part of the BAT 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 activities comprise the raising of finance for the BAT Group, the management of financial risks arising from BAT Group operations and the management of BAT Group's cash resources.

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;
- the need to foster business relationships with the Company's wider stakeholders;
- the impact of the Company's operations on the environment and communities in which it operates; and
- the desirability of maintaining a reputation for high standards of business conduct.

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 BAT Group undertakings, including its shareholders, financial institutions it engages with in relation to the Company's financial activities and investors in its issued securities. The Company does not have any employees, or customers or other suppliers outside of the BAT Group.

The Company engages with other BAT Group undertakings, including its shareholders through regular meetings, intra-group management activities and ongoing dialogue. There is also regular engagement within the BAT Group on finance-related matters which is taken into account in the Company's decision-making. Primary ways in which the Company engages directly or indirectly, as part of the BAT Group, with its key external stakeholders are summarised on pages 18 to 19 of the BAT ARA & 20-F. The Company engages with financial institutions through regular meetings, ongoing dialogue and relationship management conducted by the BAT Group's Treasury and Finance teams.

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 accordance with the BAT Group's overall governance and internal controls framework and in support of the Company's purpose as part of the BAT Group, the Company applies and the Directors have due regard to all applicable BAT Group policies and procedures, including the BAT Group's Statement of Delegated Authorities ("SoDA"), and the BAT Group Standards of Business Conduct, Responsible Marketing Principles, Health and Safety Policy, and Environment Policy as set out on pages 116 to 117 and 173 of the BAT ARA & 20-F.

**UK Companies Act 2006: Section 172(1) statement** (continued)

As a BAT Group company, the Company acts in accordance with the BAT Group's policies in relation to the safeguarding of human rights and community relationships, which are set out on page 116 to 117 of the BAT ARA & 20-F.

Certain authorities for decision-making are delegated to management under the SoDA, part of the BAT Group's governance and internal controls framework through which robust corporate governance, risk management and internal control are promoted within the BAT 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 update to the Euro Medium Term Note Programme under which the Company is an issuer and guarantor of the notes issued by certain other BAT Group companies, entry into amended and new bilateral credit facilities with the Company's external bank group, renewal of intra-group credit facilities provided to other BAT Group companies (as referred to in the Notes on the Accounts below). In making these decisions the Directors considered, amongst other relevant factors, the Company's capital and cash positions, the Company's actual and contingent liabilities and its ability to pay its debts as they fell due, and the interests of its shareholders, investors in its securities and applicable financial institutions.

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.

On behalf of the Board

DocuSigned by:

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**Neil Arthur Wadey**, Director

12 February 2025

# Directors' Report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2024.

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 2024".

**Dividends**

The Directors do not recommend payment of a dividend for the year (2023: £nil).

**Board of Directors**

The names of the persons who served as Directors of the Company and the Group during the period 1 January 2024 to the date of this report are as follows:

| | Appointments in the period | Resignations in the period |
|---|---|---|
| Soraya Benchikh | 29 May 2024 | |
| Caroline Ferland | | |
| John Fry | | |
| Craig Edward James Harris | 28 March 2024 | |
| Tadeu Luiz Marroco | | 29 May 2024 |
| Paul McCrory | | 28 March 2024 |
| Pablo Daniel Sconfianza | | |
| Neil Arthur Wadey | | |

All of the Directors will seek re-election at the forthcoming Annual General Meeting.

**Directors' indemnities**

Throughout the period from 1 January 2024 to 29 May 2024 in relation to Tadeu Luiz Marroco, and throughout the period from 29 May 2024 to the date of this report in relation to Soraya Benchikh, qualifying third party indemnities have been in force under which Tadeu Luiz Marroco and Soraya Benchikh as Directors were, to the extent permitted by law, indemnified by British American Tobacco p.l.c., the ultimate parent undertaking, in respect of all costs, charges, expenses or liabilities which they may incur in or about the execution of their duties to the Company or as a result of things done by them as Directors on behalf of the Company.

Throughout the period from 1 January 2024 to the date of this report, indemnities have been in force for each of the Company's other Directors under which they, as Directors of the Company are, to the extent permitted by law, indemnified in respect of all costs, charges, expenses or liabilities which they may incur in or about the execution of their duties to the Company or as a result of things done by them as Directors on behalf of the Company since their appointment. Whilst these indemnity provisions have been in place during the period, they have not been utilised (2023: not utilised).

**Research and development**

No research and development expenditure has been incurred during the year (2023: £nil).

**Auditor**

The auditors, KPMG LLP, have expressed their willingness to continue in office until the next Annual General Meeting. Pursuant to section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP will be proposed at the forthcoming Annual General Meeting.

**Employees**

The average number of employees employed by the Group during the year was nil (2023: nil).

**Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements**

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 101 *Reduced Disclosure Framework* ("FRS 101").

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:

- 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 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.

Under applicable law and regulations, the Directors are also responsible for preparing Strategic Report and Directors' Report that comply with that law and those regulations.

**Responsibility statement of the Directors in respect of the annual financial report**

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The names of the Directors are listed in this Directors' Report on page 5. Neither the Company, the Group nor the Directors accept any liability to any person in relation to this Annual Report, except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with Section 90A of the Financial Services and Markets Act 2000.

**Corporate Governance Statement**

The Company and the Group are wholly-owned subsidiaries of British American Tobacco p.l.c.. Therefore, there is no requirement for any further disclosure under paragraph 13(2)(c) and (d) of Schedule 7 to the Large and Medium-sized and Group (Accounts and Reports) Regulations 2008 ("Schedule 7"), nor are there any restrictions on the voting rights of the shares held (Schedule 7, 13(2)(f)).

There are no specific rules regarding the appointment and replacement of Directors other than the provisions sett out in the Company's Articles of Association ("Articles"), nor are there any pertaining to the amendment of those Articles.

Subject to the provisions of the Companies Acts 1985 and 2006 and the Articles, the Directors may issue, offer, allot or grant rights to subscribe for, or convert any security into shares in the Company and the Company may also purchase, or may enter into a contract under which it will or may purchase, its own shares.

The Company and the Group has established internal control and risk management systems in relation to the process for preparing consolidated financial statements. The key features of these internal control and risk management systems are:

- the risk assurance function and management of the BAT Group conduct periodic review of the Group's risks and mitigation;
- management regularly monitors and considers developments in accounting regulations and best; practice in financial reporting, and, where appropriate, reflects developments in the financial statements. Appropriate briefings and/or training are provided to key finance personnel on relevant developments in accounting and financial reporting;
- the Group's consolidation is subject to various levels of review by the Group Finance function;
- the draft financial statements are reviewed by an individual independent from those individuals responsible for preparing the financial statements. The review includes checking internal consistency, consistency with other statements, consistency with internal accounting records and arithmetical accuracy; and
- the BAT Group receives reports from management on significant judgements, changes in accounting policies, changes in accounting estimates and other pertinent matters relating to the consolidated BAT Group financial statements. These are then assessed and applied consistently to the Group.

The above disclosure is made in accordance with Disclosure and Transparency Rule 7.2.

**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.

**Going concern**

The Company represents one of the treasury vehicles of the BAT Group. After reviewing the Company's annual budget, plans and liquidity requirements, the Directors consider that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing the financial statements and that it is therefore appropriate to continue to adopt the going concern basis in preparing the financial statements.

On behalf of the Board

DocuSigned by:

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**Neil Arthur Wadey**, Director

12 February 2025

B.A.T. International Finance p.l.c.

Registered Number 01060930

# Independent Auditor's Report to the members of B.A.T. International Finance p.l.c.

## 1 Our opinion is unmodified

We have audited the financial statements of B.A.T. International Finance p.l.c. ("the Company") for the year ended 31 December 2024 which comprise the Group income statement, the Group statement of comprehensive income, the Group and parent statements of changes in equity, the Group and parent statements of financial position, the Group cash flow statement, and the 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 Group's and of the parent Company's affairs as at 31 December 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; including FRS 101 Reduced Disclosure Framework and
- the financial statements 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 believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 23 March 2015. The period of total uninterrupted engagement is for the 10 financial years ended 31 December 2024. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

## 2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2023), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

### Hedge Accounting

The Group enters into derivative contracts in order to manage and hedge risks such as interest and foreign exchange rate risk. These arrangements create accounting mismatches which are addressed through designating instruments into fair value or cash flow hedge accounting relationships.

The inherent complexity of hedge accounting including the degree of judgement required in determining highly probable forecast cash flows has led us to identifying our work in response to the inherent risk of error related to hedge accounting as a key audit matter. We have not identified a heightened risk of fraud related to this area.

Refer to page 21 (Accounting policies- Hedge Accounting), page 27 (the Group's Note on Derivative financial instruments) and page 43 (the Group's Note on Total equity- Hedging reserve).

*Our procedures included:*

- We understood and tested key controls over the designation and ongoing management of hedge accounting relationships, including those over hedge documentation, hedge effectiveness testing and the recording of hedge accounting adjustments.

- We examined selected hedge documentation to assess whether it complies with the requirements of IFRS. In doing so, the focus of our audit work was on the new hedge relationships entered into during the year.
- We tested the effectiveness of the hedge relationships and investigated any material sources of ineffectiveness.
- Where we noted ineffectiveness, we assessed whether appropriate adjustments were made to the value of the bonds.

*Our results*

From the evidence obtained, we found the Group's application of hedge accounting to be appropriate.

**Fair value of derivative instruments**

The Group and Company hold significant net financial instruments, comprising cash and cash equivalents, amounts due to and from fellow subsidiaries, loans due to and from fellow subsidiaries and external borrowings via bank loans. Given the nature and activities of the business, the Group and Company also make use of derivative financial instruments to hedge currency risk and interest rate risks. These financial instruments are classified as Level 2, where valuation requires the use of valuation modelling techniques. Such techniques involve a degree of estimation uncertainty.

At 31 December 2024, Derivative financial assets amounted to £645 million (2023: £500 million) and derivative financial liabilities were £544 million (2023: £544 million). We focus on these balances because of the high volume of transactions passing through the respective accounts, the large number of counterparties involved, and the complexity associated with the valuation of Level 2 financial instruments. We have not identified a heightened risk of fraud related to this area.

Refer to page 21 (Accounting policies- Hedge Accounting) and page 27 (the Group's Note on Derivative financial instruments) and page 51 (the parent Company's Note on Derivative financial instruments).

*Our procedures included:*

- We performed end to end process walk-throughs to identify the key systems, applications and controls used in the valuation processes. We also tested the design and operating effectiveness of key controls relating to valuation of derivative financial instruments.
- We obtained external confirmation responses to verify the existence and accuracy of derivative financial instruments.
- We independently assessed management's valuation of the derivative financial instruments by involving our own valuation specialists to independently price the financial instruments and challenge the appropriateness of significant deviations outside the range of acceptable values.

*Our results*

We did not identify any material exceptions with respect to the fair value of derivative instruments.

**3 Our application of materiality and an overview of the scope of our audit**

The Group is part of a group headed by British American Tobacco p.l.c. ("BAT p.l.c. Group"). Materiality for the Group financial statements as a whole of £170 million (2023: £150 million) has been applied to the audit of the Group. This is lower than the materiality we would otherwise have determined by reference to total assets and represents 0.16% of the Group's total assets (2023: 0.15%) as we have capped materiality in line with component materiality (for the audit of the BAT p.l.c. Group) as communicated by the BAT p.l.c. Group audit team.

Materiality for the parent Company’s financial statements as a whole was set at £169.5 million (2023: £148.5 million), determined with reference to a benchmark of total assets (of which it represents 0.16% (2023: 0.15%)).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality was set at 75% (2023: 75%) of materiality for the financial statements as a whole. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to those charged with governance any corrected or uncorrected identified misstatements exceeding £8.5 million (2023: £7.5 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

We were able to rely upon the BAT p.l.c. Group’s internal control over financial reporting in several areas of our audit, where our controls testing supported this approach, which enabled us to reduce the scope of our substantive audit work; in the other areas the scope of the audit work performed was fully substantive.

The Group team performed the audit of the parent Company and components identified, representing a coverage of over 98% of the Group’s total assets the Group’s total revenue. The audit, including the audit of the parent Company, was performed using the materiality level set out above.

**4 Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group’s and 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 their 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”).

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group’s and Company’s financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group’s and Company’s available financial resources over this period was the ability of the ultimate parent BAT p.l.c. and its subsidiaries (BAT Group) to settle their debts to the Group and Company when they fall due.

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the BAT Group’s financial forecasts.

We considered whether the going concern disclosures in Note 1 to the financial statements give a full and accurate description of the Directors’ assessment of going concern.

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 Group’s or Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1 to be acceptable.

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 Group or the Company will continue in operation.

**5 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 as to the Group's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, Corporate Finance Committee and Treasury Risk Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group 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 as revenue (interest income from fellow subsidiaries) is not complex or subjective.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying manual journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by board level and senior management, unusual postings to Interest Income & Expense accounts, postings with unusual account combinations and manual hedge adjustments to currency translation and cash-flow hedge reserves.

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*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 and through discussion with the directors and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.
We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group 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.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: data protection laws and anti-bribery. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

*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 fraud 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.

**6 We have nothing to report on the other information in the Annual Report**

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

**Strategic report and directors' report**

Based solely on our work on the other information:

- 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.

**7 We have nothing to report on the other 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

## Independent Auditor’s report to the members of B.A.T. International Finance p.l.c.
continued

### 8 Respective responsibilities

***Directors’ responsibilities***
As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements including 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 Group and parent 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 Group or the parent 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.

### 9 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.

**Signed by:**
Anthony Withers
E67941145B8944A...

**Anthony Withers (Senior Statutory Auditor)**
**for and on behalf of KPMG LLP, Statutory Auditor**
*Chartered Accountants*
15 Canada Square
London
E14 5GL
12 February 2025

## Group Income Statement for the year ended 31 December 2024

| | Notes | **2024** **£m** | 2023 £m |
|---|---|---|---|
| Interest income | 3 | **4,718** | 4,129 |
| Interest expense | 4 | **(3,533)** | (2,872) |
| Net commitment fee income | 5 | **3** | 10 |
| Net fair value losses on derivatives and exchange differences | 6 | **(38)** | (66) |
| **Net finance income** | | **1,150** | 1,201 |
| Other net operating income | 7 | **1** | 2 |
| **Profit before taxation** | | **1,151** | 1,203 |
| Taxation on profit | 8 | **(10)** | 1 |
| **Profit for the year** | | **1,141** | 1,204 |

All the activities during both years are in respect of continuing operations.

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

## Group Statement of Comprehensive Income for the year ended 31 December 2024

| | **2024** **£m** | 2023 £m |
|---|---|---|
| **Profit for the year** | **1,141** | 1,204 |
| **Other comprehensive income** | | |
| **Items that may be reclassified subsequently to profit or loss:** | | |
| Gains/(losses) on exchange | **31** | (91) |
| Cash flow hedges | | |
| - net fair value gains/(losses) | **9** | (12) |
| - reclassified and reported in profit for the year | **—** | 18 |
| Total other comprehensive income/(loss) for the year | **40** | (85) |
| **Total comprehensive income for the year** | **1,181** | 1,119 |

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

**Group Statement of changes in equity for the year ended 31 December 2024**

| | **Share Capital** | **Non distributable reserves** | **Hedging reserve** | **Translation reserve** | **Retained earnings** | **Total Equity** |
|---|---|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| **Balance as at 1 January 2024** | **231** | **278** | **(3)** | **441** | **3,565** | **4,512** |
| Total comprehensive income for the year | — | — | 9 | 31 | 1,141 | 1,181 |
| Guarantee fees on issued bonds | — | 5 | — | — | — | 5 |
| **Balance at 31 December 2024** | **231** | **283** | **6** | **472** | **4,706** | **5,698** |

| | Share Capital | Non distributable reserves | Hedging reserve | Translation reserve | Retained earnings | Total Equity |
|---|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m | £m |
| **Balance as at 1 January 2023** | **231** | **266** | **(9)** | **532** | **2,361** | **3,381** |
| Total comprehensive income for the year | — | — | 6 | (91) | 1,204 | 1,119 |
| Guarantee fees on bonds issued | — | 12 | — | — | — | 12 |
| **Balance as at 31 December 2023** | **231** | **278** | **(3)** | **441** | **3,565** | **4,512** |

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

## Group Statement of Financial position at 31 December 2024

| | Notes | **2024** £m | 2023 £m |
|---|---|---|---|
| ***Assets*** | | | |
| Cash and cash equivalents | 9 | **460** | 94 |
| Amounts due on demand from fellow subsidiaries | 10 | **61,097** | 47,017 |
| Derivative financial instruments | 11 | **645** | 500 |
| Other receivables | | **21** | 4 |
| Loans due from parent undertaking | 13a) | **1,607** | 1,610 |
| Loans due from fellow subsidiaries | 13b) | **47,445** | 47,945 |
| ***Total assets*** | | **111,275** | 97,170 |
| ***Liabilities*** | | | |
| Bank overdrafts | 14 | **102** | 87 |
| Borrowings | 14 | **11,038** | 12,191 |
| Amounts repayable on demand to fellow subsidiaries | 15 | **91,885** | 77,780 |
| Derivative financial instruments | 11 | **544** | 544 |
| Other payables | 16 | **6** | 1 |
| Tax payables | | **12** | — |
| Term deposits repayable to parent undertaking | 17a) | **1,695** | 1,696 |
| Term deposits repayable to fellow subsidiaries | 17b) | **280** | 341 |
| Deferred Tax | 18 | **15** | 18 |
| ***Total liabilities*** | | **105,577** | 92,658 |
| ***Equity*** | | | |
| Share capital | | **231** | 231 |
| Non distributable reserves | | **283** | 278 |
| Hedging reserve | | **6** | (3) |
| Translation reserve | | **472** | 441 |
| Retained earnings | | **4,706** | 3,565 |
| ***Total equity*** | 19 | **5,698** | 4,512 |
| ***Total equity and liabilities*** | | **111,275** | 97,170 |

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

The financial statements on pages 18 to 45 were approved by the Board and signed on its behalf by

DocuSigned by:

A95BAC71C934423...

**Neil Arthur Wadey**, Director

12 February 2025

Registered number 01060930

## Group Cash Flow Statement for the year ended 31 December 2024

| | Notes | 2024<br>£m | 2023<br>£m |
|---|---|---|---|
| ***Cash flows from operating activities*** | | | |
| Interest receipts | | **4,854** | 3,349 |
| Interest payments | | **(3,797)** | (2,780) |
| Net (outflow)/inflow on fees | | **(11)** | 2 |
| Other (payments)/receipts | | **(35)** | 16 |
| | | **1,011** | 587 |
| ***Increase/(decrease) in operating assets and liabilities:*** | | | |
| Short term funds inflow from parent undertaking | | **1** | — |
| Net short-term funds inflow to fellow subsidiaries | | **20** | 1,962 |
| Proceeds from external debt | | **768** | 1,737 |
| Repayment of external debt | | **(1,443)** | (3,505) |
| Net cash outflow relating to derivative financial instruments | | **(237)** | (108) |
| Net cash inflow/(outflow) on loans from/to fellow subsidiaries | | **260** | (884) |
| Net cash (outflows)/inflows on borrowings to fellow subsidiaries | | **(61)** | 218 |
| **Net cash from operating activities** | | **319** | 7 |
| Gains/(losses) on exchange | | **32** | (3) |
| **Net increase in cash and cash equivalents** | | **351** | 4 |
| **Net cash and cash equivalents at 1 January** | | **7** | 3 |
| **Net cash and cash equivalents at 31 December** | 9 | **358** | 7 |

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

Notes are shown on pages 18 to 45.

## 1. Accounting policies

### Basis of accounting

The Company is incorporated, domiciled and registered in England in the UK. The registered number is 01060930 and the registered address is Globe House, 4 Temple Place, London, England, WC2R 2PG.

The Group consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards. UK-adopted international accounting standard differ in certain respects from International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The differences have no impact on the Group's consolidated financial statements for the periods presented.

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention except as described in the accounting policy below on financial instruments. After reviewing the Group's annual budget, plans and financing arrangements, the Directors consider that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing these financial statements, and that it is therefore appropriate to continue to adopt the going concern basis in preparing the consolidated financial statements.

The Statement of Financial Position is prepared using the 'liquidity format' in order to present a true and fair view of the state of affairs of the Group.

The preparation of the Group financial statements requires management 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 relate to calculation of fair value assets and liabilities using exchange rates and market expectations of future interest rates as at the Statement of Financial Position date. These are set out in the accounting policies below, together with the related notes on the financial statements.

Due to the nature of the entity, being the treasury vehicle of the BAT Group, investing and financing activities are captured as part of operating activities within the Group cash flow statement.

### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries.

A subsidiary is an entity controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Intragroup balances and transactions, and any unrealised gains arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

### Foreign currencies

The functional currency of the Company is Sterling ("£") and this is also the presentation currency of the Group.

The income and cash flow statements of Group undertakings expressed in currencies other than Sterling are translated to Sterling at average rates of exchange in each year, provided that the average rate approximates the exchange rate at the date of the underlying transactions. Assets and liabilities of Group undertakings are translated at rates of exchange at the end of each year.

The differences between retained profits translated at average and closing rates of exchange are taken to reserves, as are differences arising on the retranslation to Sterling (using closing rates of exchange) of overseas net assets at the beginning of the year, and are presented as a separate component of equity. They are recognised in the income statement when the gain or loss on disposal of a Group undertaking is recognised.

Foreign currency transactions are initially recognised in the functional currency of each entity in the Group at the exchange rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of foreign currency assets and liabilities at year-end rates of exchange are recognised in the income statement, except when deferred as qualifying cash flow hedges in the hedging reserve.

**1. Accounting policies** continued

**Accounting for income**

As a financing vehicle, the Group's primary sources of income comprise interest on loans to the BAT Group and net fee income. These are recognised on an effective interest rate method, and income is only recognised to the extent that it is considered to be collectable.

Net fee income comprises commitment fees received in respect of undrawn revolving credit facilities provided to its parent, the Group, and commitment fees paid in respect of borrowing facilities provided by external banks.

**Taxation**

Taxation is 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 Statement of Financial Position date in the countries where the Group operates and generates taxable income.

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 IAS 12 *Income Tax*es, 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 Statement of Financial Position 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 income statement 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.

As a UK-resident wholly-owned subsidiary within the BAT 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 BAT Group policy that tax losses are surrendered unless the Company generating the losses has a particular need to carry the loss forward and it is also the Group policy not to reimburse companies for Group Relief surrendered unless, on a stand-alone basis and assuming the Company were not in the BAT Group, these losses would be recognised as a deferred tax asset in the Company generating the loss.

**Financial instruments**

The Group's business model for managing financial assets is set out in the Group Treasury Manual of the BAT Group which notes that the primary objective with regard to the management of cash and investments is to protect against the loss of principal. Additionally, the Group aims to maximise BAT Group liquidity by concentrating cash at the Group, to align the maturity profile of external investments with that of the forecast liquidity profile, wherever practicable, match the interest rate profile of external investments to that of debt maturities or fixings, and to optimise the investment yield within the Group's investment parameters.

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 Group 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 Statement of Financial Position date. If not, they are classified as non-current.

Non-derivative financial assets are classified on initial recognition in accordance with the Group's business model as loans and receivables, or cash and cash equivalents and accounted for as follows:

- Loans and other receivables: These are non-derivative financial assets with fixed or determinable payments that are solely payments of principal and interest on the principal amount outstanding that are primarily held in order to collect contractual cash flows. These balances include other receivables, loans due from parent undertaking and from fellow subsidiaries and are measured at amortised cost, using the effective interest rate method, and stated net of allowances for expected credit losses.

**1. Accounting policies** continued

**Financial instruments** continued

The Group has measured the loss allowance for financial instruments at an amount equal to the 12-month expected credit loss, whether or not any actual losses have been recognised, and whether or not the counterparty has insurance cover or guarantees in place to cover the potential economic loss. The effective interest rate is based on gross (pre-impairment) assets.

- Cash and cash equivalents: Cash and cash equivalents include deposits held on call, together with other short-term highly liquid investments including investments in certain money market funds. Cash equivalents comprise instruments with maturities of three months or less at date of acquisition. In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts, which are included as current borrowings in the liabilities section on the Statement of Financial Position.

Non-derivative financial assets are stated at amortised cost using the effective interest method, subject to reduction for allowances measured under the expected credit loss method.

Non-derivative financial liabilities, including borrowings and trade payables, are stated at amortised cost using the effective interest method. For borrowings, their carrying value includes accrued interest payable, as well as unamortised issue costs. Borrowings which are the subject of a parental guarantee are initially recognised at fair value with the differential between fair value and cash proceeds from the issuance recognised as a capital contribution from the Company's parent in reserves. As shown in Note 14, certain borrowings are subject to fair value hedges, as defined below.

Derivative financial assets and liabilities are initially recognised, and subsequently measured at fair value, which includes accrued interest receivable and payable, where relevant. The fair values of derivatives are determined based on market data (primarily yield curves, implied volatilities and exchange rates) to calculate the present value of all estimated flows associated with each derivative at the Statement of Financial Position date. Changes in their fair values are recognised as follows:

- for derivatives that are designated as cash flow hedges, the changes in their fair values are recognised directly in other comprehensive income, to the extent that they are effective, with the ineffective portion being recognised in the income statement. Where the underlying transaction does not result in such an asset, the accumulated gains and losses are reclassified to the income statement in the same periods as the hedged item;
- where the intrinsic value and time value of an option contract are separated, the change in fair value of the time value of an option is recognised in other comprehensive income to the extent it relates to the hedged item, and is subsequently amortised on a systematic and rational basis over the period during which the hedge adjustment for the option's intrinsic value could affect profit or loss. Where material, these amounts are disclosed as a separate component of equity. The same accounting is applied where the forward element of a forward contract, or a foreign currency basis spread, are separated from the relevant hedging instrument;
- for derivatives that are designated as fair value hedges, the carrying value of the hedged item is adjusted for the fair value changes attributable to the risk being hedged, with the corresponding entry being made in the income statement. The changes in these derivatives are also recognised in the income statement; and
- for derivatives that do not qualify for hedge accounting or are not designated as hedges, the changes in their fair values are recognised in the income statement in the period in which they arise. These are referred to as "held-for-trading".

The Group's debt liabilities are guaranteed by its parent, British American Tobacco plc, and the Group is not required to pay a fee for the benefit of this guarantee. The Group has made an accounting policy choice to recognise the fair value of the guaranteed debt instrument on initial recognition by reference to a normal market rate of interest that it would pay on a similar but non-guaranteed borrowing with the differential between fair value and cash proceeds from the issuance recognised in equity as a capital contribution from its parent. This interest differential is initially included in the carrying value of the guaranteed debt and subsequently amortised to the income statement.

**1. Accounting policies** continued

**Hedge accounting**

In order to qualify for hedge accounting, the Group is required to document prospectively the economic relationship between the item being hedged and the hedging instrument. The Group is also required to demonstrate an assessment of the economic relationship between the hedged item and the hedging instrument, which shows that the hedge will be highly effective on an on-going basis. This effectiveness testing is re-performed periodically to ensure that the hedge has remained, and is expected to remain, highly effective.

Hedge accounting is discontinued when a hedging instrument is derecognised (e.g. through expiry or disposal), or no longer qualifies for hedge accounting. Where the hedged item is a highly probable forecast transaction, the related gains and losses remain in equity until the transaction takes place, when they are reclassified to the income statement in the same manner as for cash flow hedges as described above. When a hedged future transaction is no longer expected to occur, any related gains and losses, previously recognised in other comprehensive income, are immediately reclassified to the income statement.

Derivative fair value changes recognised in the income statement are in net fair value gains on derivatives.

**Segmental analysis**

The Corporate Finance Committee are identified as the chief operating decision makers (“CODM”), and are responsible for managing within an overall policy framework the BAT Group’s exposure to funding and liquidity, interest rate, foreign exchange and counterparty risks. The Group is the central vehicle used by the Corporate Finance Committee for managing these risks. The Group does not report segment information internally as the Group is managed by the Corporate Finance Committee as a single segment entity in the context of the BAT Group as a whole.

The prices agreed between Group companies, and with BAT Group entities, for intra-BAT Group loans and borrowings and charges for such are based on normal commercial practices, which would apply between independent businesses.

**Dividends**

Where applicable, final dividend distributions to the Group’s shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company’s shareholders, while the interim dividend distributions are recognised in the period in which the dividends are declared and paid.

Dividend income is included within finance income when the Group's right to receive payments is established.

**Future changes to accounting policies**

A number of interpretations and revisions to existing standards have been issued which will be applicable to the Group’s financial statements in future years, but are not expected to have a material effect on reported profit or equity or on the disclosures in the financial statements.

## 2. Segmental analyses

As the Company, which is domiciled in the UK, is the central financing vehicle for the BAT Group, all income other than interest on cash and cash equivalents is earned from counterparties within the BAT Group. Interest on cash and cash equivalents of **£32 million** (2023: £15 million) includes **£31 million** (2023: £10 million) from money market funds.

Interest income from cash and cash equivalents attributable to the UK is **£32 million** (2023: £15 million) and **£nil** (2023: £nil) is attributable to foreign countries.

IFRS 8 *Operating Segments* considers a group of entities under common control as a single customer. **£106 million** (2023: £98 million) of interest income is generated from the loans to parent undertaking and **£4,580 million** (2023: £4,016 million) from loans to fellow subsidiaries controlled directly or indirectly by the ultimate parent undertaking, British American Tobacco p.l.c..

## 3. Interest income

| | Notes | **2024** **£m** | 2023 £m |
|---|---|---|---|
| Interest income | | | |
| From the parent undertaking | 2 | **106** | 98 |
| From fellow subsidaries | 2 | **4,580** | 4,016 |
| Cash and cash equivalents | 2 | **32** | 15 |
| | | **4,718** | 4,129 |

All interest income is calculated using effective interest rate.

## 4. Interest expense

| | **2024** **£m** | 2023 £m |
|---|---|---|
| Interest expense | | |
| Issued debt | **422** | 435 |
| Bilateral | **12** | 46 |
| Commercial paper | **12** | 34 |
| Bank borrowings | **1** | 6 |
| | **447** | 521 |
| Gain on early repayments of bonds | **(300)** | (37) |
| To the parent undertaking | **108** | 99 |
| To fellow subsidiaries | **3,278** | 2,289 |
| | **3,533** | 2,872 |

In 2024, in relation to the early repurchase of bonds, the Group realised a net gain of £300 million (2023: £37 million) arising on the difference between the redemption value and the amortised cost of the bonds.

All interest expense is calculated using effective interest rate with the exception of commercial papers and the gain on early repayment of bonds.

## 5. Net commitment fee income

| | **2024** **£m** | 2023 £m |
|---|---|---|
| Fee income | | |
| Commitment fees on undrawn revolving credit facilities to fellow subsidiaries | **20** | 28 |
| Fee expense | | |
| Fees charged on committed borrowings facilities | **(17)** | (18) |
| | **3** | 10 |

### 5. Net commitment fee income continued

100% of the above fees charged on the committed borrowing facility in 2024 are borne by the Group (2023: 100%).

### 6. Net fair value changes on derivatives and exchange differences

| | **2024** | 2023 |
|---|---|---|
| | **£m** | £m |
| Fair value hedging instruments - exchange related movements | **8** | (18) |
| Fair value hedging instruments - net interest expense | **(39)** | (77) |
| Fair value hedging instruments - interest related movements | **12** | 98 |
| Fair value changes on hedged items | **16** | (94) |
| Cash flow hedging instruments - exchange related movements | **(26)** | (18) |
| Cash flow hedging instruments - net interest expense | **(5)** | (6) |
| Instruments held-for-trading | **(51)** | (415) |
| Net fair value losses on derivatives | **(85)** | (530) |
| Exchange difference | **47** | 464 |
| | **(38)** | (66) |

The Group's borrowings are arranged on both a fixed rate and a floating rate basis and in different currencies. The Group uses a combination of currency and interest rate derivatives to achieve the desired debt profile on a post-hedged basis. The impact from these derivatives, together with the fair value adjustment and exchange differences on the debt are shown within "Net fair value changes on derivatives and exchange differences" whereas the interest expense on the debt is shown within Note 4 "Interest expense".

The "Net fair value changes on derivatives and exchange differences" represents the net impact of the debt and related derivatives, this includes:

- net interest expense on swaps for the year of **£44 million** (2023: net interest expense £83 million) in addition to the interest expense on issued debt reported within Note 4 "Interest expense". This comprises of net interest expense from swaps used as fair value hedge instruments of **£39 million** (2023: net interest expense of £77 million) and net interest expense on swaps used as cash flow hedge instruments and net interest expense held for trading of **£5 million** and **£nil** respectively (2023: £6 million and £nil respectively).
- a fair value loss of **£nil** (2023: £27 million) on debt-related derivatives in relation to the early repurchase of bonds.
- a loss of **£2 million** (2023: £1 million) due to the ineffective portion of fair value hedges.
- A gain of **£7 million** (2023: £9 million) relating to the amortisation of the fair value gain on novated bonds from fellow subsidiary.
- A gain of **£22 million** (2023: £28 million) in respect of amortisation of cancelled hedges which are included in the carrying value of existing hedged items.
- Exchange differences include most foreign currency assets and liabilities that are maintained in US Dollars and Euro, which have been translated to Sterling at the closing rates on 31 December 2024 of **US$1.2524 and €1.209464** (2023: US$**1.2748** and €**1.154031** ).

### 7. Other net operating income

Other operating income of **£1 million** (2023: £2 million) is stated net of other operating expense.

Such other operating charges include remuneration of **£399,068** payable to KPMG LLP for the audit of the Group and Company’s annual financial statements (2023: £340,368). Costs relating to non-audit fees payable to KPMG LLP is **£nil** (2023: £nil).

## 7. Other net operating income continued

A gain of **£2 million** (2023: £3 million) relating to the movement in the expected credit loss provision on loans and receivables is included in other operating expenses.

The Group has no employees (2023: nil) and consequently utilises the services of a number of employees whose contracts of service are with fellow subsidiaries, and their remuneration is included in the financial statements of those subsidiaries. An annual management charge is levied from a fellow subsidiary in respect of the cost of employees in the British American Shared Service Centre (Romania) and such charges are accounted as other operating expenses.

## 8. Taxation on ordinary activities

### 8a) Summary of tax

| | Notes | **2024 £m** | 2023 £m |
|---|---|---|---|
| UK corporation tax | | | |
| Comprising: | | | |
| - current tax at 25% | | **1** | 1 |
| - double tax relief | | **(1)** | (1) |
| Overseas tax comprising: | | | |
| - tax on current income | | **1** | 1 |
| Pillar Two tax | | 12 | |
| **Total current taxation charge for the year** | | **13** | 1 |
| | | | |
| Deferred tax | | | |
| Comprising: | | | |
| - current year | | (3) | (2) |
| **Total current and deferred tax credit** | 8b) | **10** | (1) |

### 8b) Factors affecting the tax 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 current tax charge accordingly. The deferred tax asset/liability at 31 December 2024 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (2023: 25%).

The taxation charge for the year differs from the charge that would be expected based on the statutory 25% (2023: 23.5%) rate of corporation taxation in the UK. The major causes of this difference are listed below:

| | Notes | **2024 £m** | 2023 £m |
|---|---|---|---|
| Profit before taxation | | **1,151** | 1,203 |
| Tax using the UK corporation tax rate of 25% | | **288** | 283 |
| **Factors affecting the tax rate:** | | | |
| Income not taxable | | **(1)** | (1) |
| Overseas taxation | | **1** | 1 |
| Double tax relief | | **(1)** | (1) |
| Pillar Two tax charge | | **12** | |
| Group Relief claimed for no consideration | | **(289)** | (283) |
| **Total tax charge** | 8a) | **10** | (1) |

## 9. Cash and cash equivalents

| | **2024** | 2023 |
|---|---|---|
| | **£m** | £m |
| Cash and bank balances | **115** | **94** |
| Cash equivalents | **345** | **—** |
| **Cash and cash equivalents** | **460** | **94** |

As part of its short-term cash management, the Company invests in a range of cash and cash equivalents, including money market funds which are regarded as highly liquid and are not exposed to significant changes in fair value. These are kept under continuous review as described in the credit risk section. As at 31 December 2024, the Group had **£345 million** (2023: nil) **invested in** money market funds.

The currency in which cash and cash equivalents are held, are as follows:

| | **2024** | 2023 |
|---|---|---|
| | **£m** | £m |
| UK Sterling | **203** | 7 |
| US Dollar | **228** | 76 |
| Other | **29** | 11 |
| | **460** | 94 |

In the Group cash flow statement, net cash and cash equivalents are shown after deducting bank overdrafts (Note 14):

| | | **2024** | 2023 |
|---|---|---|---|
| | Notes | **£m** | £m |
| Cash and cash equivalents as above | | **460** | 94 |
| Less: bank overdrafts | 14 | **(102)** | (87) |
| **Net cash and cash equivalents** | | **358** | **7** |

## 10. Amounts due on demand from fellow subsidiaries

Amounts due on demand from fellow subsidiaries comprise unsecured current financial statements and cash pooling financial statements referred to as In-House Cash ("IHC") financial statements between fellow subsidiaries and the BAT Group. These are denominated in the following currencies:

| | **2024** **£m** | 2023 £m |
|---|---|---|
| UK Sterling | **16,207** | 10,868 |
| US Dollar | **20,745** | 15,913 |
| Euro | **7,423** | 6,064 |
| Japanese Yen | **3,056** | 2,757 |
| South African Rand | **2,668** | 2,096 |
| Romanian Leu | **2,152** | 2,157 |
| Australian Dollar | **1,736** | 1,512 |
| Swiss Franc | **885** | 715 |
| Canadian Dollar | **512** | 422 |
| Czech Krona | **470** | 426 |
| Danish Krone | **511** | 470 |
| Norwegian Krone | **623** | 544 |
| Mexican Peso | **400** | 421 |
| Swedish Krona | **453** | 338 |
| New Zealand Dollar | **481** | 417 |
| Polish Zloty | **449** | 393 |
| Chinese Yuan Renminbi | **1,356** | 748 |
| Other | **970** | 756 |
| | **61,097** | 47,017 |

The balance above is measured at amortised cost, with an immaterial impact of expected credit losses (as explained in accounting policies in Note 1).

There is no material difference between the book value and fair value for amounts due on demand from fellow subsidiaries.

## 11. Derivative financial instruments

The fair values of derivatives are determined based on market data (primarily yield curves and exchange rates) to calculate the present value of all estimated flows associated with each derivative at the Statement of Financial Position date. In the absence of sufficient market data, fair values would be based on the quoted market price of similar derivatives. The classification of these assets and liabilities under the IFRS 13 fair value hierarchy is given in Note 12.

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | **Assets** | **Liabilities** | Assets | Liabilities |
| | **£m** | **£m** | £m | £m |
| Fair value hedge | | | | |
| Interest rate swaps | **11** | **32** | 10 | 39 |
| Cross-currency swaps | **19** | **—** | 18 | — |
| Cash flow hedge | | | | |
| Cross-currency swaps | **81** | **—** | 97 | — |
| Held for trading* | | | | |
| Interest rate swaps | **239** | **238** | 149 | 149 |
| Cross-currency swaps | **16** | **16** | 14 | 14 |
| Forward currency foreign currency contract | **279** | **258** | 212 | 342 |
| | **645** | **544** | 500 | 544 |

Derivative balances included above that are with related parties are disclosed in Note 21.

* Derivative financial instruments which are not designated as hedges are classified as held-for-trading as explained in Note 1.

The maturity dates of all derivative financial instruments as recognised in the Statement of Financial Position are as follows:

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | **Assets** | **Liabilities** | Assets | Liabilities |
| | **£m** | **£m** | £m | £m |
| Within one year | **285** | **277** | 217 | 337 |
| Between one and two years | **10** | **10** | 18 | 57 |
| Between two and three years | **202** | **121** | — | — |
| Between three and four years | **—** | **—** | 246 | 150 |
| Between four and five years | **19** | **—** | — | — |
| Beyond 5 years | **129** | **136** | 19 | — |
| | **645** | **544** | 500 | 544 |

There were no derivative liabilities which included interest rate swaps where the contracting parties hold the right to exercise mutual break clauses.

**11. Derivative financial instruments** continued

The table below sets out the maturities of the derivative financial instruments on an undiscounted contractual basis, based on spot rates. These cash flows are stated net in the cash flow statement.

The maturity dates of all gross-settled derivative financial instruments are as follows:

| | **2024** | | | |
|---|---|---|---|---|
| | **Assets** | | **Liabilities** | |
| | **Inflow** | **Outflow** | **Inflow** | **Outflow** |
| | **£m** | **£m** | **£m** | **£m** |
| Within one year | | | | |
| - Forward foreign exchange contracts | 13,453 | (13,180) | 10,884 | (11,143) |
| - Interest rate swaps | 209 | (126) | 117 | (224) |
| - Cross-currency swaps | 357 | (347) | 306 | (323) |
| Between one and two years | | | | |
| - Forward foreign exchange contracts | 565 | (551) | 551 | (565) |
| - Interest rate swaps | 302 | (215) | 231 | (316) |
| - Cross-currency swaps | 34 | (38) | — | — |
| Between two and three years | | | | |
| - Interest rate swaps | 236 | (214) | 229 | (249) |
| - Cross-currency swaps | 594 | (492) | — | — |
| Between three and four years | | | | |
| - Interest rate swaps | 205 | (183) | 196 | (218) |
| - Cross-currency swaps | 27 | (25) | — | — |
| Between four and five years | | | | |
| - Interest rate swaps | 206 | (183) | 196 | (218) |
| - Cross-currency swaps | 473 | (454) | — | — |
| Beyond five years | | | | |
| - Interest rate swaps | 810 | (1,097) | 1,217 | (685) |
| - Cross-currency swaps | — | — | — | — |
| | **17,471** | **(17,105)** | **13,927** | **(13,941)** |

## 11. **Derivative financial instruments** continued

| | 2023 | | | |
|---|---|---|---|---|
| | Assets | | Liabilities | |
| | Inflow | Outflow | Inflow | Outflow |
| | £m | £m | £m | £m |
| Within one year | | | | |
| - Forward foreign exchange contracts | 10,358 | (10,138) | 15,911 | (16,267) |
| - Interest rate swaps | 165 | (77) | 124 | (256) |
| - Cross-currency swaps | 34 | (42) | 6 | (10) |
| Between one and two years | | | | |
| - Forward foreign exchange contracts | 327 | (322) | 322 | (327) |
| - Interest rate swaps | 132 | (77) | 77 | (151) |
| - Cross-currency swaps | 34 | (35) | 306 | (316) |
| Between two and three years | | | | |
| - Interest rate swaps | 124 | (77) | 77 | (124) |
| - Cross-currency swaps | 34 | (33) | — | — |
| Between three and four years | | | | |
| - Interest rate swaps | 31 | (39) | 39 | (31) |
| - Cross-currency swaps | 618 | (488) | — | — |
| Between four and five years | | | | |
| - Cross-currency swaps | 26 | (21) | — | — |
| Beyond five years | | | | |
| - Cross-currency swaps | 458 | (453) | — | — |
| | **12,341** | **(11,802)** | **16,862** | **(17,482)** |

The net-settled derivative financial instruments are all due within one year with assets inflow of £13 million (2023: £6 million inflow) and liabilities outflow of £13 million (2023: £6 million outflow).

## 12. Management of financial risks

One of the principal responsibilities of the Group is to manage the financial risks arising from the BAT Group's underlying operations. Specifically, BAT Group Treasury manages, within an overall policy framework set by the Board of British American Tobacco p.l.c. and the BAT Group's Corporate Finance Committee ("CFC"), the BAT Group's exposure to funding and liquidity, interest rate, foreign exchange and counterparty risks. The overall BAT Group Treasury position is monitored by the CFC, which meets regularly throughout the year. The CFC is chaired by the Chief Financial Officer, who is a Director of the Company.

Given the nature of the Group's activities, the Group is managed in accordance with BAT Group Treasury policies and procedures. BAT Group policies include a set of financing principles that provide a framework within which the BAT Group's capital base is managed. The Group defines capital as equity (see Note 19) and net debt, which is defined as external borrowings, including derivatives in respect of debt, less cash and cash equivalents. The Group's net debt balances, which are managed as part of the BAT Group's net debt, are as follows:

| | Notes | **2024**<br>**£m** | 2023<br>£m |
|---|---|---|---|
| Bank overdrafts and borrowings | 14 | **11,140** | 12,278 |
| Derivatives in respect of debt: | | | |
| - Assets | | **(184)** | (144) |
| - Liabilities | | **44** | 188 |
| Cash and cash equivalents | 9 | **(460)** | (94) |
| | | **10,540** | 12,228 |

The Group manages its financial risks in line with the classification of its financial assets and liabilities in the Group's Statement of Financial Position and related notes.

The Group's management of specific risks is dealt with as follows:

### Liquidity risk

It is the policy of the Group to maximise financial flexibility and minimise refinancing risk by issuing debt with a range of maturities, generally matching the projected cash flows of the BAT Group, and to obtain this financing from a wide range of providers. The BAT Group has a target average centrally managed debt maturity of at least five years with no more than twenty per cent of centrally managed debt maturing in a single rolling year. The debt held by the Group is part of the BAT Group's centrally managed debt and is therefore managed within the Group's target.

Available facilities in current year:

As at 31 December 2024, the Group had access to a £5.4 billion revolving credit facility. With effect from March 2024, the Group exercised the first of the one-year extension options on the 2.5 billion 364-day tranche of the revolving credit facility,with the second one-year extension subsequently exercised in February 2025. Effective March 2025, therefore, the £2.5 billion 364-day tranche will be extended to March 2026. Additionally, £2.85 billion of the five-year tranche remains available until March 2025, with £2.7 billion extended to March 2026 and £2.5 billion extended to March 2027.

During 2024, the Group extended short-term bilateral facilities totalling £2.4 billion. As at 31 December 2024, £nil was drawn on a short-term basis with £2.4 billion undrawn and still available under such bilateral facilities. Cash flows relating to bilateral facilities that have maturity periods of three months or less are presented on a net basis in the Group's cash flow statement.

In January 2025, the Group entered into a medium-term facility of £503 million equivalent which was fully drawn.

Issuance, drawdowns and repayments in the current year:

- In March 2024, the Group repaid a £229 million bond at maturity;
- In April 2024, the Group accessed the Euro market under its EMTN Programme, raising a total of €900 million;

**12. Management of financial risks** continued

**Liquidity risk** continued

- To optimise the Group's debt capital structure using available liquidity and to reduce gross and net debt, the Group completed capped cash debt tender offers in May 2024, targeting series of low-priced, long-dated GBP- and EUR-denominated bonds, pursuant to which the Group repurchased bonds prior to their maturity in a principal amount of £692 million; and
- In October 2024, the Group repaid €850 million of bonds at maturity.

Available facilities in prior year:

As at 31 December 2023, the Group had access to a £5.4 billion revolving credit facility. In March 2023, the Group refinanced the £2.7 billion 364-day tranche of the revolving credit facility at the reduced amount of £2,5 billion, maturing in March 2024 with two one-year extension options, and a one-year term out option. Additionally, £2.85 billion of the five-year tranche remains available until March 2025, with £2.7 billion extended to March 2026 and £2.5 billion extended to March 2027.

During 2023, the Group extended short-term bilateral facilities totalling £2.65 billion. As at 31 December 2023, £100 million was drawn on a short-term basis with £2.55 billion undrawn and still available under such bilateral facilities. Cash flows relating to bilateral facilities that have maturity periods of three months or less are presented on a net basis in the Group's cash flow statement.

**Issuance, drawdowns and repayments in the current year:**

- In January 2023, the Group repaid a €750 million bond at maturity;
- In February 2023, the Group accessed the Euro market under its EMTN Programme, raising a total of €800 million;
- Given the refinancing levels in the medium term and to reduce near term refinancing risks, in August 2023, the Group accessed the US Dollar market under its SEC Shelf Programme, raising a total of US$1 billion across five tranches whilst also announcing a concurrent capped debt tender offer, targeting a series of GBP, EUR and USD notes maturing between 2024 and 2027. Pursuant to this tender offer, the Company early redeemed £1.2 billion in principal amount of the notes; and
- In October 2023, the Group repaid €800 million bond at maturity.

The Group ensures that there is flexibility in funding arrangements with fellow subsidiaries by providing short-term facilities or early repayment rights.

As the Group is the principal central financing vehicle for the BAT Group, it is used to mobilise cash for the BAT Group through participation in cash pooling and zero balancing bank account structures with fellow subsidiaries.

It is BAT Group policy that short-term sources of funds (including drawings under both the Group US$4 billion US commercial paper (US CP) programme and the Group £3 billion euro commercial paper (ECP) programme are backed by undrawn committed lines of credit and cash. Commercial paper is issued by the Company, B.A.T Capital Corporation and B.A.T. Netherlands Finance B.V. and guaranteed by British American Tobacco p.l.c.. At 31 December 2024, commercial paper of **£nil** was outstanding (2023: £nil). Cash flows relating to commercial paper that have maturity periods of three months or less are presented on a net basis in the Group's cash flow statement.

As part of its short-term cash management, the Group invests in a range of cash and cash equivalents, including money market funds, which are regarded as highly liquid and are not exposed to significant changes in fair value. These are kept under continuous review as described in the credit risk section below. At 31 December 2024, cash and cash equivalents include **£345 million** (2023: £nil) invested in money market funds.

Although term deposits repayable to fellow subsidiaries (as shown in Note 17) fall due within one year, they are typically renewed subject to the funding requirements of the counterparty. Loans to fellow subsidiaries, subsidiary companies and the parent undertaking are made on commercial terms. All contractual borrowing policies have been met and none of them are expected to inhibit the Group's operations or funding plans.

**12. Management of financial risks** continued

**Currency risk**

The Group is subject to exposure on the translation of the net assets of foreign currency subsidiaries into its reporting currency, Sterling. Lending and borrowing activities with fellow subsidiaries are usually in the currency of the counterparty resulting in primary Statement of Financial Position translation exposures to the US Dollar, Euro, and Danish Krone.

These exposures are kept under continuous review and the Group's policy is to minimise all Statement of Financial Position translation exposure where it is practical and cost effective to do so through matching of currency assets with currency borrowings. At 31 December 2024, the currency profile of the Group's gross issued debt, after taking into account derivative contracts, was **32 per cent** (2023: 38 per cent) Sterling, **38 per cent** (2023: 33 per cent) Euro, **24 per cent** (2023: 22 per cent) US Dollar, **4 per cent** (2023: 4 per cent) Danish Krone and **2 per cent** (2023: 3 per cent) other currencies.

The Group faces currency exposures arising from the translation of profits earned in foreign currency subsidiaries; these exposures are not normally hedged.

IFRS 7 *Financial Instruments Disclosures* requires a sensitivity analysis that shows the impact on the income statement and on items recognised directly in equity of hypothetical changes of exchange rates in respect of non-functional currency financial assets and liabilities held by the Group. All other variables are held constant although, in practice, market rates rarely change in isolation. All financial assets and liabilities held in the functional currency of the Company and subsidiaries, as well as non-financial assets and liabilities and translation risk, are not included in the analysis. The Group considers a 10 per cent strengthening or weakening of the functional currency against the non-functional currency of its Company and subsidiaries as a reasonable possible change. The impact is calculated with reference to the financial asset or liability held as at the year-end, unless this is unrepresentative of the position during the year.

The Group hedges substantially all of its financial currency exposures not denominated in the functional currency either economically or through use of derivative contracts. This mitigates the sensitivity of fluctuations in the underlying exchange rates. As a result, a 10 per cent strengthening of functional currencies against non-functional currencies would result in no material change to pre-tax profit (2023: no material change to pre-tax profit). A 10 per cent weakening of functional currencies against non-functional currencies would result in no material change to pre-tax profit (2023: no material change to pre-tax profit).

A 10 per cent change in exchange rates would have no material impact on items recognised directly in other comprehensive income for the current and prior year.

**Interest rate risk**

The objectives of the Group's interest rate risk management policy are to lessen the impact of adverse interest rate movements on earnings, cash flow and economic value of the Group and to safeguard against any possible breach of its financial policies. Additional objectives are to minimise the cost of hedging and the associated counterparty risk.

In order to manage its interest rate risk, the Group maintains both floating and fixed rate debt. The Group sets targets (within overall guidelines) for the desired ratio of floating to fixed rate debt on a net basis (at least 50 per cent fixed on a net basis in the short to the medium-term); market conditions and strategy are reviewed by the CFC on regular basis. The debt and associated derivatives held by the Group are part of the BAT Group’s centrally managed debt and derivatives and are therefore managed within Group’s targets. Underlying borrowings are arranged on both a fixed and a floating rate basis and, where appropriate, the Group uses derivatives, primarily interest rate swaps, to vary the fixed and floating mix. The interest rate profile of liquid assets is taken into account in determining the net interest rate exposure.

**12. Management of financial risks** continued

**Interest rate risk** continued

IFRS 7 requires a sensitivity analysis that shows the impact on the income statement and on items recognised directly in other comprehensive income of hypothetical changes of interest rates in respect of interest-bearing financial assets and financial liabilities of the Group. All other variables are held constant although, in practice, market rates rarely change in isolation. For the purposes of this sensitivity analysis, financial assets and liabilities with fixed interest rates are not included.

The Group considers a 100 basis point change in interest rates as a reasonably possible change except where rates are less than 100 basis points. In these instances, it is assumed that the interest rates increase by 100 basis points and decrease to zero for the purpose of performing the sensitivity analysis. The impact is calculated with reference to the financial asset or liability held as at the year-end, unless this is unrepresentative of the position during the year.

A 100 basis point increase in interest rates would result in pre-tax profit being **£193 million higher** (2023: £227 million higher). A 100 basis point decrease in interest rates, or less where applicable, would result in pre-tax profit being **£231 million lower** (2023: £229 million lower).

A 100 basis point change in interest rates would have no material impact on items recognised directly in other comprehensive income for the current and prior year.

Following the decision taken by global regulators in 2018 to replace Interbank Offered Rates ("IBOR") with alternative nearly risk-free rates, such benchmark rates were expected to be largely discontinued after 2021. Following announcements by the respective regulators, EURIBOR is expected to continue for the foreseeable future, with USD LIBOR rates discontinued from June 2023.

The Group is party to the International Swaps and Derivatives Association ("ISDA") fallback protocol and in January 2022, it automatically replaced GBP LIBOR with an economically equivalent interest rate derivatives referencing Sterling Overnight Index Average ("SONIA") on their reset date. The four impacted derivatives (cross currency interest rate swaps) with nominal values totalling €800 million (£672 million) which matured in October 2023 were in fair value hedge relationships which were indexed to Sterling LIBOR interest rates. As of 31 December 2024, the Group does not have any outstanding financial instruments using the historical benchmarks that are no longer available.

During the prior year, the standard lending agreements within the Group were revised to take account of the global benchmark interest rate reform and certain USD, GBP and CHF loans entered during the year are based on the Secured Overnight Financing Rate, Sterling Overnight Index Average and Swiss Average Rate Overnight ("SARON") respectively. Intercompany loans in currencies with available IBOR benchmarks will continue to apply these until they are phased out. Management considers the replacement rates in the revised intercompany agreement to be economically equivalent to those used previously.

**Credit risk**

The Group has no significant concentrations of counterparty credit risk in respect of its external financial assets. As the central financing vehicle for the BAT Group, concentrations of credit risk arise from financial assets due from fellow subsidiaries and the parent undertaking. All loans to fellow subsidiaries, subsidiary companies and the parent are priced on an arm's length basis.

To determine the appropriate risk premium, the Group consults, where appropriate, with independent financial institutions who assess the asset base and sovereign risk specific to the relevant counterparty. The Group recognises that the sovereign risk of a fellow subsidiary can be the determining factor of default.

Intra-BAT Group counterparties have appropriate capital structures to meet their obligations as they fall due. All loans to fellow subsidiaries and the parent undertaking are therefore between parties which have been individually reviewed and are considered to be in a position to continue to meet their obligations.

All external derivatives are subject to ISDA documentation.

**12. Management of financial risks** continued

Cash deposits and other financial instruments give rise to credit risk on the amounts due from the related counterparties. Generally, the Group aims to transact with counterparties with strong investment grade credit ratings. Counterparty credit risk is managed on a global basis by limiting the aggregate amount and duration of exposure to any one counterparty, taking into account its credit rating. The credit ratings of all counterparties are reviewed regularly.

**Credit risk** continued

External counterparty credit risk is managed on a global basis by limiting the aggregate amount and duration of exposure to any one counterparty, taking into account its credit rating. The credit ratings of bank counterparties are reviewed regularly. The Group ensures that it has sufficient counterparty credit capacity of requisite quality to undertake all anticipated transactions.

The maximum exposure to credit risk of financial assets at the Statement of Financial Position date is reflected by the carrying values included in the Group Statement of Financial Position. In addition, the Group provides committed credit facilities to certain fellow subsidiaries. The undrawn portion of these committed facilities at 31 December 2024 is **£8,800 million** (2023: £7,618 million). Guarantees provided to third parties are shown in Note 20 on page 44.

**Hedge accounting**

In order to qualify for hedge accounting, the Group is required to document prospectively the economic relationship between the item being hedged and the hedging instrument. The Group is also required to demonstrate an assessment of the economic relationship between the hedged item and the hedging instrument, which shows that the hedge will be highly effective on an ongoing basis. This effectiveness testing is re-performed periodically to ensure that the hedge has remained and is expected to remain highly effective. The prospective effectiveness testing determines that an economic relationship between the hedged item and the hedging instrument exists.

In accordance with the Group Treasury Manual of BAT Group, the exact hedge ratios and profile of a hedge relationship will depend on several factors, including the desired degree of certainty and reduced volatility of net interest costs and market conditions, trends and expectations in the relevant markets. The sources of ineffectiveness include spot and forward differences, impact of time value and timing differences between periods in the hedged item and hedging instrument.

The Group's risk management strategy has been explained in further detail under interest rate risk and currency risk sections of this note.

**Fair value estimation**

The fair values of financial assets and liabilities with maturities of less than one year, other than derivatives, approximate their book values. For other financial instruments which are measured at fair value in the Statement of Financial Position, the basis for fair values is described below.

**Fair value hierarchy**

In accordance with the IFRS 13 classification hierarchy, all derivatives held by the Group at 31 December 2024 and 31 December 2023, fall within Level 2. Level 2 financial instruments are not traded in an active market but the fair values are based on quoted market prices, broker dealer quotations or alternative pricing sources with reasonable levels of price transparency. Level 2 financial instruments include Over The Counter ("OTC") derivatives.

## 12. Management of financial risks continued

### Netting arrangement of derivative financial instruments

The gross fair value of derivative financial instruments as presented in the Group Statement of Financial Position, together with the Group's right of offset associated with recognised financial assets and recognised financial liabilities, subject to enforceable master netting arrangements and similar agreements, is summarised as follows:

| | | | **2024** | | | 2023 |
|---|---|---|---|---|---|---|
| | **Amount presented in the Group Statement of Financial Position** | **Related to amounts not offset in the Group Statement of Financial Position** | **Net amount** | Amount presented in the Group Statement of Financial Position | Related to amounts not offset in the Group Statement of Financial Position | Net amount |
| | **£m** | **£m** | **£m** | £m | £m | £m |
| Financial assets | | | | | | |
| -Derivative financial instruments (Note 11) | **645** | **(199)** | **446** | 500 | (230) | 270 |
| Financial liabilities | | | | | | |
| -Derivative financial instruments (Note 11) | **(544)** | **199** | **(345)** | (544) | 230 | (314) |

The Group is subject to master netting arrangements in force with financial counterparties with whom the Group trade derivatives.

The master netting arrangements determine the proceedings should either party default on their obligations. In case of any event of default: the non-defaulting party will calculate the sum of the replacement cost of outstanding transaction and amounts owed to it by the defaulting party. If that sum exceeds the amount owed to the defaulting party, the defaulting party will pay the balance to the non-defaulting party. If the sum is less than the amounts owed to the defaulting party, the non-defaulting party will pay the balance to the defaulting party.

## 12. Management of financial risks continued

### Hedging instrument

The items designated as hedging instruments are as follows:

| Interest rate Risk | **Nominal amount of hedging instrument** | **Changes in fair value used for calculating hedge ineffectiveness for the year** | Nominal amount of hedging instrument | Changes in fair value used for calculating hedge ineffectiveness for the year |
|---|---|---|---|---|
| | **2024** | **2024** | 2023 | 2023 |
| | **£m** | **£m** | £m | £m |
| Fair value hedges | | | | |
| - interest rate swaps | **1,300** | **21** | 1,015 | (73) |
| - cross-currency swaps | **459** | **(2)** | 451 | (9) |
| Cash flow hedges | | | | |
| - cross currency swaps | **533** | **11** | 559 | 26 |

### Hedged item

The hedged items by risk category are presented below:

| **Hedging item** | **Carrying value of the hedged item** | **Accumulated amount of fair value hedge adjustments on hedged item included in the carrying amount of the hedged item** | **Line item in the statement of financial position where the hedged item is included** | **Changes in fair value used for calculating hedge ineffectiveness for 2024** | **Cash flow hedge reserve** |
|---|---|---|---|---|---|
| | | | | | **2024** |
| | **£m** | **£m** | | **£m** | **£m** |
| Fair value hedges | | | | | |
| Interest rate risk | | | | | |
| - borrowings | **3,728** | **(34)** | **Borrowings** | **(21)** | **—** |
| Cash flow hedges | | | | | |
| Interest rate risk | | | | | |
| - borrowings | **532** | **—** | **Borrowings** | **(11)** | **7** |

**12. Management of financial risks** continued

**Hedged item** continued

| Hedging Item | Carrying value of the hedged item | Accumulated amount of fair value hedge adjustments on hedged item included in the carrying amount of the hedged item | Line item in the statement of financial position where the hedged item is included | Changes in fair value used for calculating hedge ineffectiveness for 2023 | Cash flow hedge reserve |
|---|---|---|---|---|---|
| | | | | | 2023 |
| | £m | £m | | £m | £m |
| Fair value hedges | | | | | |
| Interest rate risk | | | | | |
| - borrowings | 4,284 | (42) | Borrowings | (81) | — |
| Cash flow hedges | | | | | |
| Interest rate risk | | | | | |
| - borrowings | 556 | — | Borrowings | 26 | (5) |

**13a) Loans due from parent undertaking**

Loans due from the parent undertaking includes interest of **£37 million** which falls due within one year (2023: £39 million within one year). The loans due from the parent undertaking relating to principle of **£1,571 million** fall due beyond one year (2023: £1,571 million beyond year). This loan is unsecured and bears interest at floating rates based on BAT Group's intercompany lending agreements. This loan is in Sterling.

Loans due from the parent undertaking are measured at amortised cost and net of expected credit losses of **£1 million** (2023: £1 million) as explained in accounting policies in Note 1.

There is no material difference between the book value and fair value for loans due from the parent undertaking as determined using discounted cash flow analysis.

**13b) Loans due from fellow subsidiaries**

Unsecured loans due from fellow subsidiaries are denominated in the following currencies:

| | **2024** | 2023 |
|---|---|---|
| | **£m** | £m |
| UK Sterling | **39,748** | 40,003 |
| Euro | **3,842** | 4,055 |
| US Dollar | **3,276** | 3,276 |
| Danish Krone | **397** | 417 |
| Swiss Franc | **164** | 189 |
| Mexican Peso | **18** | 5 |
| | **47,445** | 47,945 |

Loans due from fellow subsidiaries are measured at amortised cost and net of expected credit losses of **£36 million** (2023: £38 million) as explained in accounting policies in Note 1.

There is no material difference between the book value and fair value for loans due from fellow subsidiaries.

### 13b) Loans due from fellow subsidiaries continued

The loans due from fellow subsidiaries are unsecured and the maturity dates as recognised in the Statement of Financial Position are as follows:

| | **2024** | 2023 |
|---|---|---|
| | **£m** | **£m** |
| Within one year | **44,077** | 44,822 |
| Between one and two years | **3,368** | 173 |
| Between two and three years | **—** | 2,950 |
| Between three and four years | **—** | — |
| Between four and five years | **—** | — |
| Beyond 5 years | **—** | — |
| Total | **47,445** | 47,945 |

The timing exposure to interest rate changes when loans reprice is as follows:

| | Total | Within 1 year | Between 1 and 2 years | Between 2 and 3 years | Between 3 and 4 years | Between 4 and 5 years | Greater than 5 years |
|---|---|---|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| **As at 31 December 2024** | **47,445** | **47,445** | **—** | **—** | **—** | **—** | **—** |
| As at 31 December 2023 | 47,945 | 47,945 | — | — | — | — | — |

Loans due from fellow subsidiaries include **£1,265 million** of interest receivable (2023: £1,378 million).

### 14. Bank overdrafts and borrowings

| | **Currency** | **Maturity dates** | **Interest rates** | **2024 £m** | 2023 £m |
|---|---|---|---|---|---|
| **Issued debt** | | | | | |
| Eurobonds | Euro | 2025 to 2045 | 1.3% to 5.4% | **5,238** | 5,574 |
| | Swiss Franc | 2026 | 1.4% | **221** | 233 |
| | UK Sterling | 2026 to 2055 | 2.3% to 6.0% | **1,969** | 2,763 |
| Other bonds issued pursuant to Rule 144A and RegS under the US Securities Act of 1933 | US Dollar | 2025 to 2029 | 1.7% to 5.9% | **3,610** | 3,521 |
| Commercial paper | | | | **—** | — |
| | | | | **11,038** | 12,091 |
| **Other borrowings** | | | | **—** | 100 |
| **Bank overdrafts** | | | | **102** | 87 |
| | | | | **11,140** | 12,278 |

Included within issued debt of **£11,038 million** (2023: £12,091 million) above are **£3,728 million** (2023: £4,284 million) where the amortised cost has been adjusted as part of a fair value hedge. The carrying value of borrowings subject to fair value hedges has increased by **£34 million** at 31 December 2024 (2023: increased by £42 million) included in the table above.

**14. Bank overdrafts and borrowings** continued

Included within issued debt of **£11,038 million** (2023: £12,091 million) above, **£56 million** (2023: £77 million) relate to guarantee fees.

Other borrowings primarily comprise of **£nil** (2023: £100 million) relating to the utilisation of bilateral facilities.

Bank overdrafts are all repayable within one year, and are denominated in US Dollar and Mexican Peso (2023: US Dollar, Mexican Peso and Bulgarian Lev).

Borrowings are repayable as follows:

| | **Per Statement of Financial Position** | | **Contractual gross maturities** | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | **£m** | £m | **£m** | £m |
| Within one year | **1,626** | 1,349 | **1,833** | 1,560 |
| Between one and two years | **1,711** | 1,330 | **2,056** | 1,702 |
| Between two and three years | **538** | 1,701 | **847** | 2,011 |
| Between three and four years | **1,995** | 561 | **2,288** | 842 |
| Between four and five years | **1,288** | 2,012 | **1,511** | 2,287 |
| Beyond five years | **3,982** | 5,325 | **4,982** | 6,774 |
| Total | **11,140** | 12,278 | **13,517** | 15,176 |

The contractual gross maturities in each year include the borrowings maturing in that year, together with forecast interest payments on all borrowings which are outstanding for all or part of the year.

Issued debt repayable within one year includes interest payable of **£188 million** (2023: £208 million).

Borrowings are denominated in the following currencies. The Group often uses derivatives to manage the profile of the debt.

| | **Total** | **Functional currency** | **USD** | **EUR** | **CHF** |
|---|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** | **£m** |
| **As at 31 December 2024** | | | | | |
| Total borrowings | **11,140** | **3,425** | **3,712** | **3,773** | **230** |
| Effect of derivative financial instruments | | | | | |
| Cross-currency swaps | **(72)** | **609** | **(148)** | **(533)** | **—** |
| Forward foreign exchange contracts | **(3)** | **68** | **(901)** | **435** | **395** |
| | **11,065** | **4,102** | **2,663** | **3,675** | **625** |
| As at 31 December 2023 | | | | | |
| Total borrowings | 12,278 | 5,114 | 3,628 | 3,293 | 242 |
| Effect of derivative financial instruments | | | | | |
| Cross-currency swaps | (101) | 909 | (451) | (559) | — |
| Forward foreign exchange contracts | 2 | (57) | (892) | 537 | 414 |
| | 12,179 | 5,966 | 2,285 | 3,271 | 656 |

Details of the derivative financial instruments included in these tables are given in Note 11.

**14. Bank overdrafts and borrowings** continued

The timing exposure to interest rate changes when borrowings are repriced is as follows:

| | **Total** | **Within 1 year** | **Between 1 and 2 years** | **Between 2 and 3 years** | **Between 3 and 4 years** | **Between 4 and 5 years** | **Beyond 5 years** |
|---|---|---|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| **At 31 December 2024** | | | | | | | |
| Total borrowings | **11,140** | **1,625** | **1,712** | **537** | **1,995** | **1,287** | **3,984** |
| Effect of derivative financial instruments | | | | | | | |
| Interest rate swaps | **—** | **6,494** | **—** | **(1,815)** | **—** | **—** | **(4,679)** |
| Cross-currency swaps | **(72)** | **459** | **—** | **(72)** | **—** | **(459)** | **—** |
| | **11,068** | **8,578** | **1,712** | **(1,350)** | **1,995** | **828** | **(695)** |
| At 31 December 2023 | £m | £m | £m | £m | £m | £m | £m |
| Total issued debt | 12,278 | 1,350 | 1,331 | 1,701 | 561 | 2,011 | 5,324 |
| Effect of derivative financial instruments | | | | | | | |
| Interest rate swaps | — | 1,015 | (229) | (786) | — | — | — |
| Cross-currency swaps | (96) | 448 | — | 6 | — | (98) | (452) |
| | 12,182 | 2,813 | 1,102 | 921 | 561 | 1,913 | 4,872 |

Details of the derivative financial instruments included in these tables are given in Note 11.

British American Tobacco p.l.c. has provided guarantees for all of the Group's public indebtedness. As at 31 December 2024, the nominal values of these guarantees were **£ 45,896 million** (2023: £30,229 million).

The fair value of total borrowings is **£10,700 million** (2023: £**11,241** million) and has been determined as follows: **£10,533 million** (2023: £**10,972** million) has been calculated using quoted market prices and are within Level 1 of the fair value hierarchy; **£167 million** (2023: £**268** million) has been calculated based on discounted cash flow analysis and are within Level 3 of the fair value hierarchy.

### 15. Amounts repayable on demand to fellow subsidiaries

Amounts repayable on demand to fellow subsidiaries comprise fellow subsidiary current accounts and cash pooling accounts held with the Group. These are unsecured, and are denominated in the following currencies:

| | **2024** | 2023 |
|---|---|---|
| | **£m** | £m |
| UK Sterling | **41,094** | 35,147 |
| Euro | **8,687** | 7,333 |
| US Dollar | **24,434** | 20,532 |
| Swiss Franc | **893** | 727 |
| Norwegian Krona | **732** | 640 |
| Australian Dollar | **2,127** | 1,841 |
| South African Rand | **2,696** | 2,119 |
| Romanian Leu | **2,223** | 2,172 |
| Danish Krone | **650** | 547 |
| Japanese Yen | **3,057** | 2,760 |
| Mexican Peso | **399** | 419 |
| Canadian Dollar | **512** | 422 |
| New Zealand Dollar | **510** | 435 |
| Czech Krona | **451** | 360 |
| Polish Zloty | **503** | 353 |
| Chinese Yuan Renminbi | **1,352** | 748 |
| Swedish Krona | **549** | 406 |
| Other | **1,016** | 819 |
| | **91,885** | 77,780 |

Amounts payable on demand to fellow subsidiaries include **£nil** of interest repayable at 31 December 2024 (2023: £nil). There is no material difference between the book value and fair value for amounts repayable on demand to fellow subsidiaries as determined using discounted cash flow analysis.

### 16. Other payables

This comprises of amounts related to the Franked Investment Income Group Litigation Order (FII GLO). This balance is largely due within one year. There is no material difference between the amounts for other payables and their fair value due to their short-term nature.

### 17a) Term deposits repayable to the parent undertaking

The term deposits repayable to the parent undertaking include **£1,681 million** (2023: £1,681 million) which are unsecured and falls due beyond one year and **£14 million** (2023: £15 million) that falls due within one year. These are denominated in Sterling. Term deposits repayable to the parent include **£14 million** of interest repayable at 31 December 2024 (2023: £15 million).

There is no material difference between the book value and fair value for amounts repayable on demand to parent undertaking.

### 17b) Term deposits repayable to fellow subsidiaries

Term deposits repayable to fellow subsidiaries are unsecured, and are denominated in the following currencies:

| | **2024** | 2023 |
|---|---|---|
| | **£m** | £m |
| UK Sterling | 123 | 113 |
| US Dollar | 84 | 76 |
| Mexican Peso | — | 65 |
| Japanese Yen | 64 | 70 |
| Hong Kong Dollar | 6 | 6 |
| Other | 3 | 11 |
| | **280** | 341 |

Term deposits repayable to fellow subsidiaries include **£nil** of interest payable at 31 December 2024. These term deposits are repriced within one year (2023: £nil).

In 2024 and 2023, term deposits repayable to fellow subsidiaries fall due within one year.

There is no material difference between the above amounts for term deposits repayable to fellow subsidiaries and their fair values as determined using discounted cash flow analysis.

### 18. Deferred Tax

| | Liabilities | |
|---|---|---|
| | **2024** | 2023 |
| | **£m** | £m |
| Deferred tax adjustments on recognition of parental guarantees of debt | **15** | 18 |
| **Net tax liabilities** | **15** | 18 |

| | **1 January 2023** | **Recognised in equity** | **Recognised in profit & loss** | **31 December 2024** |
|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** |
| Deferred tax adjustments on recognition of parental guarantees of debt | 18 | — | (3) | 15 |
| **Total** | **18** | **—** | **(3)** | **15** |

## 19. Total equity

| | **Share capital** | **Non distributable reserves** | **Hedging reserve** | **Translation reserve** | **Retained earnings** | **Total equity** |
|---|---|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| Balance as at 1 January 2024 | **231** | **278** | **(3)** | **441** | **3,565** | **4,512** |
| Profit for the year | **—** | **—** | **—** | **—** | **1,141** | **1,141** |
| Differences on exchange | **—** | **—** | **—** | **31** | **—** | **31** |
| Cash flow hedges | | | | | | |
| reclassified and reported in profit for the year | **—** | **—** | **9** | **—** | | **9** |
| Guarantee fees on issued bonds | **—** | **5** | **—** | **—** | **—** | **5** |
| **31 December 2024** | **231** | **283** | **6** | **472** | **4,706** | **5,698** |

| | Share capital | Non distributable reserves | Hedging reserve | Translation reserve | Retained earnings | Total equity |
|---|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m | £m |
| Balance as at 1 January 2023 | 231 | 266 | (9) | 532 | 2,361 | 3,381 |
| Profit for the year | — | — | — | — | 1,204 | 1,204 |
| Differences on exchange | — | — | — | (91) | — | (91) |
| Cash flow hedges | | | | | | |
| net fair value gains | — | — | (12) | — | — | (12) |
| reclassified and reported in profit for the year | — | — | 18 | — | — | 18 |
| Guarantee fees on issued bonds | — | 12 | — | — | — | 12 |
| 31 December 2023 | 231 | 278 | (3) | 441 | 3,565 | 4,512 |

Details relating to the allotted and issued share capital, and movements therein, are included in Note 12 to the Company financial statements.

The share capital is the amount subscribed at nominal value. Retained earnings are the cumulative net gains recorded in the Group income statement.

The translation reserve is as explained in the accounting policy on foreign currencies in Note 1.

The hedging reserve is as explained in the accounting policies in Note 1. The Group hedges certain foreign currency denominated borrowings with cross-currency interest rate swaps. As permitted by IFRS 9 *Financial Instruments* the foreign currency basis spreads have been separated from the hedging instruments and are recognised in reserves as “cost of hedging” are reclassified to the income statement in the same period in which profit and loss is affected by the hedged expected cash flows, as a component of the associated interest expense.

The basis spreads are disclosed within hedging reserves as they are not material. Included within the balance of hedging reserves at 31 December 2024 is **£1 million** (2023: £2 million) in respect of the cost of hedging.

Non distributable reserves represents the differential between the fair value on the issuance of borrowings subject to a parental guarantee and the proceeds received from the issuance of such debt and is recognised as a capital contribution from the Company’s parent.

## 20. Contingent liabilities

The Group is one of the five entities in the BAT Group which have jointly guaranteed borrowings in B.A.T Capital Corporation. At 31 December 2024 the Group has guaranteed **£17,823 million** of this debt (2023: £18,915 million).

The guaranteed debts mature as follows:

| | **2024 £m** | 2023 £m |
|---|---|---|
| Within one year | **294** | 2,209 |
| Between one and two years | **778** | 285 |
| Between two and three years | **2,472** | 751 |
| Between three and four years | **1,284** | 2,405 |
| Between four and five years | **372** | 1,230 |
| Beyond five years | **12,623** | 12,035 |
| Total | **17,823** | 18,915 |

In addition to the above, the ultimate parent company has recognised a liability of **£936 million** (2023: £1,083 million) in respect of B.A.T Capital Corporation's borrowings guaranteed. This can be referred to in the ultimate parent company's financial statements which are publicly available.

## 21. Related party disclosures

The Group has a number of transactions and relationships with related parties, as defined in IAS 24 *Related Party Disclosures*, all of which are undertaken in the normal course of the Group's business as a primary financing vehicle for the BAT Group.

Transactions and balances with fellow subsidiaries and the parent undertaking relate mainly to the provision of finance to companies within the BAT Group.

Details of these balances in the Group Statement of Financial Position are set out in Notes 10, 13, and 15. In addition, fair value of derivatives with fellow subsidiaries included within the balance disclosed in Note 11 is as follows:

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | **Assets £m** | **Liabilities £m** | Assets £m | Liabilities £m |
| Derivative financial instruments | | | | |
| Cross-currency swaps | **16** | **—** | 13 | — |
| Interest rate swaps | **238** | **—** | 149 | — |
| Forward foreign currency contracts | **103** | **142** | 58 | 168 |
| | **357** | **142** | 220 | 168 |

Details of these transactions in the Group income statement are set out in Notes 3, 4 and 5. In addition, transactions with fellow subsidiaries are included within the transactions disclosed in Note 6 as follows:

| | **2024 Income £m** | 2023 Income £m |
|---|---|---|
| Derivative financial instruments | | |
| Cross-currency swaps | **7** | (30) |
| Interest rate swaps | **169** | (79) |
| Forward foreign currency contracts | **(151)** | (322) |
| | **25** | (431) |

**21. Related party disclosures** continued

The key management of the Company consists of the members of the Board of Directors and no such person or their close family members had any material interest during the year in a contract of significance with the Group.

**22. Principal subsidiary undertakings**

The Company holds the entire issued share capital of BATIF Dollar Limited (registered office is Globe House, 1 Water Street, London, WC2R 3LA) and B.A.T. Netherlands Finance B.V. (registered office is Handelsweg 53 A, 1181 ZA, Amstelveen, Netherlands).

**23. Directors' remuneration**

None of the Directors received any remuneration in respect of their services to the Group during the year (2023: £nil). The Group 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 Group, as these are considered to be incidental and part of the Directors overall management responsibilities within the Group.

**24. Parent undertaking**

The Company's immediate and 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 and registered as an external company in the Republic of South Africa. Consolidated Group financial statements are prepared by British American Tobacco p.l.c. and are publicly available.

**25. Copies of the report and Financial Statements**

Copies of the report and financial statements of British American Tobacco p.l.c. may be obtained from the Company Secretary, Globe House, 4 Temple Place, London WC2R 2PG.

## Parent Company Statement of Financial Position at 31 December 2024

Registered number 01060930

| | Notes | **2024** £m | 2023 £m |
|---|---|---|---|
| ***Assets*** | | | |
| Investments in subsidiaries | 2 | **718** | 718 |
| Loans due from parent undertaking | 3a | **1,607** | 1,610 |
| Loans due from subsidiary and fellow subsidiaries | 3b | **46,479** | 46,948 |
| Amounts due on demand from fellow subsidiaries | 4 | **60,325** | 46,432 |
| Other receivables | | **21** | 4 |
| Derivative financial instruments | 5 | **645** | 500 |
| Cash and cash equivalents | 7 | **460** | 94 |
| | | **110,255** | 96,306 |
| ***Liabilities*** | | | |
| Borrowings | 8 | **9,638** | 9,988 |
| Bank overdrafts | 8 | **102** | 87 |
| Amounts repayable on demand to fellow subsidiaries | 9 | **91,884** | 77,780 |
| Term deposit repayable to the parent undertaking | 10a | **1,695** | 1,696 |
| Term deposit repayable to fellow subsidiaries | 10b | **1,686** | 2,553 |
| Derivative financial instruments | 5 | **544** | 544 |
| Other payables | | **6** | 2 |
| Tax payable | | **10** | — |
| Deferred Tax | 11 | **15** | 18 |
| | | **105,580** | 92,668 |
| ***Equity*** | | | |
| Share capital | 12 | **231** | 231 |
| Share capital - non distributable reserves | 12 | **270** | 265 |
| Hedging reserve | 12 | **6** | (3) |
| Retained earnings | 12 | **4,168** | 3,145 |
| Total shareholders' funds | | **4,675** | 3,638 |
| ***Total equity and liabilities*** | | **110,255** | 96,306 |

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

The financial statements on pages 48 to 58 were approved by the Board and signed on its behalf by

**Neil Arthur Wadey**, Director

12 February 2025

## Parent Company Statement of Changes in Equity for the year ended 31 December 2024

| | **Share capital** | **Non distributable reserves** | **Hedging reserve** | **Retained earnings** | **Total equity** |
|---|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** | **£m** |
| Balance as at 1 January 2024 | **231** | **265** | **(3)** | **3,145** | **3,638** |
| Total comprehensive income for the year | **—** | **—** | **9** | **1,023** | **1,032** |
| Guarantee fees on issued bonds | **—** | **5** | **—** | | **5** |
| **Balance at 31 December 2024** | **231** | **270** | **6** | **4,168** | **4,675** |

| | Share capital | Non distributable reserves | Hedging reserve | Retained earnings | Total equity |
|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m |
| Balance as at 1 January 2023 | 231 | 258 | (9) | 2,030 | 2,510 |
| Total comprehensive income for the year | | — | 6 | 1,115 | 1,121 |
| Guarantee fees on issued bonds | — | 7 | — | — | 7 |
| Balance at 31 December 2023 | 231 | 265 | (3) | 3,145 | 3,638 |

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

## Notes on the Accounts

### 1. Accounting policies

**Basis of preparation**

The financial statements of the Company have been prepared in accordance with the Act and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("UK-adopted IAS") but makes amendments where necessary in order to comply with the Act. In order to aid comparability between the Group and Company, the format of the Company Statement of Financial Position has been presented within the limits of the Act, to match as closely as possible the ‘liquidity format’ in order to present a true and fair view of the state of affairs of the Company. As permitted by Section 408 of the Act, the profit and loss of the Company has not been presented in these financial statements.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted IAS, but makes amendments where necessary in order to comply with the Act, and where advantage of certain disclosure exemptions available under FRS 101 have been taken, including those relating to:

- a cash flow statement and related notes;
- comparative period reconciliations for investments in subsidiaries;
- disclosures in respect of transactions with wholly-owned subsidiaries;
- disclosures in respect of capital management; and
- the effects of new but not yet effective IFRS Accounting Standards.

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 financial statements have been prepared on a going concern basis under the historical cost convention except as described in the accounting policy below on financial instruments. After reviewing the annual budget, plans and financing arrangements, the Directors consider that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing the financial statements, and that it is therefore appropriate to continue to adopt the going concern basis in preparing the Company 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. 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.

**Taxation**

Taxation is that chargeable on the profits for the period, together with deferred taxation. Income tax charges, where applicable, are calculated on the basis of tax laws enacted or substantially enacted at the Statement of Financial Position date.

Deferred tax is determined using the tax rates that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled. As required under IAS 12, deferred tax assets and liabilities are not discounted.

As a UK-resident wholly-owned subsidiary within the the BAT Group, the Company is eligible to surrender tax losses to, or claim tax losses from, Group Relief. It is BAT Group policy that tax losses are surrendered unless the Company generating the losses has a particular need to carry the loss forward and it is also Group policy not to reimburse companies for Group Relief surrendered unless, on a stand-alone basis and assuming the Company were not in the BAT Group, these losses would be recognised as a deferred tax asset in the Company generating the loss.

### 1. Accounting policies (continued)

**Investments in Group companies**

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

**Cash flow**

The Company is a wholly-owned subsidiary of British American Tobacco p.l.c.. The cash flows of the Company are included in the Group cash flow statement and the consolidated cash flow statement of British American Tobacco p.l.c., which is publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 101.

**Financial instruments**

The financial instrument disclosures of the Company are included in the Group financial statements, which are included in this Annual Report. Consequently, the Company is exempt under FRS 101 from publishing these financial instruments disclosures.

Where appropriate, financial guarantees are initially recorded at fair value, and subsequently carried at fair value less accumulated amortisation.

The Company's debt liabilities are guaranteed by its parent, British American Tobacco plc, and the Company is not required to pay a fee for the benefit of this guarantee. The Company has made an accounting policy choice to recognise the fair value of the guaranteed debt instrument on initial recognition by reference to a normal market rate of interest that it would pay on a similar but non-guaranteed borrowing with the differential between fair value and cash proceeds from the issuance recognised in equity as a capital contribution from its parent. This interest differential is initially included in the carrying value of the guaranteed debt and subsequently amortised to the income statement.

**Related parties**

The Company has taken advantage of the exemption under FRS 101 from disclosing transactions with related parties that are wholly-owned subsidiaries of BAT Group.

### 2. Investments in subsidiaries

The Company holds the entire issued share capital of BATIF Dollar Limited (registered office is Globe House, 1 Water Street, London, WC2R 3LA) and B.A.T. Netherlands Finance B.V. (registered office is Handelsweg 53 A, 1181 ZA, Amstelveen, Netherlands). The cost of these investments as at 31 December 2024 was **£718 million** (2023: £718 million).

The Directors are of the opinion that the individual investments in the subsidiary undertakings have a value of not less than the amount at which they are shown in the Statement of Financial Position.

### 3. Loans

#### 3a. Loans due from parent undertaking

Loans due from parent undertaking of **£1,607 million** (2023: £1,610 million) comprise exactly the same balances and disclosures as loans due from parent undertaking detailed in Group Note 13a). Consequently, no additional information is presented here.

The above balance is measured at amortised cost and is net of expected credit losses of **£1 million** (2023: £1 million) as explained in Group Note 1.

### 3b. Loans due from subsidiaries and fellow subsidiaries

Unsecured loans due from subsidiaries and fellow BAT Group subsidiaries are denominated in the following currencies:

| | **2024** | 2023 |
|---|---|---|
| | **£m** | £m |
| UK Sterling | **39,750** | 40,006 |
| Euro | **3,842** | 4,055 |
| US Dollar | **2,308** | 2,278 |
| Danish Krone | **397** | 417 |
| Swiss Franc | **164** | 188 |
| Mexican Peso | **18** | 4 |
| | **46,479** | 46,948 |

The above balance is measured at amortised cost and net of expected credit losses of **£38 million** (2023: £40 million) as explained in Group Note 1.

There is no material difference between the book value and fair value for loans due from subsidiaries and fellow subsidiaries.

Of the total loans amount above, £2,306 million (2023: £2,276 million) relates to the Company's subsidiaries and £44,173 million (2023: £44,672 million) to other fellow subsidiaries.

The maturity dates of loans due from subsidiaries and fellow BAT Group subsidiaries as recognised in the Statement of Financial Position are as follows:

| | **2024**<br>**£m** | 2023<br>£m |
|---|---|---|
| Within one year | **46,118** | 46,948 |
| Between one and two years | **361** | — |
| Between two and three years | **—** | — |
| Between three and four years | **—** | — |
| Between four and five years | **—** | — |
| Beyond 5 years | **—** | — |
| Total | **46,479** | 46,948 |

Loans due from subsidiaries and fellow BAT Group subsidiaries repayable within one year are expected to be renewed upon maturity and, accordingly, are classified as loans due from fellow subsidiaries in the Company Statement of Financial Position.

The timing exposure to interest rate changes when loans reprice is as follows:

| | **Total** | **Within 1 year** | **Between 1 and 2 years** | **Between 2 and 3 years** | **Between 3 and 4 years** | **Between 4 and 5 years** |
|---|---|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| **As at 31 December 2024** | **46,479** | **46,479** | **—** | **—** | **—** | **—** |
| As at 31 December 2023 | 46,948 | 46,948 | — | — | — | — |

Interest rate risk of loans to subsidiaries and fellow BAT Group subsidiaries is not hedged. Loans to subsidiaries and fellow BAT Group subsidiaries include **£1,281 million** of interest receivable at 31 December 2024 (2023: £1,397 million).

## 4. Amounts due on demand from fellow subsidiaries

Amounts due on demand from fellow subsidiaries comprise unsecured current financial statements and cash pooling financial statements referred to as In-House Cash ("IHC") financial statements between fellow subsidiaries and the BAT Group. These are denominated in the following currencies:

| | **2024** | 2023 |
|---|---|---|
| | **£m** | £m |
| UK Sterling | **16,207** | 10,868 |
| US Dollar | **19,975** | 15,329 |
| Swiss Franc | **885** | 715 |
| Canadian Dollar | **512** | 422 |
| Euro | **7,423** | 6,064 |
| Polish Zloty | **449** | 393 |
| New Zealand Dollar | **481** | 417 |
| Japanese Yen | **3,056** | 2,757 |
| South African Rand | **2,668** | 2,096 |
| Romanian Leu | **2,152** | 2,157 |
| Australian Dollar | **1,736** | 1,512 |
| Czech Krona | **470** | 426 |
| Danish Krone | **511** | 470 |
| Mexican Peso | **400** | 421 |
| Norwegian Krone | **623** | 544 |
| Chinese Yuan Renminbi | **1,356** | 748 |
| Swedish Krona | **453** | 338 |
| Other | **968** | 755 |
| | **60,325** | 46,432 |

The balance above is measured at amortised cost, with an immaterial impact of expected credit losses (as explained in accounting policies in Note 1).

There is no material difference between the book value and fair value for amounts due on demand from fellow subsidiaries.

## 5. Derivative financial instruments

Derivative financial instruments comprise the same balances as derivative financial instruments detailed in Group Note 11.

## 6. Management of financial risks

Additional disclosure that is required under FRS101 in respect of interest rate risk and credit risk is per below.

### Interest rate risk

IFRS 7 requires a sensitivity analyses that shows the impact on the income statement and on items recognised directly in equity of hypothetical changes of interest rates in respect of interest-bearing financial instruments recognised in the Statement of Financial Position at 31 December 2024. All other variables are held constant although, in practice, market rates rarely change in isolation. For the purposes of the sensitivity analyses, financial assets and liabilities with fixed interest rates are not included. Interest sensitivity in respect of foreign exchange forward contracts is not included in the analysis for 2024 as it is considered as fixed rate interest. The Company considers a 100 basis point change in interest rates as a reasonably possible change, except where rates are less than 100 basis points. In these instances it is assumed that the interest rates increase by 100

**6. Management of financial risks** continued

**Interest rate risk** continued

basis points and decrease to zero for the purpose of performing the sensitivity analysis. The impact is calculated with reference to the financial asset or liability held as at the year-end, unless this is unrepresentative of the position during the year.

A 100 basis point increase in interest rates would result in pre-tax profit being **£183 million** higher (2023: £180 million higher). A 100 basis point decrease in interest rates, or less where applicable, would result in pre-tax profit being **£221 million** lower (2023: £182 million lower).

A 100 basis point change in interest rates would have no material impact on items recognised directly in other comprehensive income for the current and prior year.

The assessment of Interest Rate Benchmark Reform has been explained in Group Note 12.

**Credit risk**

The maximum exposure to credit risk of financial assets at the Statement of Financial Position date is reflected by the carrying values included in the Company Statement of Financial Position. In addition, the Company provides committed credit facilities to certain fellow subsidiaries. The undrawn portion of these committed facilities at 31 December 2024 is **£8,781 million** (2023: £7,612 million).

The impact of the IFRS 9 *Expected Credit lo*ss model is explained in Group Note 1.

## 7. Cash and cash equivalents

Short-term deposits and cash of **£460 million** (2023: £94 million) comprise the same balances and disclosures as cash and cash equivalents detailed in Group Note 9. Consequently, no additional information is presented here.

## 8. Bank overdrafts and issued debt

| | Currency | Maturity dates | Interest rates | **2024** £m | 2023 £m |
|---|---|---|---|---|---|
| **Issued debt** | | | | | |
| Eurobonds | Euro | 2025 to 2045 | 1.3% to 5.4% | **3,838** | 3,371 |
| | Swiss Franc | 2026 | 1.40% | **221** | 233 |
| | UK Sterling | 2026 to 2055 | 2.1% to 6.0% | **1,969** | 2,763 |
| Other bonds issued pursuant to Rule 144A and RegS under the US Securities Act of 1933 | US Dollar | 2025 to 2029 | 1.7% to 8.1% | **3,610** | 3,521 |
| Commercial paper | | | | **—** | — |
| | | | | **9,638** | 9,888 |
| **Other borrowings** | | | | **—** | 100 |
| **Bank overdrafts** | | | | **102** | 87 |
| | | | | **9,740** | 10,075 |

Included within issued debt of **£9,638 million** (2023: £9,888 million) above are **£3,728 million** (2023: £4,284 million) where the amortised cost has been adjusted as part of a fair value hedge. The carrying value of borrowings subject to fair value hedges has increased by **£34 million** at 31 December 2024 (2023: increased by £42 million) included in the table above. Also included within the issued debt of **£9,638 million** (2023: £9,888 million) above are £51 million related to guarantee fees.

## 8. Bank overdrafts and issued debt continued

The fair value of total borrowings is **£9,264 million** (2023: £9,046 million) and has been determined as follows: **£9,097 million** (2023: £8,778 million) has been calculated using quoted market prices and are within Level 1 of the fair value hierarchy; **£167 million** (2023: £268 million) has been calculated based on discounted cash flow analysis and are within Level 3 of the fair value hierarchy.

Borrowings are repayable as follows:

| | **Per Statement of Financial Position** | | **Contractual gross maturities** | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | **£m** | £m | **£m** | £m |
| Within one year | **1,578** | 561 | **1,776** | 746 |
| Between one and two years | **1,710** | 1,330 | **1,998** | 1,642 |
| Between two and three years | **538** | 1,701 | **789** | 1,951 |
| Between three and four years | **1,298** | 561 | **1,530** | 782 |
| Between four and five years | **1,288** | 1,282 | **1,476** | 1,492 |
| Beyond five years | **3,328** | 4,640 | **4,252** | 5,970 |
| Total | **9,740** | 10,075 | **11,821** | 12,583 |

The contractual gross maturities in each year include the borrowings maturing in that year, together with forecast interest payments on all borrowings which are outstanding for all or part of the year.

Issued debt repayable within one year includes interest payable of **£140 million** (2023: £209 million).

## 9. Amounts repayable on demand to fellow subsidiaries

Amounts payable on demand to fellow BAT Group subsidiaries comprise fellow subsidiary current financial statements and cash pooling financial statements held with the Company. These are unsecured, and are denominated in the following currencies:

| | **2024 £m** | 2023 £m |
|---|---|---|
| UK Sterling | **41,094** | 35,147 |
| US Dollar | **24,434** | 17,730 |
| Euro | **8,687** | 7,333 |
| Japanese Yen | **3,057** | 2,760 |
| Australian Dollar | **2,127** | 1,841 |
| South African Rand | **2,696** | 1,928 |
| Romanian Leu | **2,223** | 2,172 |
| Danish Krone | **650** | 547 |
| Swiss Franc | **893** | 727 |
| Norwegian Krona | **732** | 640 |
| Mexican Peso | **399** | 419 |
| Canadian Dollar | **512** | 3,461 |
| Swedish Krona | **549** | 406 |
| Polish Zloty | **503** | 355 |
| New Zealand Dollar | **510** | 435 |
| Czech Krona | **451** | 360 |
| Chinese Yuan Renminbi | **1,352** | 748 |
| Other | **1,015** | 771 |
| | **91,884** | 77,780 |

There were no interest repayable included in the total amounts repayable on demand to fellow subsidiaries (2023: £nil). There is no material difference between the book value and fair value for amounts payable on demand to fellow subsidiaries.

As at 31 December 2024, there were no outstanding amounts payable on demand to the parent undertaking (2023: £nil).

## 10. Term deposit repayable

### 10a. Term deposits repayable to the parent undertaking

The term deposits repayable to the parent undertaking include **£1,681 million** (2023: £1,681 million) that are unsecured and fall due beyond one year and **£14 million** (2023: £15 million) that falls due within one year. These are denominated in Sterling. Term deposits repayable to the parent include **£14 million** of interest repayable at 31 December 2024 (2023: £15 million).

There is no material difference between the book value and fair value for amounts repayable on demand to parent undertaking.

## 10. **Term deposit repayable** continued

### 10b. Term deposits repayable to fellow subsidiaries

Term deposits repayable to fellow subsidiaries are unsecured, and are denominated in the following currencies:

| | **2024 £m** | 2023 £m |
|---|---|---|
| UK Sterling | **123** | 113 |
| Euro | **1,406** | 2,212 |
| Mexican Peso | **—** | 64 |
| Hong Kong Dollar | **6** | 6 |
| Bulgarian Lev | **—** | 9 |
| Singapore Dollar | **3** | 3 |
| Japanese Yen | **63** | 70 |
| US Dollar | **85** | 76 |
| | **1,686** | 2,553 |

Term deposits repayable to fellow subsidiaries include £48 million of interest payable at 31 December 2024 (2023: £54 million within one year). Deposits that are maturing within one year are unsecured and are repriced within one year as they bear interest at floating rates. Deposits that are maturing beyond one year bear interest at fixed rate.

Included within the Term deposits repayable to fellow subsidiaries amount for US Dollar and Euro, £1,406 million is relating to the Company's subsidiaries.

Term deposits are repayable as follows:

| | **Per Statement of Financial Position** | |
|---|---|---|
| | **2024 £m** | 2023 £m |
| Within one year | **328** | 1,131 |
| Between one and two years | **—** | — |
| Between two and three years | **—** | — |
| Between three and four years | **699** | — |
| Between four and five years | **—** | — |
| Beyond five years | **659** | 1,422 |
| Total | **1,686** | 2,553 |

The fair value of term deposits repayable is **£1,716 million** (2023: £2,535 million) and has been determined using quoted market prices. **£1,436 million** (2023: £2,194 million) has been calculated using quoted market prices and are within Level 1 of the fair value hierarchy. **£280 million** (2023: £341 million) has been calculated based on discounted cash flow analysis and are within Level 3 of the fair value hierarchy.

## 11. Deferred Tax

| | Liabilities | |
|---|---|---|
| | **2024** | 2023 |
| | **£m** | £m |
| Deferred tax adjustments in recognition of parental guarantees of debt | **15** | 18 |
| **Net tax liabilities** | **15** | 18 |

| | 1 January 2024 | Recognised in equity | Recognised in profit & | 31 December 2024 |
|---|---|---|---|---|
| | £m | £m | £m | £m |
| Deferred tax adjustments in recognition of parental guarantees of debt | 18 | — | (3) | 15 |
| **Total** | **18** | **—** | **(3)** | **15** |

## 12. Total shareholders' funds

| | **Share capital** | **Non distributable reserves** | **Hedging reserve** | **Retained earnings** | **Total Shareholders' funds** |
|---|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** | **£m** |
| Balance as at 1 January 2024 | **231** | **265** | **(3)** | **3,145** | **3,638** |
| Total comprehensive income for the year | **—** | **—** | **9** | **1,023** | **1,032** |
| Guarantee fees on issued bonds | **—** | **5** | **—** | **—** | **5** |
| **Balance at 31 December 2024** | **231** | **270** | **6** | **4,168** | **4,675** |

| | Share capital | Non distributable reserves | Hedging reserve | Retained earnings | Total Shareholders' funds |
|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m |
| Balance as at 1 January 2023 | 231 | 258 | (9) | 2,030 | 2,510 |
| Total comprehensive income for the year | — | — | 6 | 1,115 | 1,121 |
| Guarantee fees on issued bonds | — | 7 | — | — | 7 |
| Balance at 31 December 2023 | 231 | 265 | (3) | 3,145 | 3,638 |

As permitted by Section 408(3) of the Act, the profit and loss account of the Company has not been presented in these Company financial statements. The profit for the financial year ended 31 December 2024 was £**1,023 million** (2023: £1,115 million). No tax is payable on the profit or loss in either period due to BAT Group tax relief.

Share capital consists of **£231 million** (2023: £231 million) ordinary shares of £1 each, allotted, issued and fully paid.

## 12. Total shareholders' funds continued

The hedging reserve is as explained in the accounting policies in Note 1. The Group hedges certain foreign currency denominated borrowings with cross-currency interest rate swaps. As permitted by IFRS 9 the foreign currency basis spreads have been separated from the hedging instruments and are recognised in reserves as "cost of hedging" are reclassified to the income statement in the same period in which profit and loss is affected by the hedged expected cash flows, as a component of the associated interest expense.

The basis spreads are disclosed within hedging reserves as they are not material. Included within the balance of hedging reserves at 31 December 2024 is **£1 million** (2023: £2 million) in respect of the cost of hedging.

Non distributable reserves represents the differential between the fair value on the issuance of borrowings subject to a parental guarantee and the proceeds received from the issuance of such debt and is recognised as a capital contribution from the Company's parent.

Audit fees of **£346,285** were payable to KPMG LLP for the audit of the Company's annual financial statements (2023: £297,074).

## 13. Directors' remuneration

None of the Directors received any remuneration in respect of their services to the Company during the year (2023: £nil). The Company considers that there is no practicable method to allocate a portion of the emoluments the Directors receive from their respective BAT 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 BAT Group.

## 14. Contingent liabilities

The Company is one of the five entities in the BAT Group which have jointly guaranteed borrowings in B.A.T Capital Corporation and B.A.T. Netherlands Finance B.V.. At 31 December 2024 the Company has guaranteed **£19,260 million** of this debt (2023: £21,109 million).

The guaranteed debts mature as follows:

| | **2024 £m** | 2023 £m |
|---|---:|---:|
| Within one year | **294** | 2,937 |
| Between one and two years | **778** | 285 |
| Between two and three years | **2,472** | 751 |
| Between three and four years | **1,994** | 2,405 |
| Between four and five years | **372** | 1,966 |
| Beyond five years | **13,350** | 12,765 |
| Total | **19,260** | 21,109 |

In addition to the above, the ultimate parent company has recognised a provision of **£936 million** (2023: £1,083 million) in respect of B.A.T Capital Corporation's borrowings guaranteed. This can be referred to the ultimate parent company's financial statements which are publicly available.

## 15. Related parties

As explained in the accounting policies in Note 1, the Company has taken advantage of the exemption under FRS 101 from disclosing transactions with related parties that are wholly-owned subsidiaries of the BAT Group. Balances and transactions with related parties that are not wholly-owned by the BAT Group are **£ nil** (2023: £ nil).

## 16. Parent undertaking

The Company's immediate and 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 and registered as an external company in the Republic of South Africa. Consolidated Group financial statements are prepared by British American Tobacco p.l.c. and are publicly available.

## 17. Copies of the report and financial statements

Copies of the report and financial statements of British American Tobacco p.l.c. may be obtained from the Company Secretary, Globe House, 4 Temple Place, London WC2R 2PG.