



Imperial Brands Finance PLC

(Incorporated with limited liability in England and Wales with registered number 03214426)

Imperial Brands Finance Netherlands B.V.

(Incorporated as a private limited liability company (besloten vennootschap met beperkte aansprakelijkheid) in the Netherlands with registered number 861264824)

€15,000,000,000

Debt Issuance Programme

Irrevocably and unconditionally guaranteed by

Imperial Brands PLC

(Incorporated with limited liability in England and Wales with registered number 03236483)

This Prospectus supersedes the prospectus dated 25 January 2023. Any Notes issued after the date hereof under the Debt Issuance Programme described in this Prospectus (the "Programme") are issued subject to the provisions set out herein. This Prospectus will not be effective in respect of any Notes issued under the Programme prior to the date hereof.

Under the Programme, Imperial Brands Finance PLC ("IBF") and Imperial Brands Finance Netherlands B.V. ("IBFN") (together, the "Issuers" and each an "Issuer"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue debt securities (the "Notes") guaranteed by Imperial Brands PLC ("Imperial Brands" or the "Guarantor"). Please see the First Supplemental Trust Deed dated 16 February 2024 (the "Trust Deed") which is available for viewing by Noteholders as described on page 208 for further details about the guarantee (the "Guarantee"). The aggregate nominal amount of Notes outstanding will not at any time exceed €15,000,000,000 (or the equivalent in other currencies).

This Prospectus has been approved as a base prospectus by the Financial Conduct Authority (the "FCA"), as competent authority under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA") (the "UK Prospectus Regulation"). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of either the Issuers or the Guarantor or of the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made to the FCA for Notes issued under the Programme for the period of 12 months from the date of this Prospectus to be admitted to the official list of the FCA (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading on the London Stock Exchange's main market (the "Market"). References in this Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the Market and have been admitted to the Official List. The Market is a regulated market for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA ("UK MiFIR").

This Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the United Kingdom (the "UK") and/or offered to the public in the UK other than in circumstances where an exemption is available under Section 86 of the Financial Services and Markets Act 2000 (FSMA). The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Prospectus is no longer valid.

Neither the Notes nor the Guarantee have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws and Notes in bearer form are subject to U.S. tax law requirements. Accordingly, the Notes may not be offered, sold or, in the case of Notes in bearer form, delivered, directly or indirectly within the United States or to or for the account or benefit of U.S. persons, as defined in Regulation S under the Securities Act ("Regulation S"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes may be offered for sale only (i) in the United States, to qualified institutional buyers ("QIBs") within the meaning of, and in reliance on, Rule 144A under the Securities Act ("Rule 144A"), or in a transaction not subject to the registration requirements of the Securities Act; or (ii) outside the United States in offshore transactions to persons other than U.S. persons in reliance on, and in accordance with, Regulation S, in each case, in compliance with applicable laws and regulations. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. See "*Subscription and Sale and Transfer and Selling Restrictions.*"

EACH INITIAL AND SUBSEQUENT PURCHASER OF THE NOTES OFFERED HEREBY IN MAKING ITS PURCHASE WILL BE DEEMED TO HAVE MADE CERTAIN ACKNOWLEDGMENTS, REPRESENTATIONS AND AGREEMENTS INTENDED TO RESTRICT THE RESALE OR OTHER TRANSFER OF SUCH NOTES AND MAY IN CERTAIN CASES BE REQUIRED TO PROVIDE CONFIRMATION OF COMPLIANCE WITH SUCH RESALE OR OTHER TRANSFER RESTRICTIONS. SEE "*SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS.*"

Imperial Brands has a solicited long term debt rating of Baa3 by Moody's Investors Service Ltd ("Moody's"), BBB by S&P Global Ratings UK Limited ("S&P") and BBB by Fitch Ratings Limited ("Fitch"). The Programme has been rated Baa3 by Moody's and BBB by S&P. Each of Moody's, S&P and Fitch is established in the UK and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the "UK CRA Regulation"). Each of Moody's, S&P and Fitch is not established in the European Economic Area (the "EEA") and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "EU CRA Regulation"). Accordingly, the ratings issued by Moody's, S&P and Fitch have been endorsed by Moody's Deutschland GmbH ("Moody's Europe"), S&P Global Ratings Europe Limited ("S&P Europe") and Fitch Ratings Ireland Limited ("Fitch Europe"), respectively in accordance with the EU CRA Regulation and have not been withdrawn. Each of Moody's Europe, S&P Europe and Fitch Europe is established in the EEA and registered under the EU CRA Regulation. As such each of Moody's Europe, S&P Europe and Fitch Europe is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the EU CRA Regulation.

Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche (as defined below) of Notes is rated, such solicited rating will be disclosed in the Final Terms and will not necessarily be the same as the solicited rating assigned to the Programme by Moody's and S&P. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Amounts payable on Floating Rate Notes will be calculated by reference to EURIBOR. As at the date of this Prospectus, the administrator of EURIBOR is included in the FCA's register of administrators under Article 36 of Regulation (EU) No 2016/1011 as it forms part of domestic law by virtue of the EUWA (the "UK Benchmarks Regulation"). **Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Prospectus.**

Arranger

BofA Securities

Dealers

Bank of China
BBVA
CaixaBank
Commerzbank
Goldman Sachs Bank Europe SE
HSBC
Morgan Stanley
Santander
Standard Chartered Bank

Barclays
BofA Securities
China Construction Bank (Asia)
Emirates NBD Capital
Goldman Sachs International
Mizuho
NatWest Markets
SMBC
Wells Fargo Securities

16 February 2024

IMPORTANT INFORMATION

This Prospectus comprises a base prospectus for the purposes of Article 8 of the UK Prospectus Regulation and for the purpose of giving information with regard to the Issuers, the Guarantor and the Notes which, according to the particular nature of the relevant Issuer, the Guarantor and the Notes, is necessary information which is material to an investor for making an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the relevant Issuer and the Guarantor, of the rights attaching to the Notes and the reasons for any issuance and its impact on the relevant Issuer.

The Issuers and the Guarantor accept responsibility for the information contained in this Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuers and the Guarantor the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect the import of such information.

Certain information under the heading “*Book-Entry Clearance Systems*” has been extracted from information provided by the clearing systems referred to therein. Each of the Issuers and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant clearing systems, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Prospectus is to be read in conjunction with all documents incorporated herein by reference (see “*Documents Incorporated by Reference*”). This Prospectus shall be read and construed on the basis that those documents are so incorporated and form part of this Prospectus.

Other than in relation to the documents which are deemed to be incorporated by reference (see “*Documents Incorporated by Reference*” below), the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the FCA.

Each of the Issuers and the Guarantor, having made all reasonable enquiries, confirms that this Prospectus contains all information with respect to the Issuers, the Guarantor and the Guarantor’s subsidiaries and affiliates taken as a whole (the “Group”) and the Notes that is material in the context of the issue and offering of the Notes, the statements contained in it relating to the Issuers, the Guarantor and the Group are in every material aspect true and accurate and not misleading, the opinions and intentions expressed in this Prospectus with regard to the Issuers, the Guarantor and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to the Issuers, the Guarantor, the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Prospectus misleading in any material respect and all reasonable enquiries have been made by the Issuers and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements.

To the fullest extent permitted by law, none of the Dealers or the Arranger accepts any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuers, the Guarantor, or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement.

The Notes are irrevocably and unconditionally guaranteed by the Guarantor as described in the Trust Deed.

The Notes and the Guarantee have not been, and will not be, registered under the Securities Act or with any securities regulatory authority or any state or other jurisdiction of the United States. If the Final Terms in respect of any Notes provides for Notes to be issued pursuant to Rule 144A, unless otherwise specified in any supplement to this Prospectus, each series of Notes issued pursuant to Rule 144A is initially being privately placed exclusively to persons reasonably believed by the Dealers to be QIBs within the meaning of Rule 144A or in other transactions exempt from registration in accordance with Regulation S. Notes offered to QIBs in reliance on Rule 144A will initially be represented by one or more global certificates (the “DTC Restricted Global Certificates”) and the Notes offered outside the United States in reliance on Regulation S will initially

be represented by one or more global certificates (the “Regulation S Global Certificates” and, together with the DTC Restricted Global Certificates, the “Global Certificates”). Interests in the temporary Global Note will be exchangeable for interests in a permanent Global Note on or after a date which is the first business day following the period of 40 calendar days from (but not including) the issue date of the relevant Notes upon certification as to non-U.S. beneficial ownership. After their initial private placement, the Notes represented by DTC Restricted Global Certificates may be resold to QIBs in transactions satisfying the requirements of Rule 144A or in transactions exempt from registration in accordance with Regulation S. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. See “*Subscription and Sale and Transfer and Selling Restrictions—Selling Restrictions.*” Neither this Prospectus, any Final Terms nor any Pricing Supplement constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such other information or representation must not be relied upon as having been authorised by the Issuers, the Guarantor or any of the Dealers or the Arranger (as defined in Overview of the Programme). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of any of the Issuers or the Guarantor since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of any of the Issuers or the Guarantor since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

None of the Dealers, the Issuers, the Guarantor or the Trustee makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “EU PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled “Prohibition of Sales to UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II product governance / target market – The Final Terms in respect of any Notes may include a legend entitled “MiFID II product governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering,

selling or recommending the Notes (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the “MiFID Product Governance Rules”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance / target market – The Final Terms in respect of any Notes may include a legend entitled “UK MiFIR product governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

Product Classification Pursuant to Section 309B of the Securities and Futures Act 2001 of Singapore – The Final Terms in respect of any Notes may include a legend entitled “Singapore Securities and Futures Act Product Classification” which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”). The relevant Issuer will make a determination in relation to each issue about the classification of the Notes being offered for the purposes of section 309B(1)(a) of the SFA. Any such legend included on the applicable Final Terms will constitute notice to “relevant persons” (as defined in section 309A(1) of the SFA) for purposes of section 309B(1)(c) of the SFA.

NOTICE TO CANADIAN INVESTORS

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

If applicable, pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the offering of any Notes.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Prospectus does not constitute an offer of, or an invitation or solicitation by or on behalf of the Issuers, the Guarantor or any of the Dealers or the Arranger to subscribe for, or purchase, any Notes. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuers, the Guarantor, the Dealers and the Arranger do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuers, the Guarantor or any of the Dealers or the Arranger which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes.

No representation, warranty or undertaking, express or implied, is made by the Arranger, any Dealer or the Trustee (as defined herein), and to the fullest extent permitted by law, the Arranger, the Dealers and the Trustee disclaim all responsibility or liability which they might otherwise have, as to the accuracy or completeness of the information contained in this Prospectus or any other financial statement or any further information supplied in connection with the Programme, the Issuers, the Guarantor or the Notes or their distribution. The statements made in this paragraph are made without prejudice to the responsibility of the Issuers and the Guarantor under the Programme. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuers, the Guarantor, the Arranger or the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuers or the Guarantor during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

The minimum denomination of the Notes shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes). Unless otherwise stated in the applicable Final Terms, the minimum denomination of each Legended Note (as defined below) will be U.S.\$200,000 or the approximate equivalent in other Specified Currencies.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the relevant Notes and is familiar with the behaviour of any relevant indices and financial markets; and

- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its financial and legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

U.S. INFORMATION

The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”). Notes in bearer form are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States or to, or for the benefit or account of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see “*Subscription and Sale and Transfer and Selling Restrictions*”.

This Prospectus is being submitted on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of certain Notes issued under the Programme. The Issuers and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States or to any U.S. person other than any QIBs and to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate. Distribution of this Prospectus by any non-U.S. person outside the United States or by any QIB in the United States to any U.S. person or to any other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuers of any of its contents to any such U.S. person or other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB, is prohibited.

Bearer Notes and Exchangeable Bearer Notes (each as defined below) are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and the regulations promulgated thereunder.

Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act in reliance on Rule 144A under the Securities Act (“Rule 144A”) or any other applicable exemption. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Each purchaser of Notes represented by a DTC Restricted Global Certificate or any Notes issued in registered form in exchange or substitution therefor (together “Legended Notes”) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in “*Subscription and Sale and Transfer and Selling Restrictions*”. Unless otherwise stated, terms used in this paragraph have the meanings given to them in “*Summary of Provisions Relating to the Notes While in Global Form*”.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary is unlawful.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are “restricted securities” within the meaning of the Securities Act, each of the Issuers and the Guarantor has undertaken in the Trust Deed to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by them, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as “restricted securities” within the meaning of Rule 144(a)(3) of the Securities Act and neither of the Issuers nor the Guarantor is a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the “Exchange Act”) or exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

Each of IBF and Imperial Brands is a public limited company registered in England and Wales and IBFN is a corporation organised under the laws of the Netherlands. A majority of the directors of Imperial Brands and all of the officers and directors of IBF and IBFN named herein reside outside the United States and all or a substantial portion of the assets of the Group and of its officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuers or Imperial Brands or such persons, or to enforce judgments against them obtained in courts outside England and Wales or the Netherlands, as applicable, predicated upon civil liabilities of the Issuers or Imperial Brands or such directors and officers under laws other than English law or Dutch law, as applicable, including any judgment predicated upon United States federal securities laws.

The United Kingdom

The United States and the United Kingdom currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability could not be enforced by registration in the English courts but the judgment would generally be treated as constituting a cause of action against the Group and could be sued upon summarily in the English courts.

The English courts should enter judgment against the Group in such proceedings, without re-examination of the merits of the original judgment, provided that:

- (i) the original court was of competent jurisdiction and the original judgment is final and conclusive;
- (ii) the original judgment is not for multiple damages or on a claim of contribution in respect of multiple damages (as defined by the UK Protection of Trading Interests Act 1980);
- (iii) the original judgment is for a fixed sum of money and not for a tax, fine or penalty;
- (iv) the original judgment was not obtained by fraud, or in proceedings contrary to natural justice or the principles of the European Convention on Human Rights and its enforcement is not contrary to English public policy;
- (v) enforcement proceedings are instituted within six years after the date of the judgment; and
- (vi) the original judgment is not inconsistent with a judgment in the English courts in respect of the same point at issue.

Consequently, Imperial Brands and IBF cannot assure prospective investors that judgments in civil and commercial matters obtained from U.S. federal or state courts will be enforceable in England. In addition, there is doubt as to the enforceability in England of U.S. judgments in respect of civil judgments predicated purely on U.S. securities laws. No account has been taken of the future exercise of powers by the UK government pursuant to section 5(4) of the UK Protection of Trading Interests Act 1980.

The Netherlands

The Netherlands currently does not have a treaty with the United States providing for reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any court in any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognised or enforceable in the Netherlands. In order to obtain a judgment which is enforceable in the Netherlands, the claim must be re-litigated before a competent Dutch court. A Dutch court will, under current practice, generally grant the same judgment without re-litigation analysis on merits if (i) the jurisdiction of the U.S. court has been based on grounds that are internationally acceptable, (ii) the judgment by the U.S. court was rendered in legal proceedings that comply with the standards of the proper administration of justice that includes sufficient safeguards (*behoorlijke rechtspleging*), (iii) the judgment by the U.S. court is not incompatible with a decision rendered between the same parties by a Dutch court, or with a previous decision rendered between the same parties by a foreign court in a dispute that concerns the same subject and is based on the same cause, provided that the previous decision qualifies for acknowledgement in the Netherlands and (iv) the final judgment does not contravene public policy (*openbare orde*) of the Netherlands.

Subject to the foregoing and provided that service of process occurs in accordance with applicable treaties, investors may be able to enforce in the Netherlands, judgments in civil and commercial matters obtained from U.S. federal or state courts. Moreover, a Dutch court may reduce the amount of damages granted by a U.S. court and recognise damages only to the extent that they are necessary to compensate actual losses or damages.

Dutch civil procedure differs substantially from U.S. civil procedure in a number of respects. Insofar as the production of evidence is concerned, U.S. law and the laws of several other jurisdictions based on common law provide for pre-trial discovery, a process by which parties to the proceedings may prior to trial compel the production of documents by adverse or third parties and the deposition of witnesses. Evidence obtained in this manner may be decisive in the outcome of any proceeding. No such pre-trial discovery process exists under Dutch law.

Enforcement and recognition of judgments of U.S. courts in the Netherlands are governed by the provisions of the Dutch Civil Procedure Code (*Wetboek van Burgerlijke Rechtsvordering*).

PRESENTATION OF FINANCIAL AND OTHER INFORMATION AND CERTAIN DEFINITIONS

Financial statements of the Group

The Group's financial year runs from 1 October to 30 September. The audited consolidated annual financial statements of the Group for the financial year ended 30 September 2022 (the "2022 Financial Statements") and the audited consolidated annual financial statements of the Group for the financial year ended 30 September 2023 (the "2023 Financial Statements", and together with the "2022 Financial Statements", the "Consolidated Financial Statements") have been audited by the independent auditors of the Group, Ernst & Young LLP.

The 2022 Financial Statements and the 2023 Financial Statements have been prepared in accordance with UK-adopted International Accounting Standards. UK-adopted International Accounting Standards differ in certain aspects from International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial information, are disclosed in the notes to the 2022 Financial Statements and 2023 Financial Statements incorporated by reference in this Prospectus.

Financial statements of the Issuers

IBF's financial year runs from 1 October to 30 September. The audited non-consolidated annual financial statements of IBF for the financial year ended 30 September 2022 (the "2022 IBF Financial Statements") and

the audited non-consolidated annual financial statements of IBF for the financial year ended 30 September 2023 (the “2023 IBF Financial Statements”) have been audited by the independent auditors of IBF, Ernst & Young LLP.

IBFN’s financial year runs from 1 October to 30 September. The audited non-consolidated annual financial statements of IBFN for the financial year ended 30 September 2022 (the “2022 IBFN Financial Statements”) and the audited non-consolidated annual financial statements of IBFN for the financial year ended 30 September 2023 (the “2023 IBFN Financial Statements”) have been audited by the independent auditors of IBFN, Ernst & Young Accountants LLP. Ernst & Young Accountants LLP is an independent registered audit firm with its principal place of business at Boompjes 258, 3011 XZ Rotterdam, The Netherlands. Ernst & Young Accountants LLP is registered at the Chamber of Commerce of Rotterdam in The Netherlands under number 24432944. The office address of the independent auditor of Ernst & Young Accountants LLP that signed the independent auditor’s reports is Cross Towers, Antonio Vivaldistraat 150, 1083 HP Amsterdam, The Netherlands. The auditor signing the auditor’s reports on behalf of Ernst & Young Accountants LLP is a member of the Royal Netherlands Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*).

Presentation of the Group’s Financial Information

Except as otherwise indicated herein, the Group’s financial information presented in this Prospectus as at and for the years ended 30 September 2022 and 30 September 2023 has been derived from the 2023 Financial Statements. The Group changed its internal management reporting structuring with effect from 1 October 2022. The change involved moving the Central & Eastern Europe cluster from the Europe division to the Africa, Asia and Australasia (“AAA”) division. The AAA division was subsequently renamed the Africa, Asia, Australasia and Central & Eastern Europe (“AAACE”) division. On 14 November 2023, the Group published restated comparative financial information for the year ended 30 September 2022 to reflect this change.

Rounding

Certain monetary amounts and other figures included in this Prospectus have been subject to rounding adjustments. Accordingly, any discrepancies between the totals and the sums of the amounts listed, or percentage changes thereof, are due to rounding.

Non-Financial Operating Metric

To assist prospective investors in comparing the Group’s historical performance from period to period, or at a particular time, the following non-financial operating metric has been presented in this Prospectus (the “Non-Financial Operating Metric”):

- “Tobacco volume” represents volumes on a stick-equivalent basis to reflect combined cigarette, fine-cut tobacco, cigar and snus volumes.

The Non-Financial Operating Metric included in this Prospectus and described above is derived from management estimates, which are not part of the Group’s financial statements or financial accounting records and have not been audited or otherwise reviewed by outside auditors, consultants or experts. The Group’s use or computation of this measure may not be comparable to the use or computation of similarly titled measures reported by other companies in the tobacco industry. The Non-Financial Operating Metric should not be considered in isolation or as an alternative measure of performance under UK adopted international accounting standards.

Definitions

Capitalised terms which are used but not defined in any particular section of this Prospectus will have the meaning attributed to them in “*Terms and Conditions of the Notes*” or any other section of this Prospectus. In addition, the following terms as used in this Prospectus have the meanings defined below:

In this Prospectus, all references to:

- **2015 U.S. Acquisition** means the Group’s 2015 acquisition of certain brands from Reynolds American, Inc., including brands formerly owned by Lorillard Tobacco Company;
- **€STR** means the Euro Short-Term Rate;
- **AAACE** means the Group’s Africa, Asia, Australasia and Central & Eastern Europe business segment;
- **affiliates**, unless the context otherwise requires, has the meaning ascribed to it under Rule 405 of the Securities Act;
- **Altadis** means Altadis S.A.U.;
- **Altadis Group** means Altadis and its subsidiary undertakings;
- **BAT** means British American Tobacco plc;
- **blu** means the Group’s vapour brand, which has several product variants using this brand name;
- **Board** or **Board of Directors** means the board of directors of Imperial Brands;
- **Brexit** means the UK’s withdrawal from the European Union on 31 January 2020;
- **Clearstream, Luxembourg** means Clearstream Banking S.A.;
- **Commonwealth Brands** means CBHC, Inc., the holding company of Commonwealth Brands, Inc., a cigarette manufacturing and distribution business;
- **COVID-19** means the strain of infectious disease caused by the virus SARS-CoV-2, the pandemic resulting therefrom that is continuing as of the date of this Prospectus and public health events related thereto;
- **Director** or **Directors** means a director or directors of Imperial Brands;
- **Distribution** means the Group’s business of distribution of tobacco and NGP products for tobacco and NGP product manufacturers, including the Group’s Tobacco & NGP business, as well as non-tobacco and NGP products and services, as further described in “*Description of the Group and its Business—The Group’s Business Segments*”;
- **DTC** means The Depository Trust Company;
- **ECP** means eurocommercial paper;
- **ESG** means Environmental, Social and Governance;
- **EU** means the European Union;
- **EURIBOR** means the Euro Interbank Offered Rate;
- **euro, EUR, Euro** and **€** refer to the lawful currency of the Member States of the European Union participating in the European Monetary Union;
- **Euroclear** means Euroclear Bank SA/NV;
- **Eurozone** means the Member States of the European Union participating in the European Monetary Union;
- **EUTPD** means the EU Tobacco Products Directive (2014/40/EU), as amended;

- **Exchange Act** means the U.S. Securities Exchange Act of 1934, as amended;
- **Facilities Agreement** means the credit facilities agreement dated 30 March 2020 between, among others, IBF and Imperial Tobacco Germany Finance GmbH as borrowers, Imperial Brands and ITL as guarantors and a syndicate of twenty banks as original lenders;
- **FDA** means the U.S. Food and Drug Administration;
- **fine cut tobacco** or **roll-your-own/make-your-own** means loose tobacco, which is used with rolling papers or filter tubes;
- **Fitch** means Fitch Ratings Ltd and its successors;
- **Fontem U.S.** means Fontem US, LLC;
- **GDPR** means the EU General Data Protection Regulation ((EU) 2016/679), as amended;
- **Guarantor** means Imperial Brands;
- **HMRC** means His Majesty's Revenue and Customs of the UK;
- **IBFF** means Imperial Brands Finance France S.A.S.;
- **Imperial Brands** means Imperial Brands PLC;
- **Initial State Settlements** means the four settlement agreements entered into in 1997 and 1998 between Mississippi, Florida, Texas and Minnesota and the OPMs, resolving claims brought by those states, as amended, supplemented or replaced;
- **IP** means intellectual property;
- **IBF** means Imperial Brands Finance PLC;
- **IBFN** means Imperial Brands Finance Netherlands B.V.;
- **Issuers** means IBF and IBFN (each, an **Issuer**);
- **ITG Brands** means ITG Brands, LLC, the entity formerly known as Lignum-2, LLC, a private tobacco company that sells fine cut tobacco and cigarettes in the U.S., which the Group acquired on 12 May 2008;
- **ITL** means Imperial Tobacco Limited;
- **ITPF** means Imperial Tobacco Pension Fund, constituted by the definitive trust deed and rules dated 1 March 1995 (as amended from time to time);
- **KT&G** means Korea Tobacco & Ginseng Corporation;
- **LIBOR** means the London Interbank Offered Rate;
- **Liquidity** means the Group's ability to generate sufficient cash flow from its operating activities to meet its contractual obligations and commercial commitment together with its undrawn committed bank facilities, ECP, cash and cash equivalents and expectation of obtaining appropriate bank facilities, capital markets debt, ECP and/or equity financing in the future;
- **Logista** means Compañía de Distribución Integral Logista Holdings, S.A.;
- **London Stock Exchange** means London Stock Exchange plc;

- **Lorillard** means Lorillard Tobacco Company;
- **Member State** means a state that is a member of the European Union;
- **Moody's** means Moody's Investors Service Ltd. and its successors;
- **MSA** means the Master Settlement Agreement, dated as of 23 November 1998, among 46 U.S. states, the District of Columbia and five U.S. territories listed on the signature pages thereto, Philip Morris USA, Inc. (as successor to Philip Morris Incorporated), R.J. Reynolds Tobacco Company, Brown & Williamson Tobacco Corporation, Lorillard Tobacco Company and various SPMs as listed on the National Association of Attorneys General list of "Participating Manufacturers", as amended, supplemented or replaced;
- **Nerudia** means Nerudia Limited;
- **NGP** means next generation products (individually vapour, modern oral and heated tobacco, including herbal adjacencies);
- **Nordics** means Norway, Denmark, Sweden, Finland and Estonia;
- **OLAF** means the European Anti-Fraud Office of the European Commission;
- **Original Participating Manufacturers** or **OPMs** means Philip Morris USA, Inc. (as successor to Philip Morris Incorporated), R.J. Reynolds Tobacco Company, Brown & Williamson Tobacco Corporation and Lorillard Tobacco Company;
- **Philip Morris USA** means Philip Morris USA, Inc.;
- **pound sterling, GBP, Sterling, sterling** and **£** refer to the lawful currency of the UK;
- **Premium Cigars** means the Group's international premium cigar business, the disposal of which was substantially completed on 29 October 2020;
- **Rating Agency** means either Moody's or S&P and **Rating Agencies** means both of them;
- **Regulation S** means Regulation S under the Securities Act;
- **Restated 2022 Financial Information** refers to the restated comparative financial information for the year ended 30 September 2022 that the Group published on 14 November 2023 to reflect the Group's change to its internal management reporting structuring with effect from 1 October 2022, whereby the Central & Eastern Europe cluster was moved from the Europe division to the AAA division. The AAA division was subsequently renamed the AAACE division.
- **Reynolds** means Reynolds American, Inc.;
- **RJR Tobacco** means R.J. Reynolds Tobacco Company, a North Carolina corporation and wholly-owned subsidiary of Reynolds;
- **Rule 144A** means Rule 144A under the Securities Act;
- **S&P** means S&P Global Ratings UK Limited and its successors;
- **Securities Act** means the U.S. Securities Act of 1933, as amended;
- **SEITA** means Société Nationale d'Exploitation Industrielle des Tabacs et Allumettes S.A.S.;
- **SOFR** means the Secured Overnight Financing Rate;

- **SONIA** means the Sterling Overnight Index Average;
- **State Settlement Agreements** means the Initial State Settlements together with the MSA;
- **Stick-equivalent basis** means the Group’s combined cigarette, fine cut tobacco, cigar and snus volumes but exclude any NGP volume such as heated tobacco, modern oral nicotine and vapour;
- **Subsequent Participating Manufacturers** or **SPMs** means companies other than the OPMs that were permitted to join the MSA even though most of them were not parties to the original state actions;
- **Tobacco & NGP** means the Group’s business of manufacture, marketing and sale of tobacco and NGP and tobacco and NGP-related products, including sales to (but not by) the Group’s Distribution business, comprising the Group’s Europe, Americas and AAACE segments, each as further described in “*Description of the Group and its Business—The Group’s Business Segments*”;
- **Tobacco price/mix** means the movement in revenue due to the relative proportions of higher value volumes sold compared to lower value volumes sold (mix)
- **UK GDPR** means the EU General Data Protection Regulation ((EU) 2016/679), as amended and as it forms part of domestic law by virtue of the EUWA;
- **United Kingdom** or **UK** means the United Kingdom of Great Britain and Northern Ireland;
- **United States, USA** or **U.S.** means the United States of America;
- **U.S. dollar, USD** and **U.S.\$** refer to the lawful currency of the U.S.;
- **U.S. person** means a U.S. person as defined in Regulation S;
- **WHO** means the World Health Organization; and
- **WHO FCTC** means the WHO Framework Convention on Tobacco Control, which entered into force on 27 February 2005.

Certain figures and percentages included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In this Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

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STABILISATION

In connection with the issue of any Tranche of Notes (as defined in “*Overview of the Programme – Method of Issue*”), one or more relevant Dealers (the “Stabilisation Manager(s)”) (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following:

- (i) the 2022 IBF Financial Statements, together with the audit report thereon (<https://www.imperialbrandsplc.com/content/dam/imperialbrands/corporate2022/documents/investors/debt-information/reports-and-results/annualreportsibf/221219%20IBF%20Stat%20Accounts.pdf.downloadasset.pdf>);
- (ii) the 2023 IBF Financial Statements, together with the audit report thereon (<https://www.imperialbrandsplc.com/content/dam/imperialbrands/corporate/documents/investors/debt-information/IBF-Annual-Report-and-Financial-Statements-2023.pdf.downloadasset.pdf>);
- (iii) the 2022 IBFN Financial Statements, together with the audit report thereon (<https://www.imperialbrandsplc.com/content/dam/imperialbrands/corporate2022/documents/investors/debt-information/reports-and-results/AnnualReportsIBFN/IBFN%20FY%2022%20Accounts.pdf.downloadasset.pdf>);
- (iv) the 2023 IBFN Financial Statements, together with the audit report thereon (https://www.imperialbrandsplc.com/content/dam/imperialbrands/corporate/documents/investors/debt-information/20231231_IBFN%20BV_Financial_Statements_FY23_inc_Audit_Report.pdf.downloadasset.pdf);
- (v) the following section of the Guarantor's annual report and accounts (the "2022 Annual Report") (<https://www.imperialbrandsplc.com/content/dam/imperialbrands/corporate2022/documents/investors/reports/Imperial%20Brands%27%202022%20Annual%20Report.pdf.downloadasset.pdf>) for the financial year ended 30 September 2022:
 - (A) the 2022 Financial Statements, together with the audit report thereon, on pages 156 to 220 of the 2022 Annual Report;
 - (B) the section entitled "Adjusted Performance Measures" on pages 221 to 228 of the 2022 Annual Report; and
 - (C) the section entitled "Glossary" on page 229 of the 2022 Annual Report.
- (vi) the following sections of the Guarantor's annual report and accounts (the "2023 Annual Report") (<https://www.imperialbrandsplc.com/content/dam/imperialbrands/corporate/documents/investors/reports/imperial-brands-2023-annual-report.pdf.downloadasset.pdf>) for the financial year ended 30 September 2023:
 - (A) the 2023 Financial Statements, together with the audit report thereon, on pages 169 to 234 of the 2023 Annual Report;
 - (B) the section entitled "Alternative Performance Measures" on pages 235 to 243 of the 2023 Annual Report;
 - (C) the section entitled "Glossary" on pages 244 to 246 of the 2023 Annual Report; and
 - (D) the section entitled "Related Undertakings" on pages 251 to 262 of the 2023 Annual Report.
- (vii) the terms and conditions contained in the prospectus dated 25 January 2023 on pages 40 to 71 inclusive (<https://www.imperialbrandsplc.com/content/dam/imperialbrands/corporate/documents/investors/debt-information/emtn/prospectus/230130%20Prospectus.pdf.downloadasset.pdf>);
- (viii) the terms and conditions contained in the prospectus dated 23 June 2020 on pages 39 to 70 inclusive (<https://www.imperialbrandsplc.com/content/dam/imperialbrands/corporate2022/documents/investors/debt-information/emtn/prospectus/200623%20Prospectus.pdf.downloadasset.pdf>);

- (ix) the terms and conditions contained in the prospectus dated 30 January 2019 on pages 31 to 62 inclusive (https://www.imperialbrandsplc.com/content/dam/imperial-brands/corporate/investors/debt-information/2019.01.30_Debt%20Issuance%20Programme_Prospectus.pdf);
- (x) the terms and conditions contained in the prospectus dated 6 December 2016 on pages 30 to 58 inclusive (<https://www.imperialbrandsplc.com/content/dam/imperialbrands/corporate2022/documents/investors/debt-information/emtn/prospectus/161206%20Prospectus.pdf.downloadasset.pdf>);
- (xi) the terms and conditions contained in the prospectus dated 21 February 2014 on pages 25 to 53 inclusive (<https://www.imperialbrandsplc.com/content/dam/imperialbrands/corporate2022/documents/investors/debt-information/emtn/prospectus/140221%20Prospectus.pdf.downloadasset.pdf>); and
- (xii) the terms and conditions contained in the prospectus dated 16 December 2010 on pages 25 to 47 inclusive (https://www.imperialbrandsplc.com/content/dam/imperial-brands/corporate/investors/debt-information/Imperial_EMTN_Prospectus_2010.pdf).

which have in each case been previously published or are published simultaneously with this Prospectus and which have been approved by the FCA or filed with it. Such documents shall be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms.

This Overview constitutes a general description of the Programme for the purposes of Regulation (EU) No 2019/980 as it forms part of domestic law by virtue of the EUWA.

Words and expressions defined in “*Terms and Conditions of the Notes*” and “*Summary of Provisions Relating to the Notes While in Global Form*” shall have the same meanings in this Overview.

Issuers:	Imperial Brands Finance PLC Imperial Brands Finance Netherlands B.V.
Issuer Legal Entity Identifier (LEI):	Imperial Brands Finance PLC: 2138008L3B3MCG1DFS50 Imperial Brands Finance Netherlands B.V.: 724500GIEFJOBWGD0272
Website of the Issuers:	https://www.imperialbrandsplc.com (the “Group Website”)
Guarantor:	Imperial Brands PLC
Description:	Debt Issuance Programme.
Size:	Up to €15,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Risk Factors:	There are certain factors that may affect the relevant Issuer’s ability to fulfil its obligations under Notes issued under the Programme and/or the Guarantor’s ability to fulfil its obligations under the Guarantee in respect of such Notes. These are set out under “ <i>Risk Factors</i> ”. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are also set out under “ <i>Risk Factors</i> ”, together with certain risks relating to the structure of a particular issue of Notes and risks relating to Notes generally.
Arranger:	Merrill Lynch International
Dealers:	Banco Bilbao Vizcaya Argentaria, S.A. Banco Santander, S.A. Bank of China Limited, London Branch Barclays Bank PLC Barclays Capital Inc. BBVA Securities Inc. BofA Securities Europe SA BofA Securities, Inc. CaixaBank, S.A. China Construction Bank (Asia) Corporation Limited Commerzbank Aktiengesellschaft Commerz Markets LLC Emirates NBD Bank PJSC Goldman Sachs Bank Europe SE Goldman Sachs International

HSBC Bank plc
HSBC Securities (USA) Inc.
Merrill Lynch International
Mizuho International plc
Mizuho Securities Europe GmbH
Mizuho Securities USA LLC
Morgan Stanley & Co. International plc
Morgan Stanley & Co. LLC
NatWest Markets Plc
NatWest Markets Securities Inc.
Santander US Capital Markets LLC
SMBC Bank EU AG
SMBC Nikko Capital Markets Limited
SMBC Nikko Securities America, Inc.
Standard Chartered Bank
Wells Fargo Securities Europe S.A.
Wells Fargo Securities International Limited
Wells Fargo Securities, LLC

The Issuers may from time to time terminate the appointment of any Dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Prospectus to “Permanent Dealers” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

Trustee:

BNY Mellon Corporate Trustee Services Limited

Issuing and Paying Agent:

The Bank of New York Mellon, London Branch

Method of Issue:

The Notes will be issued on a syndicated or non-syndicated basis.

The Notes will be issued in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the applicable Final Terms.

Issue Price:

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.

Form of Notes:

Notes may be issued in bearer form only (“Bearer Notes”), in bearer form exchangeable for Registered Notes (“Exchangeable Bearer Notes”) or in registered form only (“Registered Notes”). Registered Notes may not be exchanged for Bearer Notes and Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

Each Tranche of Bearer Notes and Exchangeable Bearer Notes having a maturity of more than one year will initially be represented

on issue by a temporary global note in bearer form (a “temporary Global Note”) and any other such Tranche will be represented by a permanent global note in bearer form (a “permanent Global Note”, and together with a temporary Global Note, the “Global Notes”). Global Notes may be deposited on the issue date (i) if the Global Notes are intended to be issued in new global note (“NGN”) form, as stated in the applicable Final Terms, with a common safekeeper (the “Common Safekeeper”) on behalf of Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream, Luxembourg”); and (ii) if the Global Notes are not intended to be issued in NGN form, with a common depositary (the “Common Depositary”) on behalf of Euroclear and Clearstream, Luxembourg. The provisions governing the exchange of interests in Global Notes for other Global Notes and Definitive Notes (as defined under “*Summary of Provisions Relating to the Notes While in Global Form*”) are described in “*Summary of Provisions Relating to the Notes While in Global Form*”.

Each Tranche of Registered Notes will be represented by registered certificates (each a “Certificate”), one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Tranche.

Registered Notes which are sold in an “offshore transaction” within the meaning of Regulation S (“Regulation S Registered Notes”) will be registered in the name of a common nominee of Euroclear and Clearstream, Luxembourg or, if such Regulation S Registered Notes are intended to be held under the new safe-keeping structure (the “NSS”), in the name of a nominee of a Common Safekeeper on its issue date. Regulation S Registered Notes will initially be represented by a global unrestricted Certificate (a “Regulation S Global Certificate”) and will be deposited with a Common Depositary or, if such Regulation S Global Certificate is intended to be held under the NSS, a Common Safekeeper, as the case may be, on its issue date. Beneficial interests in a Regulation S Registered Note will be shown on, and transfers thereof will be effected only through, records maintained by, Euroclear and Clearstream, Luxembourg and their participants.

Registered Notes which are sold to qualified institutional buyers within the meaning of Rule 144A, as referred to, and subject to the transfer restrictions described, in “*Subscription and Sale and Transfer and Selling Restrictions*” (“DTC Registered Notes”), will be registered in the name of a nominee of The Depository Trust Company (“DTC”) on their issue date. DTC Registered Notes will initially be represented by a DTC Restricted Global Certificate and will be deposited with a custodian for DTC. Beneficial interests in a DTC Registered Note will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants.

Individual definitive Certificates will only be available in certain limited circumstances as described in “*Summary of Provisions Relating to the Notes While in Global Form*”.

Clearing Systems:

Euroclear, Clearstream, Luxembourg and, in relation to any Tranche of DTC Registered Notes, DTC or, in relation to any Tranche, such other clearing system as may be agreed between the

relevant Issuer, the Guarantor, the Issuing and Paying Agent, the Trustee and the relevant Dealer(s), as specified in the applicable Final Terms.

Currencies: Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency as may be agreed between the relevant Issuer, the Guarantor and the relevant Dealer(s) and as set out in the applicable Final Terms.

Maturities: Subject to compliance with all relevant laws, regulations and directives, Notes may be issued with any maturity as may be agreed between the relevant Issuer, the Guarantor and the relevant Dealer(s) and as set out in the applicable Final Terms.

Specified Denomination: The minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

Unless otherwise stated in the applicable Final Terms, the minimum denomination of each Legended Note will be U.S.\$200,000 or the approximate equivalent in other Specified Currencies.

Fixed Rate Notes: Fixed interest will be payable in arrear on the date or dates in each year specified in the applicable Final Terms.

Floating Rate Notes: Floating Rate Notes will bear interest determined separately for each Series by reference to EURIBOR as adjusted for any applicable margin.

Interest periods will be specified in the applicable Final Terms.

The margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer(s) for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Notwithstanding the foregoing, the Terms and Conditions contain provisions pursuant to which amendments may be made to the interest terms in the event that the Reference Rate has ceased to be published as a result of such Reference Rate ceasing to be calculated or administered.

Zero Coupon Notes: Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

Interest Periods and Interest Rates: The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the applicable Final Terms.

Redemption:	The applicable Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by the then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than 1 year and in respect of which the issue proceeds are to be accepted by the relevant Issuer in the UK or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000, as amended (“FSMA”) must have a minimum redemption value of £100,000 (or its equivalent in other currencies).
Optional Redemption:	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the relevant Issuer (either in whole or in part) and/or the Holders (as defined below), and if so the terms applicable to such redemption. See “ <i>Terms and Conditions of the Notes – Redemption, Purchase and Options</i> ”.
Make-Whole Redemption by the Issuer:	If specified in the applicable Final Terms, the relevant Issuer will have the option to redeem the Notes, in whole or in part, at any time or from time to time, prior to their Maturity Date (or during such other period as specified in the applicable Final Terms), at the Spens Amount or Make-Whole Redemption Amount (as the case may be). See “ <i>Terms and Conditions of the Notes – Redemption, Purchase and Options – Make-Whole Redemption by the Issuer (Issuer Make-Whole Call)</i> ” for further information.
Issuer Par Call:	If specified in the applicable Final Terms, the relevant Issuer will have the option to redeem the Notes in whole, but not in part, at any time during the Par Call Period specified as being applicable in the applicable Final Terms, at the Final Redemption Amount. See “ <i>Terms and Conditions of the Notes – Redemption, Purchase and Options – Issuer Par Call Option</i> ” for further information.
Issuer Residual Call:	If specified in the applicable Final Terms, the relevant Issuer will have the option to redeem the Notes in whole, but not in part, at the Residual Call Early Redemption Amount if the aggregate nominal amount of the Notes then Outstanding (as defined in the Trust Deed) is 20 per cent or less of the aggregate nominal amount of the Series issued. See “ <i>Terms and Conditions of the Notes – Redemption, Purchase and Options – Issuer Residual Call Option</i> ” for further information.
Status of Notes:	The Notes and the Guarantee will constitute unsubordinated and unsecured obligations of the relevant Issuer and the Guarantor, respectively, all as described in “ <i>Terms and Conditions of the Notes – Status</i> ”.
Negative Pledge:	See “ <i>Terms and Conditions of the Notes – Negative Pledge</i> ”.
Cross Default:	See “ <i>Terms and Conditions of the Notes – Events of Default</i> ”.
Step Up Rating Change and Step Down Rating Change:	If Step Up Rating Change and Step Down Rating Change is specified in the applicable Final Terms, the Rate of Interest payable on the Notes will be subject to adjustment from time to time in the event of a Step Up Rating Change or a Step Down Rating Change (both as defined below), as the case may be. See “ <i>Terms and Conditions of the Notes – Interest and other Calculations</i> ”.

Change of Control Investor Put:	See “ <i>Terms and Conditions of the Notes – Redemption, Purchase and Options</i> ”.
Early Redemption:	Except as provided in “ <i>Optional Redemption</i> ”, “ <i>Make-Whole Redemption by the Issuer</i> ”, “ <i>Issuer Par Call</i> ” and “ <i>Issuer Residual Call</i> ” above, Notes will be redeemable at the option of the relevant Issuer prior to maturity only for tax reasons. See “ <i>Terms and Conditions of the Notes – Redemption, Purchase and Options</i> ”.
Withholding Tax:	All payments of principal and interest by or on behalf of the relevant Issuer or the Guarantor in respect of the Notes and the Coupons will be made free and clear of withholding taxes of any Tax Jurisdiction unless the withholding is required by law. In such event, the relevant Issuer or the Guarantor shall, subject to customary exceptions, pay such additional amounts as shall result in receipt by the Holder of the Notes or Coupons of such amounts as would have been received by it had no such withholding been required, all as described in “ <i>Terms and Conditions of the Notes – Taxation</i> ”.
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with them will be governed by, and shall be construed in accordance with, English law.
Listing:	Application has been made for Notes issued under the Programme to be listed on the London Stock Exchange.
Ratings:	The Programme has been rated Baa3 by Moody’s and BBB by S&P. Each Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such solicited rating will be disclosed in the Final Terms and will not necessarily be the same as the solicited ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the U.S., the EEA (including Italy, France, Belgium and the Netherlands), the UK, Singapore, Japan and Canada. See “ <i>Subscription and Sale and Transfer and Selling Restrictions</i> ”.
U.S. Selling Restrictions:	The Issuers and the Guarantor are Category 2 for the purposes of Regulation S under the Securities Act. Bearer Notes and Exchangeable Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1. 163-5(c)(2)(i)(D) (or any successor U.S. Treasury regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the “D Rules”) unless (i) the applicable Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. §1. 163-5(c)(2)(i)(C) (or any successor U.S. Treasury regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the “C Rules”) or (ii) the Notes are issued other than

in compliance with the D Rules or the C Rules, but in circumstances in which the Notes will not constitute “registration required obligations” under the U.S. Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the applicable Final Terms as a transaction to which TEFRA is not applicable.

Registered Notes may be offered and sold in compliance with Rule 144A under the Securities Act.

Transfer Restrictions:

There are restrictions on the transfer of certain Notes. *See “Subscription and Sale and Transfer and Selling Restrictions”.*

FORWARD-LOOKING STATEMENTS

This Prospectus contains statements that may be considered to be “forward-looking statements” within the meaning of U.S. securities laws and the securities laws of certain other jurisdictions. Forward-looking statements appear in a number of places throughout this Prospectus, including, without limitation, under “*Risk Factors*”, “*Use of Proceeds*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Description of the Group and its Business*”.

All statements other than statements of historical facts included in this Prospectus, including, without limitation, statements regarding the Group’s future financial position, risks and uncertainties related to the Group’s business, strategy, capital expenditure, projected costs and plans and objectives for future operations, may be deemed to be forward-looking statements. Words such as “believes”, “expects”, “anticipates”, “projects”, “forecasts”, “intends”, “plans”, “should”, “could”, “may”, “might”, “will”, “would”, “seeks”, “estimates”, “probability”, “possible”, “risk”, “target”, “goal”, “objective”, “future” or similar expressions or variations of such expressions or the negatives thereof are intended to identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct.

Forward-looking statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance. The Group’s actual results of operations, financial condition and liquidity, as well as developments in the industry and markets in which the Group operates, may differ materially from those expressed in or suggested by the forward-looking statements included in this Prospectus for many reasons, including due to the factors described under “*Risk Factors*”. Even if the Group’s results of operations, financial condition and liquidity, and developments in the industry and markets in which the Group operates, are consistent with the forward-looking statements included in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. For example, factors that could cause the Group’s actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements include, but are not limited to:

- risks relating to geopolitical and economic conditions in the countries and regions in which the Group operates, including the U.S. and Western Europe;
- risks relating to pricing, excise or other product taxes, duties and levies;
- risks relating to increased product regulation and regulatory changes and increases in regulatory compliance costs;
- risks relating to supply chain failures, price fluctuations, inflation, increased costs and disruptions of labour relations;
- risks relating to potential cyber security incidents or loss of personal or corporate data and failure of or significant disruptions of the Group’s information systems;
- risks relating to the Group’s ability to align its product portfolio and interaction approach with consumer preferences;
- risks relating to high competition in the markets in which the Group operates, changes in demand and pricing pressures and failure to obtain commercial insights, anticipate changes and effectively respond to changes in the market environment;
- risks relating to the Group’s ability to develop commercially sustainable NGP (as defined herein) categories;
- risks relating to the Group’s ability to deliver an effective ESG (as defined herein) strategy in line with stakeholder expectations;
- risks relating to pending or threatened litigation and related costs;

- risks relating to the Group’s ability to manage organisational transformation and/or achieve the expected benefits of its strategic transformation programme;
- risks relating to changes in tax regulation applicable to the Group or changes in the interpretation thereof;
- risks relating to the Group’s ability to sufficiently manage its liquidity and financing requirements;
- risks relating to interest and foreign exchange rates;
- risks relating to the Group’s ability to attract or retain required capabilities and talent;
- risks relating to potential loss of key customers and distributors;
- risks relating to potential internal control failures;
- risks relating to potential failures in product stewardship, quality control or contamination;
- risks relating to the Group’s conduct of business in countries subject to international sanctions;
- risks relating to regional or global health pandemics;
- risks relating to substantial payment obligations under the MSA (as defined herein) and other State Settlement Agreements and U.S. state certification requirements; and
- other factors discussed under “*Risk Factors*”.

These risks are not exhaustive. Other sections of this Prospectus describe additional factors that could adversely affect the Group’s results of operations, financial condition and liquidity, as well as developments in the industry and markets in which the Group operates. New risks can emerge from time to time and it is not possible for management to predict all such risks, nor can management assess the impact of all such risks on the Group’s business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Given these risks and uncertainties, potential investors should not place undue reliance on any forward-looking statements. You are urged to read this entire Prospectus, including the sections entitled “*Risk Factors*”, “*Use of Proceeds*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Description of the Group and its Business*”, for a more complete discussion of the factors that could affect the Group’s future performance and the industry and markets in which the Group operates.

All forward-looking statements included in this Prospectus speak only as of the date on which they are made. The Issuers and the Guarantor undertake no obligation to publicly update or revise any forward-looking statements to reflect new information, future events or otherwise. Comparisons of results between current and prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

RISK FACTORS

The Issuers and the Guarantor believe that the following factors may affect their ability to fulfil their obligations under the Notes and the Guarantee, as applicable. Most of these factors are contingencies, which may or may not occur.

The factors below contain a description of all material risks that may affect the Issuers' and the Guarantor's ability to fulfil their obligations under the Notes and the Guarantee, as applicable. There may be additional risks that the Group currently considers immaterial or of low likelihood of which it is currently unaware, and any of these risks could have effects in addition to the factors set forth below.

The Issuers and the Guarantor believe that the factors described below represent the material risks inherent in investing in the Notes and the Guarantee, but their inability to pay interest, principal or other amounts on or in connection with the Notes and the Guarantee may occur for other reasons and the Issuers and the Guarantor do not represent that the statements below regarding the risks of holding the Notes and the Guarantee are exhaustive. Investors should carefully read the risk factors described below and the rest of the information included in this Prospectus prior to deciding to invest in the Notes. The trading price of the Notes could decline due to any of these risks, either alone or in combination, and investors may lose all or part of their investment. This Prospectus also contains certain forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements" above. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by the Group, described below and elsewhere in this Prospectus.

In addition, factors that are material for the purpose of assessing the market risks associated with investing in the Notes issued under the Programme and the Guarantee are also described below. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views, seeking their own professional advice as and where they deem it necessary, prior to making any investment decision.

FACTORS THAT MAY AFFECT THE ISSUERS' OR THE GUARANTOR'S ABILITY TO FULFIL THEIR RESPECTIVE OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME AND THE GUARANTEE

Risks Relating to the Group

The Group is exposed to the geopolitical and economic conditions of the countries and regions in which it operates, with a particular concentration in Western Europe and the U.S.

The Group is exposed to geopolitical and economic conditions that could impact its largest markets, including the U.S., Germany, the UK, Australia and Spain, which together represented approximately 70 per cent of the Group's operating profit for the year ended 30 September 2023. The growth of the Group's business is underpinned by its positions in these and other key countries and regions. Any adverse geopolitical or economic developments in, or affecting, the Group's key countries and regions, including, but not limited to, the outbreak of war or conflict, pandemics, increased international trade tensions, inflation, rising interest rates, recessionary conditions, sovereign debt defaults, a significant decline in the credit rating of one or more sovereigns or financial institutions, or disruptions in the political and economic conditions of the European Union (the "EU") and/or Eurozone (including the actual or threatened breakup of the EU or exit from the EU by another Member State), could cause severe stress in the financial system generally and on the euro, sterling, or U.S. dollar, and could disrupt the banking system generally and adversely affect the markets in which the Group operates and the businesses and economic condition and prospects of the Group's counterparties, customers, suppliers or creditors, directly or indirectly, in ways that are difficult to predict.

In recent years, protectionist trade policies have been increasing around the world and it is unclear what additional tariffs, duties, border taxes or other similar assessments on imports might be implemented in the future and what effects these changes may have on the Group's sales in its priority markets. Such protectionist trade legislation in the U.S., the EU or other priority markets, including changes in the current tariff structures, export or import compliance laws, or other trade policies and changes in trade policies as a result of the UK's withdrawal from the EU on 31 January 2020 ("Brexit"), could reduce the Group's ability to sell its products

in such markets and increase the relative cost of the Group's products to local consumers, which could have a negative impact on demand. Any increase in protectionist policies could adversely affect the Group's revenue, costs, profits, business, financial condition, results or prospects, which, in turn, could impact the Issuers' and the Guarantor's revenue, costs, profits, business, financial condition, results or prospects.

The Group's results and prospects for the Group's operations in developing markets are dependent, in part, on the political stability, economic activity, regulatory requirements, policies and judicial systems of those countries. Some of the countries in which the Group operates face the risk of civil unrest, regime changes, nationalisation, terrorism, conflict and threat of war, as well as an increased risk of fraud and corruption, both externally and internally. Economic, political, legal, regulatory or other developments or uncertainties in developing markets could disrupt the Group's supply chain, compliance with applicable regulations, distribution capabilities or cash flows. These developments could also lead to the loss of property or equipment that is critical to the Group's business in certain markets, which could adversely affect the Group's revenue, costs, profits, business, financial condition, results or prospects, which, in turn, could impact the Issuers' and the Guarantor's revenue, costs, profits, business, financial condition, results or prospects.

Furthermore, geopolitical conflicts may have a negative impact on both local and global economic conditions and continuity of supply. For example, on 24 February 2022, Russia launched a large-scale invasion of Ukraine. This conflict has impacted and is expected to continue to impact energy prices and energy supply in Europe, which is largely dependent on Russian natural gas and crude oil, with further impacts on the cost of raw materials and commodity prices. In addition, a large number of countries have implemented unprecedented economic and other sanctions against Russia in response to the invasion of Ukraine. Examples of such sanctions include a prohibition on doing business with certain Russian companies, large financial institutions, officials and oligarchs, a commitment by certain countries and the EU to remove selected Russian banks from the Society for Worldwide Interbank Financial Telecommunications (the electronic banking network that connects banks globally) and restrictions on energy imports from Russia in the EU. Many Western companies have also announced the cessation of their Russian businesses and/or their unwillingness to retain interests in Russian assets or to continue dealing with Russian or related counterparties, even where such action is not required by current sanction regimes. The scope and scale of such economic sanctions and voluntary actions by companies remain subject to rapid and unpredictable change and have had, and may have further, considerable negative impacts on global macroeconomic conditions and on European economies and counterparties. Moreover, existing concerns about market volatility, rising commodity prices, disruptions to supply chains, high rates of inflation and the risk of regional or global recessions or "stagflation" (i.e., recession or reduced rates of economic growth coupled with high rates of inflation) have been exacerbated by Russia's invasion of Ukraine. Any of the above factors may have an adverse effect on the global economy, the Group's, the Issuers' and the Guarantor's customers and the Group's revenue, costs, profits, business, financial condition, results or prospects.

As a result of the war in Ukraine, the Group's operations in the country, including at its production factory in Kyiv, were temporarily suspended on 24 February 2022. In April 2022, the Group resumed certain of its operations in Ukraine. In the year ended 30 September 2023, operations continued at the Kyiv factory after relocation of export volumes to other global manufacturing sites, with the Kyiv factory supplying the local market and contract manufacturing. In May 2023, the Kyiv factory was impacted by an air strike which caused damage to the factory. All critical areas are being restored, and operations were resumed in June 2023 with no impact on supply to the local market due to existing safety stocks. While further security measures have been implemented and the Group has implemented contingency plans, production at the Kyiv factory could be subject to further future suspensions or could be impacted by further air strikes, which may have a direct financial and logistical impact on the Group. Furthermore, the Group's operations, manufacturing and marketing activities in Russia were also suspended and subsequently transferred as a going concern to a local third party on 27 April 2022. The total value of all direct and indirect exit charges and impairments related to the transfer of the Group's Russian business in the financial year ended 30 September 2022 was £399 million, comprising a loss on transfer of Russian operations of £364 million and impairment of assets and exit costs of £35 million, compared to £4 million in the financial year ended 30 September 2023. In the year ended 30 September 2023, Ukraine represented approximately 0.7 per cent of the Group's net revenue and 0.8 per cent of operating profit. At present, it is difficult to ascertain how long the conflict between Russia and Ukraine may last, or how severe its impacts may become. If the conflict is prolonged, escalates or expands (including if additional countries become involved), or if additional economic sanctions or other measures are imposed, or if volatility in commodity prices or disruptions to supply chains are sustained or worsen, regional and global

macroeconomic conditions and financial markets could be impacted more severely, which, in turn, could have a more severe effect on the global economy, the Group's customers and the Group's, the Issuers' and the Guarantor's revenue, costs, profits, business, financial condition, results or prospects.

Any future declines in developing markets or in any of the Group's priority markets, including due to adverse changes in economic conditions in these countries, could have an adverse effect on the Group's revenue, costs, profits, business, financial condition, results or prospects. This, in turn, could have an adverse effect on the Issuers' and the Guarantor's revenue, costs, profits, business, financial condition, results or prospects.

Pricing, excise or other product tax outcomes may fall outside Group assumptions and expectations and may have an adverse effect on the Group's results

Conventional tobacco products are subject to high levels of taxation, including excise taxes, sales taxes, import duties and levies in most markets in which the Group operates. In many of these markets taxes are generally increasing, but the rate of increase varies between markets and between different types of tobacco products. Increases in tobacco excise taxes may be caused by a number of factors, including fiscal pressures, health policy objectives and increased lobbying pressure from anti-tobacco advocates. For example, EU Directive 2011/64/EU on Tobacco Excise is currently undergoing a process of revision, and may impose taxes across NGP, with new rates coming into effect in 2027. Furthermore, failure to identify or manage increases or proposed increases, in excise or other product-related taxes, or changes in tax structures, may have an adverse effect on the Group's business and growth strategy. In many of the markets in which the Group operates, excise duty represents a substantial percentage of the retail price of tobacco products and this percentage has been steadily increasing in recent years. NGP have so far only been subject to limited product-related taxes, although the risk exists that their treatment under excise and other sales-related taxes could change.

Significant or unexpected increases in tobacco and NGP taxes, the introduction of laws establishing minimum retail selling prices, changes in relative tax rates for different tobacco products or adjustments to excise structures have and may continue to result in customers downtrading to lower price products/categories, an increase in illicit trade, a decline in overall sales volume for the Group's products or an alteration in the sales mix in favour of lower-priced products and may have an adverse effect on the Group's, the Issuers' and the Guarantor's business, results of operations and financial conditions. Increases in tobacco-related taxes, the introduction of new tobacco/NGP-related taxes or changes to excise structures can limit the Group's ability to increase the prices on tobacco products or NGP or necessitate absorption of tax increases.

Periodic price increases are among the key drivers in increasing market profitability. However, the Group may not be able to obtain such price increases or fully realise the benefits of any price increase as a result of increased regulation (which may reduce its ability to build brand equity and enhance its value proposition to its adult tobacco consumers) stretched consumer affordability arising from deteriorating economic conditions, rising prices, sharp increases or changes in excise structures and competitor pricing activities. As a result, the Group may be unable to achieve planned pricing strategies and/or achieve its strategic growth metrics, may have fewer funds to invest in growth opportunities, and may face quicker reductions in sales volumes than anticipated due to accelerated market decline. In addition, downtrading and illicit trade may increase in response to price increases for legitimate products. These, in turn, may impact the Group's revenue, costs, profits, business, financial condition, results or prospects.

Any such increases in excise duties, prices or other taxes could therefore have an adverse effect on the revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers and the Guarantor.

Failure to manage the impacts of and respond to increased product regulation and regulatory change has had, and may continue to have, an adverse effect on the demand for the Group's products and/or increase compliance costs

The manufacture, advertising, sale and consumption of tobacco products have been subject to extensive and increasing regulation from governments, influenced by health officials and anti-smoking groups, principally due to the conclusion that cigarette smoking and tobacco products are harmful to health. Regulatory initiatives affecting the tobacco industry that have been proposed, introduced or enacted include a range of restrictions on advertising, packaging and distribution channels, restrictions on labelling, product specification requirements (notably flavourings) and increased restrictions on smoking, including, but not limited to, age

restrictions and restrictions on the locations where products can be consumed. See also “*Description of the Group and its Business—Regulatory Landscape*”. These restrictions have been introduced by regulation and have been supplemented by voluntary agreements. Examples of such regulation include the EU Tobacco Products Directive (2014/40/EU), as amended (the “EUTPD”), including delegated legislation enacted in accordance with the EUTPD framework, the World Health Organization (“WHO”) Framework Convention on Tobacco Control (the “FCTC”), the Smokefree Generation legislation passed in New Zealand in December 2022 which bans the sale of tobacco to anyone born after 1 January 2009, and imposes both a cap on the number of retailers permitted to sell tobacco and a maximum nicotine level of 0.8mg/g (approximately 5 per cent of current levels). However, following the 23 October 2023 elections, the new coalition government has announced the complete repeal of these measures, which is likely to be subject to a parliamentary vote in February 2024. A similar proposal was announced by the UK government in October 2023, in which the legal smoking age would increase by one year every year with the aim of rapidly reducing the number of people who are able to legally purchase tobacco and tobacco products. A public consultation on the proposed measures ended on 6 December 2023. The UK government published its response to the consultation on 29 January 2024. Draft legislation is expected to be published in February 2024, however the measure will not come into effect until 2027. Although a Group position was submitted to the consultation, the Group often has limited opportunity to offer an opinion on the likely consequences of regulatory change and, along with all other tobacco manufacturers, is sometimes excluded from consultation with regulators on these regulatory proposals. The UK is a party to the WHO FCTC and the UK government believes it has an obligation to protect the development of public health policy from the vested interests of the tobacco industry. To meet this obligation, the UK government asked all respondents to disclose whether they have any direct or indirect links to, or receive funding from, the tobacco industry. In total, 307 responses were received from respondents who disclosed links to the tobacco industry. The UK government analysed these alongside other responses but has not considered these views when determining its policy.

In addition, anti-smoking groups continue to advocate for the exclusion of the industry from consultation processes and seek to diminish the social acceptability of smoking. Anti-smoking groups are pursuing this agenda through petitioning individual governments and the WHO. Furthermore, compliance with an increasingly complex regulatory environment increases risk to the Group due to the rising cost of compliance and the potential for inadvertent non-compliance. Any such non-compliance, though inadvertent, could result in regulatory censure, financial penalties and reputational damage. In the ordinary course of business, the Group is sometimes required to interpret certain regulations that impact its business activities. Conflicting interpretations with consumers or regulators may lead to disputes or investigations, which may in turn result in possible financial penalties or reputational damage, even in cases where no fault is proven.

The Group, along with other manufacturers, is impacted by legislation designed to manage environmental and climate risks. The industry has been impacted by the EU Directive on Single-Use Plastics (2019/904/EU) (the “EUSUPD”), which took effect in the EU from July 2021, resulting in manufacturers incurring costs in the form of additional taxes and levies, with the potential for further adoption across non-EU markets. Future regulatory change could create additional restrictions on product design and result in increased compliance costs as a result of this and similar environmentally focused legislation. In the U.S., the tobacco environment is regulated at both the federal level (by the FDA and Federal Trade Commission (the “FTC”)) and the state level and there is therefore a risk that either federal or state regulation or both may become materially more intrusive or adverse to the Group. For example, the FDA is expected to release final product standards that would ban menthol cigarettes and characterising flavours in cigars in the U.S. by March 2024, and implementation is expected by 2025. Legislative proposals restricting flavours at state and local levels, as well as a separate regulatory proposal to implement a maximum nicotine level in cigarettes, could have an adverse impact on the Group. Additionally in the UK the Government plans to introduce a generational smoking ban whereby anyone born on or after 1 January 2009 will never legally be sold tobacco products. Furthermore, the French and Dutch Governments, are planning broad policy initiatives to substantially reduce their smoking prevalence, targeting a 5% smoking prevalence in the next decade. Further restrictions on products, packaging and marketing are being considered in Australia and New Zealand. The next review of the EUTPD is currently underway and revisions are expected to significantly strengthen tobacco control measures in the EU and introduce further restrictions on NGP. Further, there could be wider alignment between tobacco and NGP regulation in the EU under reforms to EUTPD and other legislation, and globally as a result of decisions made at the WHO Conference of Parties, a set of periodic meetings to discuss the FCTC. Current or future restrictions or bans relating to, among other things, product flavours, product labelling or maximum nicotine levels, may require manufacturers to review and adapt their product portfolios. Any future increases in the

regulation of the tobacco industry in the U.S. or elsewhere could therefore result in a substantial decline in the demand for tobacco products.

NGP are regulated either under dedicated legislation or existing frameworks. The degree and severity of such regulations vary. They may also be subject to further extensive regulation in many of the markets in which the Group operates, in particular, the U.S., the EU and the UK. It is not possible to predict the scope of all future regulation of NGP proposed or implemented by regulatory authorities or the impact of any such regulations, but current proposals include restrictions on flavours and product specification, use and sale. For example, in March 2019, the FDA announced potential changes to vapour regulations, including an increase in the nationwide minimum age for purchase of vapour products. The nationwide minimum age for purchase of all tobacco products, including e-cigarettes and vaping products that deliver nicotine was subsequently increased to 21 in December 2019. In January 2020, the FDA imposed restrictions on the sale of mint and fruit flavoured cartridge-based e-cigarettes. In January 2023, the FDA published its Unified Agenda indicating that the FDA intends to publish a proposed rule to set a maximum nicotine level in cigarettes. In addition, there can be no certainty as to the future development of the existing or further regulatory proposals by U.S. states or municipalities. For further discussion of the regulation of NGP, see “*Description of the Group and its Business—Regulatory Landscape—The Group as a whole—Regulation of other flavoured tobacco products and NGP*”, “*Description of the Group and its Business—Regulatory Landscape—European Union—Regulation of NGP such as vapour, heated tobacco products and other NGP*”

Any of the factors listed above may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers and the Guarantor and could contribute to an increase in the illicit trade in the Group’s products.

The timely supply of the Group’s products which meet quality, regulatory, cost and consumer requirements could be affected by supply chain failures, price fluctuations, inflation, increased costs and issues related to labour relations

Continuity of supply of the Group’s products relies upon the effective management of its product supply chain, which includes, but is not limited to, managing manufacturing facilities owned by the Group, ensuring the availability of key systems through the end-to-end supply chain (e.g., product track-and-trace requirements), engaging and managing contract manufacturing suppliers, raw material suppliers, logistics and warehouse suppliers and third-party systems providers and ensuring the availability of required resources such as energy, as well as the successful implementation of contingency plans for events such as localised extreme weather and other natural catastrophes, for example earthquakes, and other events impacting the supply chain. Any potential loss of key manufacturing sites could impact the Group’s ability to meet its short-term production demands.

Material failure in the Group’s manufacturing or supply chain processes could result in a short-term reduction in supply to markets and an impact on systems and processes in the full end-to-end supply chain (notably in the EU), affecting compliance with track-and-trace requirements. Failure to comply with these requirements, or failure of the related systems/processes, could prevent the shipment of product through the supply chain. Failure to provide adequate supply to the Group’s markets could result in a reduction in short-term sales volumes, with the potential loss of consumer loyalty possibly impacting longer-term volumes.

Production could be impacted by any deterioration in labour or union relations, or any disputes, work stoppages or other labour-related developments (including problems experienced during any consultation procedures or programmes or the introduction of new labour regulations in countries where the Group operates) which could result in a short or medium-term capacity shortages. The Group’s management believes that the Group’s operations have, in general, good relations with their employees, employee representatives and unions. However, there can be no assurance that the Group’s business or operations will not be affected by labour-related problems in the future. In addition, there can be no assurance that any deterioration in labour or union relations, or any disputes, work stoppages or other labour-related developments will not adversely affect the Group’s revenue, profits, business, financial condition or results.

Loss of a key supplier of raw materials, or a disruption to their ability to provide raw materials, as a result of, among other things, pandemic-related impacts (including future COVID-19 outbreaks), sanctions on Russia related to the conflict between Russia and Ukraine, impacts on shipping routes in the Red Sea due to

geopolitical tensions, capacity limitations, energy scarcity resulting from disruption to, or limited availability of, gas supplies, significant global cost inflation or, financial failure, the Group's failure to manage supplier relationships effectively, or the decision of a third party not to supply the Group, could each impact the Group's supply chain planning. Although production and market contingency planning is in operation in the event of loss of production capacity due to any localised or country-specific issue, such contingency plans could be affected by a number of factors, including product regulation, notably regulation by the U.S. Food and Drug Administration (the "FDA"), the requirements of the EUTPD and implementations of the WHO Framework Convention on Tobacco Control and its Anti-Illicit Trade Protocol, as well as other product track-and-trace requirements. Any material failure in the Group's product supply could result in lost sales, and a potential longer-term loss of consumer loyalty.

As with other agricultural commodities, the price of tobacco leaf tends to be cyclical, as supply and demand considerations (including production costs and demand for other agricultural commodities such as foods or bio-energy crops) influence tobacco plantings in those countries where tobacco is grown. Different regions may experience variations in weather patterns that may affect crop quality or supply and so lead to changes in price and availability. In addition, political situations may result in a significantly reduced availability of tobacco leaf in any affected country. This may also lead to increases in price that the Group may be unable to pass onto customers.

Furthermore, the Group has in the past made a majority of its leaf purchasing commitments in U.S. dollars, thereby exposing the Group to foreign currency exchange rate risks embedded in the cost of its tobacco purchasing. Fluctuations and/or inflation in the price of tobacco leaf may have an adverse effect on the Group's revenue, costs, profits, business, financial condition, results or prospects, which, in turn, could have an adverse effect on the Issuers' and the Guarantor's revenue, costs, profits, business, financial condition, results or prospects.

The Group is dependent on managing macro-financial risks, including fluctuations and/or inflation in the price and/or availability of tobacco leaf and non-tobacco materials, commodity prices and the price of other materials, including those used in the manufacture of next generation products ("NGP"), namely vapour, heated tobacco (including herbal adjacencies) and modern oral. Raw material suppliers have also been, and may continue to be, affected by severe weather episodes. Such severe weather episodes could then further impact manufacturing, warehousing and the cost of short-term supply to markets. The Group is impacted by increases in prices of certain materials as a result of higher demand for such materials combined with lower supply due to weather conditions, which can result in an imbalance of supply and demand for certain materials. Any of the factors listed above may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers and the Guarantor.

Major incidents or loss of personal or corporate data resulting from a cyber-attack or similar technology risk may have a material adverse effect on the Group

The Group is exposed to risks of cyber-attacks, either from external sources or through the misuse of internal resources. The Group, like other large corporates, also faces increasing risks of cyber-attacks through its extended supply chain, whereby one company in the supply chain is the target of an attack and others to which it has connections are then also impacted. Like other major corporations, the Group deals with a number of low impact security incidents, both internal and within its extended supply chain. This has included incidents where Group companies have made notifications to regulators, although such notifications have not resulted in any adverse enforcement decisions against the Group.

The Group's business is dependent on efficient, robust information technology ("IT") systems, some of which are managed by third-party service providers, for its operations, internal communications, controls, reporting and relations with regulators, customers and suppliers. The criticality of Group systems, notably those which are track-and-trace related, continues to increase, with key reliance on system availability both internally and through the supply chain.

The EU General Data Protection Regulation (Regulation (EU) 2016/679), as amended (the "GDPR"), and the GDPR as it forms part of domestic law by virtue of the EUWA (the "UK GDPR") impose obligations on data controllers and data processors and set out rights for data subjects (all as defined in the GDPR and the UK GDPR) with which the Group must comply. The GDPR and the UK GDPR also introduce significant financial

penalties and other sanctions (including a fine of up to 4 per cent of annual global turnover, or to cease non-compliant processing) that can be imposed on the Group as the result of any non-compliance with the GDPR and/or UK GDPR provisions. Similar requirements are in place in other geographies, for example, in the U.S. a number of states have followed California's example and introduced legislation protecting the personal information of consumers. The potential for further adoption of such legislation across other states or geographies could increase the Group's exposure to data protection risks.

Although the Group has robust data protection policies and procedures in place, it is primarily reliant upon the robustness of its IT security and the appropriate actions of its employees in complying with these policies and procedures to manage the risk. Failure to protect personal data and ensure employee compliance could result in regulatory breaches and related censure, financial penalties and reputational damage. The Group is exposed to these types of risks as it holds personal data.

A successful cyber-attack on the Group could result in loss of sensitive corporate data, thus impacting the Group's ability to achieve its strategy, reputational damage, significant cost to the Group or lost competitive advantage. A cyber-attack could also lead to significant business interruption, particularly at key manufacturing and/or distribution sites, leading to a loss of revenue.

Any material failure in the Group's IT processes or its operations, or failure of the Group's third-party IT service providers, could impact the Group's product supply to markets or retailers, the Group's ability to operate, the Group's ability to protect sensitive personal or corporate data and potentially result in legal liability and reputational harm and have a negative impact on customer service, resulting in a loss of customers, and may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers and the Guarantor.

There are unpatched critical vulnerabilities across the Group, many of which are in systems which do not have adequate support. Failure to invest in, deploy or manage appropriate IT systems and infrastructure to ensure the protection of personal data and support the business and its end-to-end supply chain (including protection of confidential or sensitive information) or a failure by employees to understand and/or comply with Group policies and standards may lead to data breaches and inefficient business operations, including, but not limited to, poor supply chain management, and have a negative impact on customer service, resulting in a loss of customers, and may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers and the Guarantor.

The Group's product portfolio and/or interaction approach may not be aligned with consumer preferences and may result in a negative impact on demand for the Group's products and on the Group's performance

Since the 1990s, there has been a general decline in the consumption of legitimate tobacco products in many of the countries in which the Group operates. This decline in certain developed countries such as the UK, the U.S., Germany, Spain and Australia, where the Group currently has significant operations, may be attributed to a variety of factors, including, but not limited to, health concerns, increasing government regulation, the diminishing social acceptance of smoking, frequent and substantial increases in the excise duty on legitimate tobacco products or a substantial increase in cost attributable to a change in the manner of excise duty collection, increases in the trade of illicit tobacco products and potential future growth of the NGP market.

The industry has experienced the emergence of new industry-wide low-price tiers and a persistent consumer trend of downgrading to lower price point products. This may include category shifts from higher-priced product categories to lower-priced product categories or from premium-priced products to economy-priced alternatives within a single product category. For example, during the last three years, the Group has experienced downtrading in mature markets in particular, as consumer purchasing patterns have shown an increased demand for lower-priced products and brands.

During the year ended 30 September 2023, the Group experienced total tobacco volume decline on a stick equivalent basis of 7.1 per cent, excluding Russia, in line with the wider market. Any future substantial decline in the demand for legitimate tobacco products could have an adverse effect on the Group's, the Issuers' and the Guarantor's revenue, costs, profits, business, financial condition, results or prospects.

Although the Group actively manages its brand portfolio across segments and price points, there can be no assurance that the Group will be able to align its product portfolio or interaction approach to meet consumer preferences or to adequately respond to competitor offerings. Such a failure could result in lower demand for the Group's products, and, in turn, lower sales volumes and reduced brand equity. Further price increases may impact the brand equity of the Group's products. In addition, the Group may be unsuccessful at identifying IP constraints in the innovation of new products, which could have an adverse impact on the development of the Group's product portfolio and its ability to respond to competitor offerings. Failure to ensure effective implementation of market initiatives or to successfully act upon consumer insights could also result in wasted investments and lost opportunities.

Additional pressure on the consumer choices comes from the continued availability of illegal cross-border trade, in the form of counterfeit products, locally manufactured products on which applicable local sales taxes are evaded and smuggled genuine products, which is a significant and, in some countries, growing threat to the legitimate tobacco industry and could also impact NGP. The level of illegal trade is exacerbated by price differentials between legitimate and illicit products caused by substantial increases in excise duties or a substantial increase in cost attributable to a change in the manner of excise duty collection. Any factor that increases the costs to consumers of tobacco products could encourage more consumers to switch to cheaper, illegal tobacco products and provide greater rewards for counterfeiters, smugglers and organised crime. In addition, regulatory initiatives, such as plain packaging or standardised appearance, taste or ingredients, may further contribute to an increase in illicit trade of tobacco products. Inferior, unregulated counterfeit products could result in damage to brands.

In addition, the continued success and attractiveness of the Group's products may rely on trademarks, patents, registered designs, copyrights and trade secrets. The Group attempts to protect its IP rights in the UK, the EU, the U.S. and elsewhere through a combination of trademarks, patents, registered designs, copyrights and trade secret laws, as well as confidentiality agreements. However, the Group may fail to obtain or maintain adequate protection of such IP rights.

Any of the factors listed above may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers and the Guarantor.

The Group operates in highly competitive consumer markets and is subject to changes in demand and pricing pressure, and failure to obtain commercial insights, anticipate changes and effectively respond to these changes in the market environment could result in a loss of market share

The Group operates in highly competitive markets, which require an agile approach to customer interaction and a product portfolio aligned with rapidly changing consumer needs and rivaling competitor offerings, particularly in trading environments where the price burden on consumers for the Group's products is high because of excise duties and taxation or weak economic conditions (including high levels of inflation) and/or declining consumer purchasing power. Failure to obtain or effectively respond to commercial insights and learnings could therefore result in a loss of the Group's market share or an inability to capitalise on commercial opportunities. The majority of the Group's revenue and operating profit is generated through sales of its products in certain priority markets, including the U.S., Germany, the UK, Australia and Spain. Any changes in market dynamics in these and the other markets in which the Group operates, such as a reduction in the size of the legitimate tobacco market (including as a result of geopolitical issues and macroeconomic conditions), a significant change in competitor activity, or the failure by the Group to react appropriately to such changes may impact demand for the Group's products. In particular, high inflationary pressure in many of the markets in which the Group operates, triggered by unprecedented increases in prices for fuel, food and other commodities, has affected and may continue to affect the purchasing power of consumers and may consequently lead to changes in consumer behaviour such as downtrading to lower price products/categories, reduced consumption, cessation of smoking or an increase in the attractiveness of illicit products. Any such changes in market dynamics in these and other markets in which the Group operates could lead to a reduction in demand for the Group's products and additional pricing pressure on the Group's brands, including the Group's ability to achieve planned price increases, which could have an unfavourable impact on the Group's business and growth strategy.

Substantial increases in excise duties or a substantial increase in costs attributable to a change in the manner of excise duty collection may result in increased levels of illegal cross-border trade, in the form of counterfeit

products, locally manufactured products on which applicable local sales taxes are evaded and smuggled genuine products. The impact on the size of the legitimate market is significant and, in some countries, is a growing threat to the legitimate tobacco industry and could also impact NGP.

A number of factors could result in a significant decline in the demand for legally purchased tobacco products, including any factor that increases the costs of tobacco products for consumers, which could encourage more consumers to switch to cheaper, illegal tobacco products and provide greater rewards for counterfeiters, smugglers and organised crime.

The Group's primary competitors include Philip Morris International, Inc., British American Tobacco ("BAT"), Japan Tobacco International, Altria Group, Inc., Liggett Vector Brands LLC and JUUL Labs, Inc. These companies may have greater financial resources than the Group or stronger brand recognition and consumer loyalty in certain of the Group's markets. A significant increase in the competitive activity of these companies or other local manufacturers could lead to a reduction in demand for or pricing pressure on the Group's brands, which could reduce the Group's profit margins and cash flows. The Group's ability to compete with these companies may be limited by the regulatory environment in which it operates, including, among other factors, advertising restrictions, and this may adversely impact the Group's efforts to strengthen recognition of its brands in the relevant local market. The competitive activity of the Group's competitors may also have an unfavourable impact on the Group's ability to achieve organic growth in its priority markets. Accordingly, the Group's failure to achieve its planned pricing strategy or to compete effectively in its priority markets may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers and the Guarantor.

The inability to adapt to new technology with speed, including the wide availability of generative Artificial Intelligence ("AI"), may impact the Group's competitive position. The Group's competitive position could be impacted by its ability to deploy technology that collects and analyses a wide variety of data points so as to make product development and marketing decisions. Although the Group is exploring opportunities to use AI, if the Group is unable to adapt to changes in technology, scale this up and address the increased competitive risks they create, this could have a material adverse effect on the Group's business, prospects, profitability, financial condition and the results of its operations and/or impact the ability of the Issuers and the Guarantor to fulfil their obligations under the Notes.

Failure to develop commercially sustainable NGP categories has had, and may continue to have, an adverse effect on the Group's business

The Group continues to invest in its NGP strategy, including the development of a portfolio of commercially sustainable, science-based, reduced-risk nicotine, non-nicotine and smokeless delivery options. However, the NGP category continues to evolve, both in terms of product availability from the Group (both directly and through licensing agreements) and its competitors but also in terms of regulatory treatment applicable to such products. See also "*Description of the Group and its Business—Regulatory Landscape—The Group as a whole—Regulation of other flavoured tobacco products and NGP*", "*Description of the Group and its Business—Regulatory Landscape—European Union—Regulation of NGP such as vapour and heated tobacco products*", "*Description of the Group and its Business—Regulatory Landscape—Americas—Regulation of NGP such as vapour and heated tobacco products*" and "*Description of the Group and its Business—Regulatory Landscape—Africa, Asia and Australasia and Central & Eastern Europe—Regulation of NGP such as vapour and heated tobacco products*". Competition in the vapour and heated tobacco categories is intense and product offerings in this market vary as the market is highly fragmented, with large companies, such as Philip Morris International, Inc., BAT, Reynolds and JUUL Labs, Inc., developing new and innovative products that compete with those offered by smaller companies. In addition, the Group may look to form strategic partnerships for the development and supply of NGP or seek to acquire NGP companies to add to its NGP portfolio, however, there can be no assurance that such partnerships or acquisitions will prove successful or lead to a successful product launch or a commercially sustainable NGP portfolio. Should the Group fail to identify innovation opportunities or respond to developments in the NGP market in a timely manner or fail to execute its strategy as effectively as its competitors, the Group may fail to achieve its strategic objectives in NGP. Such failure could, in turn, also adversely impact the Group's ability to deliver its Environmental, Social and Governance ("ESG") agenda. Failure to develop a sustainable commercial model for all NGP categories could result in failure to achieve the Group's NGP strategy.

Future sales and any future profits from the Group’s NGP business are substantially dependent upon the acceptance and use of NGP by adult smokers and vapers in lieu of, or in addition to, their current product choices. The Group’s ability to generate future sales will be dependent on a number of factors, many of which are beyond its control, including the pricing of competing products, overall demand for NGP offerings, changes in consumer preferences, market competition and government regulation. For example, in April 2022, the FDA issued marketing denial orders (“MDOs”) for seven myblu electronic nicotine delivery system (“ENDS”) products, including one device and six liquid cartridges. The Group immediately notified the FDA of its intention to request an administrative review of the MDOs. At the same time, the Group filed a request for relief in the U.S. Federal Circuit Court of Appeals for the DC Circuit, requesting that the court find that the MDOs were issued without the requisite procedure as required by law. On 29 August 2023, the Court vacated the MDOs for the abovementioned myblu products and ordered the PMTAs returned to the agency for further review in keeping with the court’s opinion but on 5 February 2024, the FDA issued MDOs for the *myblu* menthol 1.2 per cent pod and 2.4 per cent *blu* disposables in menthol, vanilla, polar mint and cherry variants. The Group intends to challenge these MDOs and expects the affected products to remain for sale while it exercises its administrative and legal appeal options. Failure to accurately predict or identify current and emerging consumer trends could result in lost opportunities and lower volumes if the Group’s products have reduced relevance to consumers. Although the Group attempts to influence and respond to NGP market developments, it may still be exposed to factors that limit the success of NGP generally, including, but not limited to, increases in duty and regulatory treatment of competing products.

In particular, NGP offerings have been subject to increasing regulation in the U.S., which could potentially limit the ability of the Group to successfully execute its NGP strategy. Such regulations include increasing the minimum age for purchasing tobacco products, instituting bans on flavour cartridge systems (with certain exceptions) and requiring vapour products to have certain formal certifications for continued sale. See also *“Description of the Group and its Business—Regulatory Landscape”*. Furthermore, there has been a gradual increase in the implementation of NGP-specific excise structures across markets. Significant or unexpected increases in NGP taxes or adjustments to excise structures may have an adverse effect on the Group’s, the Issuers’ and the Guarantor’s business, results of operations and financial conditions. See also *“—Pricing, excise or other product tax outcomes may fall outside the Group assumptions and expectations and may have an adverse effect on the Group’s results”*.

These restrictions on the sale of NGP, as well as any additional or similar restrictions adopted by U.S. states or other jurisdictions globally, could have a negative impact on the Group’s ability to market and sell its NGP offerings, which would have a negative impact on growth in demand for NGP. Furthermore, in the development of new products, notably NGP, the Group may wish to use technology already subject to patent, registered design or other intellectual property (“IP”) rights held by others. However, the Group may fail to obtain rights to access such IP. The failure to obtain such rights could significantly limit the Group’s ability to develop and market its NGP brands, which would significantly limit its NGP strategy or potentially result in litigation. The Group has invested substantial amounts in its NGP strategy in recent years and there can be no assurance these investments will be successful. A failure by the Group to realise its NGP strategy may require a write-off of all or a portion of its NGP investments, and may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers and the Guarantor.

The Group’s inability to deliver an effective ESG strategy in line with stakeholder expectations may have an adverse effect on the Group’s, the Issuers’ and the Guarantor’s reputation, revenue, costs, profits, business, financial condition, results or prospects

As focus on ESG-related matters from investors, customers, consumers and other stakeholders increases, expectations of the Group’s ESG performance continue to evolve at a significant pace. The Group also faces heightened ESG-related reporting requirements, in particular for its carbon footprint and environmental and climate-related risks, the parameters of which are consistently developing, with greater focus on the integrity and assurance of reporting, and comparison cross-industry and between sector peers. For example, the Group faces upcoming requirements such as the EU Corporate Sustainability Reporting Directive and the EU Corporate Sustainability Due Diligence Directive. The Group may fail to implement and maintain appropriate internal standards, controls, strategic plans, governance, or monitoring and reporting mechanisms required to meet relevant regulatory requirements and market expectations and align with international standards in this area.

Failure to align the delivery of the Group's ESG strategy with market and stakeholder expectations, or to ensure parity with industry peers, could impact the Group's, the Issuers' and the Guarantor's reputation and adversely affect investor and stakeholder confidence. In addition, failure to comply with key ESG-related regulation, including environmental and human rights legislation, could lead to, among other consequences, financial penalties and reputational damage. The Group is impacted by both physical and transitional climate risks. Physical risks such as extreme weather episodes could impact the Group's supply chain, notably the Group's cigar manufacturing and supply locations, due to increased geographical risk. Failure to manage these risks could result in supply impacts affecting the Group's ability to meet consumer demand in certain categories. Transitional risks impact the Group through both increased reporting requirements and the achievement of strategic climate-related objectives. Additionally, the Group will be required to continue to meet the expectations of customers in the achievement of their own greenhouse gas related Scope 1 and 2 targets and requirements. Failure to manage these risks and manage the expectations of wider stakeholder groups could impact the Group's reputation with key stakeholders, including but not limited to customers, suppliers, investors and financial institutions.

The Group recognises that the risks associated with the purchase of raw tobacco may also impact its business. Some tobacco purchased by the Group is cultivated in countries with high levels of poverty and less advanced agricultural practices. There is a heightened risk of human rights violations and child labour in such countries, particularly where farmers rely on temporary or casual workers or family labour. Portions of the Group's supply chain may be vulnerable to disruption and leaf prices may increase as a result of efforts to minimise these risks. Allegations of non-compliance with ESG-related regulation could have an adverse impact on the Group's, the Issuers' and the Guarantor's reputation. See also "*—Litigation resulting in adverse judgments and related costs may cause the Group to incur substantial damages*" and "*Description of the Group and its Business—Litigation*". Further, employee engagement may also be adversely affected if the Group fails to uphold appropriate ESG management standards or if such a failure is perceived to have occurred.

Any of the factors listed above may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers and the Guarantor.

Litigation resulting in adverse judgments and related costs may cause the Group to incur substantial damages

Failure to comply with relevant regulations could result in investigations and the enforcement of financial penalties against, or regulatory censure of, the Group. In addition to the matters detailed in "*Description of the Group and its Business—Litigation*", it can be expected that legal actions, proceedings and claims arising out of the sale, distribution, manufacture, use, development, advertising, marketing and claimed health effects of its products, including tobacco products and NGP, will be filed against the Group in the future. As with other corporates, litigation and other claims are pending against the Group. The interpretation of the law and the related judgments made in relation to these laws can lead to disputes and/or investigations and possible financial costs or reputational damage to the Group. The damages sought in any such claims could be significant, and the Group may not be successful in defending all of the claims that may arise. To the extent that the Group's assessment as to the likely outcome of any claim does not reflect subsequent developments or the eventual outcome of any claim, its future financial statements may be affected. In addition, regardless of the outcome of any litigation, the Group would incur costs and would need to devote management time to defending any claims, which it may not be able to recover fully or at all, irrespective of whether it was successful in defending such claims.

In the U.S., the jurisdiction with the greatest prevalence of smoking and health-related litigation, such claims could be brought in a variety of courts by various parties, ranging from individuals, class actions, regulators and others and (subject to certain provisions in settlements with U.S. states) could relate, among other things, to a wide range of damages, including individual damages, healthcare and other costs. For example, there has been an increase in litigation activity in the U.S. related to the aggressive marketing previously employed by the Group's competitors in the vapour market. The outcomes of this increased litigation could result in precedents that further increase the number of claims made against manufacturers of vapour products, including the Group. Even where these claims do not result in prosecution, there may be costs associated with managing and defending such matters.

The Group is subject from time to time, and may in the future be subject, to investigation or litigation for alleged current or historical abuse of its market position or alleged current or historical breaches of other competition laws, which can result in adverse regulatory action by the relevant authorities, including inspections and fines, along with potential actions for follow-on damages and negative publicity. The Group is currently appealing decisions of competition authorities in relation to three competition law investigations. While the Group endeavours to comply with all applicable laws, there can be no definitive assurances that any future investigations to which the Group may be subject will not result in a fine being levied and/or actions being brought against members of the Group. See also “*Description of the Group and its Business—Litigation*”.

Some tobacco purchased by the Group is cultivated in countries with high levels of poverty and heightened risks of human rights violations and child labour, particularly where farmers rely on temporary or casual workers or family labour. As a result of its activities in developing markets, the Group currently is, and may in the future be, a party to litigation in the UK or in markets where tobacco is cultivated. The outcome of legal proceedings in these jurisdictions may be particularly uncertain, as legal, administrative and judicial systems or judiciaries in some developing markets can be unpredictable. See also “*Description of the Group and its Business—Litigation*”.

An unfavourable outcome or settlement of any pending or future smoking, NGP and health-related or other litigation (whether involving the Group or other tobacco or NGP companies) may increase the likelihood of new actions, adversely affecting the Group’s ability to prevail in similar or related litigation. Additionally, the reputational damage arising from investigations or allegations of non-compliance with regulations could have a material impact with external stakeholders.

Furthermore, there can be no assurance that legal aid such as attorneys’ fees or other funding will continue to be denied to claimants in smoking, NGP and health-related or other litigation in any jurisdiction in the future. If future claimants are able to obtain legal aid or funding to finance their litigation against the Group, or such actions are otherwise made easier, this may increase the number of claims and claimants’ likelihood of prevailing on such claims.

A material increase in the number of pending claims could significantly increase the costs and management time for the Group to defend such claims and such costs may not be recoverable. There can be no assurances that any future litigation against the Group, if successful, would not have an adverse effect on the revenue, costs, profits, business, financial condition, results or prospects of the Group. In addition, even if the Group is not party to litigation, any adverse judgment against a tobacco or NGP manufacturer or in relation to the tobacco or NGP market could have an impact on market conditions, which may adversely affect the revenue, costs, profits, business, financial condition, results or prospects of the Group. This, in turn, could have an adverse effect on the Issuers’ and the Guarantor’s revenue, costs, profits, business, financial condition, results or prospects.

Failure to effectively manage organisational transformation and/or achieve the expected benefits of its strategic transformation programme may cause the Group to fail to achieve its targets

In order to support its strategic objectives, the Group is undertaking a number of strategic change initiatives, including focusing on priority markets, identifying opportunities to drive growth while realising efficiencies in the Group’s broader market portfolio and building a successful and commercially sustainable NGP business. Targeting and accomplishing the Group’s strategic transformation goals involves meeting project timelines and key milestones, achieving budgeted savings and returns in key strategic projects and achieving key objectives. There can be no assurance that the Group will be successful in accomplishing these goals. Failure to do so may result in disruption to delivery of business objectives, increased implementation and opportunity costs, loss of investor and market confidence and adverse impacts on short-term operational performance.

Additionally, there is significant transformation activity taking place across the Group. If the Group fails to effectively design, implement and realise the benefits of organisational transformation, this may impact the Group’s ability to achieve key objectives. Further, if the Group fails to attract, retain or develop employees with the required knowledge and experience to deliver the organisational transformation, this may impact the Group’s ability to achieve its strategic objectives. High demand for local resources to support these transformation programmes could result in business disruption and impacts on employee engagement.

Any failure to meet the Group's strategic transformation goals may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers and the Guarantor.

The Group may be adversely affected by changes in tax regulation or changes in the interpretation of such regulations

Any adverse changes in the tax regimes that the Group is subject to may have a significant impact on the taxes that the Group must pay and could accordingly have an adverse effect on the revenue, costs, profits, business, financial condition, reputation, results or prospects of the Group, the Issuers and the Guarantor.

As a multinational, the Group is subject to the risk of changes in local tax requirements and interpretation thereof as well as regional or global initiatives such as EU regulations on the treatment of international tax initiatives.

Although the Group has governance and processes in place to identify legal and regulatory changes and to take the appropriate resultant required action to ensure compliance, the Group is subject to the risk of potential for inadvertent non-compliance with a complex regulatory environment. Any such non-compliance, though inadvertent, could result in regulatory censure, financial penalties and reputational damage.

The Group may be adversely affected by the outcome of claims and challenges by taxation authorities, whether as a result of tax audits or otherwise. Provisions arising from uncertain tax positions included in the 2023 Financial Statements for the year ended 30 September 2023 were £261 million. It is possible that the amounts paid in the future could be materially different from the amounts provided for in the consolidated financial statements of the Group. In addition, not all tax disputes or uncertain tax positions are covered, in whole or in part, by provisions in the Group's financial statements, which are only recognised when requirements of UK-adopted International Accounting Standards are satisfied.

Pillar Two may result in a higher tax burden for the Group which could have a negative effect on the Group's solvency and financial condition. Pillar Two is an initiative by the OECD/G20 Inclusive Framework which introduces a minimum level of taxation for multinationals with annual consolidated revenue of €750 million or more in at least two out of the four fiscal years immediately preceding the tested fiscal year. The aim of Pillar Two is to ensure that large multinational enterprise groups are subject to a minimum effective tax rate of 15 per cent in each jurisdiction where they operate.

The Council of the EU formally adopted Council Directive (EU) 2022/2523 ("Pillar Two Directive"). The Pillar Two Directive was published in the Official Journal of the European Union on 22 December 2022. EU Member States need to implement the Pillar Two Directive in their national laws by 31 December 2023. In the UK, Pillar Two has been partially implemented by provisions contained in the Finance (No. 2) Act 2023, which will have effect for accounting periods beginning on or after 31 December 2023. The UK government has published additional draft legislation which contains further amendments to the UK's Pillar Two legislation in the Finance (No. 2) Act 2023, including, among others, the implementation of the undertaxed payment rule (discussed further below). It is intended by the UK government that the undertaxed payment rule will take effect in the UK for accounting periods beginning on or after 31 December 2024.

The primary mechanism for implementation of Pillar Two will be an income inclusion rule ("IIR") pursuant to which a top-up tax is payable by a parent entity of a group if one or more constituent members of the group have been undertaxed. In the situation that no IIR applies at the ultimate parent entity level, a lower-level parent entity may be required to apply the IIR. A secondary fall back is provided by an undertaxed payment rule ("UTPR") in case the IIR has not been applied. The UTPR can be applied by (i) limiting or denying a deduction, or (ii) making an adjustment in the form of an additional tax.

The UK intends to follow option (ii) i.e., to make an adjustment in the form of an additional tax. In addition, the UK legislation also includes a qualified domestic minimum top-up tax ("QDMTT"). A jurisdiction that incorporates the QDMTT becomes the first in line to levy any top-up tax from entities located in its jurisdiction. It must compute profits and calculate any top-up tax due in essentially the same way as the Pillar Two rules. Without a QDMTT, another jurisdiction as determined by the Pillar Two rules would be entitled to levy the top-up tax.

The legislation implementing the rules in the UK will apply to the Group from the financial year ended 30 September 2025 onwards. The Group has applied the mandatory exception under IAS 12 in relation to the accounting for deferred tax assets and liabilities arising from the implementation of the Pillar Two model rules. The Group is reviewing this legislation and monitoring the status of implementation of the model rules outside of the UK to assess the potential impact. The application of Pillar Two (whether in the UK or any other territory in which a member of the Group or its permanent establishment is located) is currently under review by the Group and may result in a higher tax burden for the Group, which could have a negative effect on the Group's solvency and financial condition.

The Group may fail to sufficiently manage its liquidity and financing requirements

The Group has a significant amount of indebtedness and debt service obligations. The Group had reported net debt of £8,438 million as at 30 September 2023. The Group dedicates a significant portion of cash flow from operations to debt service obligations, depending on the level of borrowings, prevailing interest rates and foreign currency exchange rate fluctuations, which may also reduce the funds available to the Group for capital expenditure, investment within the Group, acquisitions and other expenditure. Furthermore, the Group cannot be certain that it will have access to bank financing or to the debt and equity capital markets at acceptable terms or at all and is therefore subject to funding and liquidity risks. In addition, the Group's access to funding may be affected by restrictive covenants to which it is subject under some of its debt instruments.

The Group may, for a number of reasons, be unable to refinance its debt, when it matures, in the debt capital markets, bank loan markets, ECP market or other financing markets available to the Group at that time. Access to financing in the future may depend on, among other things, the future expected performance of the Group, suitable market conditions and the maintenance of suitable long-term and short-term credit ratings. Additionally, there may be an unwillingness of financial (or other) counterparties to transact with, or facilitate transactions with, the tobacco sector (or any other sector in which the Group is currently invested, may invest or have an interest from time to time).

If conditions in credit markets are unfavourable and/or one or more of the Group's credit ratings are downgraded or placed on negative credit watch, the marketability and trading value of the Notes may be materially diminished, and the Group may not be able to obtain new sources of financing and/or such new sources of financing, together with the Group's existing financing sources, may be at higher costs and/or include additional financial, operating or other obligations.

Failure to maintain cash flows could impact the Group's ability to manage and/or reduce its indebtedness, which could impact covenants to which it is subject, its credit ratings, existing and future financing, and investor confidence. In addition, if one or more of the Group's credit ratings are downgraded, the Group may not be able to obtain new sources of financing and/or such new sources of financing, together with the Group's existing financing sources, may be at higher costs and/or include additional financial, operating or other obligations.

The Group's indebtedness could also limit its ability to borrow additional funds for capital expenditure investment within the Group and acquisitions and other expenditure, limit its flexibility in planning for, or reacting to, changes in technology, customer demand, competitive pressures and the industry in which the Group operates, place the Group at a competitive disadvantage compared to competitors that may be less leveraged than the Group and increase the Group's vulnerability to both general and industry-specific adverse economic conditions.

The Group has financing made available from and, from time to time, places cash deposits with and has entered into derivative and other financial transactions with financial institutions. Access to such funding, repayment of cash deposits and performance under derivative and other financial transactions may be reduced due to the Group's counterparties being unable to honour their commitments in full or in part. As such, cash deposits and other financial instruments give rise to credit risk on the amounts due from counterparties. The failure of any counterparty to meet the Group's payment obligations or performance undertakings to it or the deterioration in the financial condition of one or more of its counterparties could have an adverse effect on the Group's, the Issuers' and the Guarantor's financial condition or operations. In addition, the failure of a transactional banking counterparty could cause disruption to the Group's operations.

Any of the factors listed above may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers and the Guarantor.

Failure to manage interest or foreign exchange rates may adversely affect the Group's results

The Group is exposed to movements in foreign currency exchange rates due to its overseas subsidiaries, its commercial trading transactions denominated in foreign currencies and foreign currency cash deposits, borrowings and derivatives. For significant acquisitions of overseas companies, the Group endeavours to raise financing in what it deems to be the appropriate currency/currency mix (or swaps such financing via derivatives into the appropriate currency/currency mix) to minimise risk.

The Group's material foreign currency denominated costs include the purchase of tobacco leaf, which is sourced from various countries, but purchased principally in U.S. dollars, and non-tobacco materials, such as filters, papers and packaging, which are sourced from various countries and purchased in a number of currencies.

The Group currently has investments in foreign entities that operate in countries whose currency is different from sterling (mainly in the EU, as well as in Morocco, Australia and the U.S.). Consequently, the Group is exposed to the translation of the results of overseas subsidiaries into sterling, as well as to the impact of trading transactions in foreign currencies. Significant fluctuations in foreign currency exchange rates could have an adverse effect on the Group's revenue, costs, profits, business, financial condition, results or prospects, which, in turn, could have an adverse effect on the Issuers' and the Guarantor's revenue, costs, profits, business, financial condition, results or prospects.

The Group is also exposed to fluctuations in interest rates on its borrowings and surplus cash balances. As up to 22 per cent of the Group's net debt (after adjusting for the effect of derivative financial instruments, cash held in subsidiary bank accounts and cash in transit, accrued interest, the mark-to-market of the derivative portfolio and finance leases) was at floating levels of interest during the year ended 30 September 2023, the Group is exposed to movements in interest rates which could result in higher cash outflows, reducing the capital available to the Group. As at 30 September 2023, the Group had adjusted net debt of £8,026 million. Of this, approximately 112 per cent was denominated in euro and negative 12 per cent in U.S. dollars (after adjusting for the effect of currency and interest rate derivatives). Accordingly, the Group's financial results as at 30 September 2023 were exposed to gains or losses arising from fluctuations in interest rates relating predominantly to euro and U.S. dollars. Significant fluctuations in interest rates may have an adverse effect on the Group's revenue, profits, financial condition or results, which, in turn, could have an adverse effect on the Issuers' and the Guarantor's revenue, costs, profits, business, financial condition, results or prospects.

The Group may fail to attract or retain required capabilities and talent and may fail to maintain a productive and safe working environment for employees

The Group's success will depend to a substantial extent on the ability and experience of its senior management as well as its ability to attract and retain, among others, a qualified sales force and teams of engineers and employees with managerial, technical, sales, marketing, digital and IT support skills. The loss of the services of certain key employees, particularly to competitors or other consumer product companies, may have an adverse effect on the Group's revenue, costs, profits, business, financial condition, results or prospects, which, in turn, could have an adverse effect on the Issuers' and the Guarantor's revenue, costs, profits, business, financial condition, results or prospects. In addition, management believes that as the Group's business develops and expands, the Group's future success will depend on its ability to attract and retain highly skilled and qualified personnel, which cannot be guaranteed. The failure to attract or retain individuals with key capabilities could significantly impede the Group's financial plans, growth, marketing and other objectives. Employee retention may be particularly challenging following acquisitions or divestures as the Group must continue to motivate employees and keep them focused on its strategies and goals. Furthermore, broader economic and ESG trends may impact the Group's ability to retain key employees and may increase competition for highly talented employees, potentially resulting in the loss of experienced employees. Failure to retain or loss of the skills necessary to execute integration growth plans and deliver key customer programmes may lead to reduced retailer confidence which may adversely affect the Group's revenue, costs, profits, business, financial condition, results or prospects.

The Group's success also depends on its ability to embed an organisational culture that facilitates consumer focus, to ensure that the skills and capabilities of its employees align with its operational or strategic objectives, and to ensure safe working practices for its employees, including providing an appropriate work environment and required support to ensure employee wellbeing. If the Group does not maintain these conditions and practices, this may lead to an unproductive working environment and higher employee churn rates, potentially adversely impacting the Group's revenue, costs, profits, business, financial condition, results or prospects.

Failure to maintain any of the factors listed above may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers and the Guarantor.

Loss of key customers or distributors may adversely affect sales continuity and adversely affect the Group's results

Group companies have a number of key customers and distributors that may be under contractual arrangements, which may have relatively short durations and/or termination periods. The permanent or temporary loss of key customers, or a material concentration of smaller customers, or distributors may adversely affect the Group's sales volume, market share and profits. The Group may be unable to renew agreements with key customers or distributors on satisfactory terms for numerous reasons, including government regulations or consolidation within the market. The loss or consolidation of any of these key customers or distributors, the permanent or temporary loss of sales from a material number of smaller customers, or their inability to pay material amounts owed, may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers and the Guarantor.

The Group may be adversely affected by internal control failures, including the Group's own employees, retail partners or suppliers

The Group requires its employees to comply with its internal policies and procedures and local legal requirements. However, the risk exists that employees fail to comply with such policies and procedures, including but not limited to health and safety violations, failure to comply with anti-bribery and corruption legislation, and engaging in fraudulent or illegal activity by an employee. Any breach of the Group's policies and procedures (deliberate or otherwise) may expose the Group to the risk of, among other things, governmental investigation, regulatory action and civil and/or criminal liability.

In addition, the Group maintains detailed codes of conduct to which it requires its retail partners to adhere that deal with, but are not limited to, restrictions on selling the Group's products to minors in compliance with local laws. There can be no assurance, however, that the Group's retail partners will adhere to these restrictions, which could result in, among other things, harm to the Group's reputation or liability to regulators. Similarly, the Group's global suppliers are required to comply with the Group's Supplier Code of Conduct, with contractual requirements to adhere to Group standards relating to the practices they follow in meeting the demands of the Group. The areas covered by such requirements include, but are not limited to, human rights, legal and regulatory compliance, and illicit trade.

A failure of the Group or its employees to follow internal procedures or the failure of retail partners or suppliers to follow codes of conduct may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers and the Guarantor. However, notwithstanding anything contained in this risk factor, this risk factor should not be taken as implying that either the Issuers or the Guarantor will be unable to comply with their obligations as companies with securities admitted to the Official List.

The Group's products could be affected by failures in product stewardship, quality control and/or contamination

The Group's products may fail to comply with product stewardship standards or become contaminated or may otherwise fail to comply with the Group's or its regulators' quality standards, for example, as a result of an accident during the manufacturing or supply chain process, a deliberate act with malicious intent or a malfunction. In these instances, significant costs may be incurred in recalling products from the market or as a result of negative publicity. In addition, relationships with customers may be adversely impacted or

consumers may lose confidence in the affected brand or brands, resulting in a loss of sales volume, which may take a long time to recover or may not recover fully or at all. During this time, the Group's competitors may substantially increase their market share, which would subsequently be difficult and costly to regain. The Group may also be subject to claims in respect of any such product failure.

Although the Group has robust controls in place to ensure compliance with current product regulations, the Group is subject to the risk of potential inadvertent non-compliance or alleged non-compliance. Any such non-compliance, though inadvertent, could result in regulatory censure, financial penalties and reputational damage. If the Group is unable to obtain the required product regulatory approvals, this may have an adverse impact on the revenue, profits, results or prospects of the Group.

Any of the factors listed above may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers and the Guarantor.

The Group conducts business in countries subject to international sanctions

Some of the countries in which the Group does business are subject to international sanctions. Operations in these territories expose the Group to the risk of significant financial costs and disruption in operations that may be difficult or impossible to predict or avoid, or the activities could become commercially and/or operationally unviable. Sanctions can be imposed quickly, with the possibility of further territories the Group operates in becoming subject to sanctions at short notice.

The Group seeks to comply fully with international sanctions to the extent they are applicable to the Group or the third parties that it deals with. However, in doing so, it may be restricted in supplying products sourced from certain countries to relevant jurisdictions, by the nationality of the personnel that it involves in these activities or in its sources of funding.

Additionally, the Group's business in developing markets may present more challenging operating environments in which commercial practices may be less developed and of a lower standard than those in the established markets in which the Group operates. As such, although the Group seeks to comply fully with international sanctions to the extent they are applicable to the Group, it may be harder to do so in such markets. The Group may suffer from adverse public reaction or from reputational harm as a result of doing business in, or having commercial dealings through third parties with, countries that have been identified as state sponsors of terrorism by the U.S. State Department, or that are subject to international sanctions, notwithstanding that the Group's activities comply with applicable international sanctions and regardless of the materiality of the Group's operations in such countries to its operations or financial condition. The Group's activities in the countries subject to international sanctions could also restrict the sources of funding and financial (or other) products or services available to the Group. International sanctions may also limit the Group's ability to use existing funds to finance its operations in certain countries.

Any of the factors listed above may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers and the Guarantor.

Regional or global health pandemics could negatively impact the Group's business

Public health crises, epidemics or pandemics could materially and adversely affect the Group's business. For example, in 2020 and 2021, governments around the world, including in most countries where the Group operates, imposed restrictive measures to battle the spread of the respiratory disease COVID-19, including travel restrictions, curfews, lockdowns, quarantines and shutdowns of businesses and workplaces. Such events and losses resulting therefrom are difficult to predict and may relate to property, financial assets, trading positions or key employees. In particular, such events or acts could have a material adverse impact on customer demand as well as the Group's supply chain and cost of production. In addition, pandemics may result in increased volatility in financial markets and impact the cost/availability of continued financing, which could have a material adverse impact on borrowers' credit quality or result in increased financing costs. There can be no assurance that a similar public health crisis will not occur again in the future on a global or regional basis and have a materially adverse effect on the Group's business, financial condition, results of operations and cash flows.

Substantial payment obligations under the MSA and other State Settlement Agreements, along with U.S. state certification requirements, may have an adverse effect on the cash flows and operating income of the Group

In the U.S., the Master Settlement Agreement (“MSA”) is an agreement between certain tobacco manufacturers (including members of the Group) and 46 U.S. states, the District of Columbia and five U.S. territories, which imposes substantial payment obligations on those manufacturers. In addition, the original participating manufacturers under the MSA had previously settled similar claims brought by Mississippi, Florida, Texas and Minnesota (the “Initial State Settlements” and, together with the MSA, the “State Settlement Agreements”). See “*Description of the Group and its Business—Litigation—Americas—U.S. litigation environment and State Settlement Agreements*”. ITG Brands (“ITG” or “ITG Brands”) and its affiliates are parties to the MSA and to the Mississippi, Minnesota and Texas State Settlement Agreements.

The State Settlement Agreements require that the participating manufacturers make significant annual payments, which in 2022 amounted to approximately U.S.\$7.6 billion. In addition, certain of the participating manufacturers (not including ITG Brands and its affiliates) are required to pay settling plaintiffs’ attorneys’ fees, subject to an annual cap of U.S.\$500 million. These payment obligations are several and not joint obligations of each participating manufacturer. Annual payments are required to be paid in perpetuity and are subject to adjustment for several factors, including inflation, domestic market share and unit volume and (for some manufacturers and brands) industry and individual company operating profits, with respect to the MSA, in the year preceding the year in which payment is due, and, with respect to the other State Settlement Agreements, in the year in which payment is due. As such, it is possible that any adjustments to volume, market share and industry and individual company operating profits as well as inflation may have an adverse effect on the State Settlement Agreements’ impacts on the obligations, revenue, costs, profits, business, financial condition, results or prospects of the Group. The State Settlement Agreements also include provisions relating to significant advertising and marketing restrictions, public disclosure of certain industry documents, limitations on challenges to tobacco control and underage use laws, and other provisions.

From time to time, lawsuits have been brought against participating manufacturers to the MSA, or against one or more of the states that are party to the MSA, challenging the validity of the MSA and/or statutes related to it on certain grounds, including as a violation of the antitrust laws. ITG Brands and certain of its affiliates have agreed to make payments under the MSA and the Mississippi, Minnesota and Texas State Settlement Agreements, and payments are made for certain of their products under the equity fee statutes in Mississippi, Minnesota and Texas. Florida, Minnesota and Texas brought suits claiming, among other things, that ITG Brands owes settlement payments under the relevant State Settlement Agreements. Texas also claimed that the fees being paid on ITG Brands products under its equity fee statute have been too low since June 2015. All previous litigation between the Group and Florida, Minnesota and Texas has now been resolved by means of a settlement in Minnesota and Texas and a judgment requiring Reynolds to continue to make settlement payments in Florida. A related suit was brought in Delaware in February 2017 by ITG Brands to resolve any claim of breach of the Asset Purchase Agreement by Reynolds and any claim for indemnity for any payments it makes related to the Florida suit. On 30 September 2022, the trial court granted summary judgment to Reynolds. The court did not determine the amount of Reynolds’ damages but left that question open for further proceedings. At this point, Reynolds’ damages are not quantified. Philip Morris USA, Inc. (as successor to Philip Morris Incorporated) (“Philip Morris USA”) has recently moved to intervene in the case to attempt to claim a portion of damages from either Reynolds or ITG on a theory of unjust enrichment, but no order has been issued. After trial court proceedings on damages are completed, ITG will have the right to appeal (including from the court’s earlier determinations) to the Delaware Supreme Court. Certain parties to the MSA have also unsuccessfully challenged the application of a reduction to payments, the PSS Reduction, to the Group’s MSA payments, and may still attempt to arbitrate those claims.

The existence, nature, calculation and extent of payment and other obligations (or the result of any litigation in respect of the same) for the brands sold under the MSA, the other State Settlement Agreements and the equity fee statutes cannot be predicted with certainty. The amounts that may be payable by the Group in respect of such taxes, agreements and statutes may be material, which could have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group and the Guarantor.

In addition, the U.S. states which are a party to the MSA have passed statutes requiring tobacco cigarette brands to be “certified” (approved for sale) by state authorities before they can be sold in that state. The Group

may be adversely affected by decisions made by any state not to certify or to de-list brands. This, in turn, could have an adverse effect on the Guarantor's revenue, costs, profits, business, financial condition, results or prospects.

Risks Relating to the Issuers

The Issuers are financing vehicles and are reliant on the business of the Group

The Issuers are financing vehicles with no business operations of their own, other than raising financing, advancing funds to, receiving funds from, and providing treasury services for, the Guarantor and other members of the Group. Accordingly, the Issuers have no trading assets and do not generate trading income (but may generate interest income on their activities). Interest payments in respect of the Notes will effectively be paid from cash flows generated from the business of the Group and accordingly the ability of the Issuers to pay interest on and repay the Notes will be subject to all the risks to which the Group is subject (see "*Risks Relating to the Group*" above). The ability of the Issuers to make interest payments on the Notes is therefore dependent on its rights to receive inter-company payments from companies within the Group. If these payments are not made by companies within the Group, for whatever reason, the Issuers would not expect to have any other sources of funds available to them that would be sufficient to make payments on the Notes. In such circumstances, Noteholders would have to rely upon claims for payment under the Guarantee, which may be terminated or substituted with the guarantee of another Guarantor in certain circumstances without the consent of Noteholders.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

If the relevant Issuer has the right to redeem Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return

An optional redemption feature is likely to limit the market value of Notes. During any period when the relevant Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis may affect the secondary market in, and the market value of such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

The regulation and reform of “benchmarks” may adversely affect the value of Notes linked to or referencing such benchmarks

Interest rates and indices which are deemed to be “benchmarks” (such as, in the case of Floating Rate Notes, a Reference Rate, including the euro interbank offered rate (“EURIBOR”)) are the subject of national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a benchmark.

Regulation (EU) 2016/1011 (the “EU Benchmarks Regulation”) applies, subject to certain transitional provisions to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed), and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The UK Benchmarks Regulation, among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

The euro risk-free rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, among other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

Such factors may have (without limitation) the following effects on certain “benchmarks” (including EURIBOR): (i) discouraging market participants from continuing to administer or contribute to “a benchmark”; (ii) triggering changes in the rules or methodologies used in the “benchmark”; and/or (iii) leading to the disappearance of the “benchmark”. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing or otherwise dependent (in whole or in part) upon a benchmark.

The Terms and Conditions of Notes provide for certain fallback arrangements in the event that a Benchmark Event occurs, including if a Reference Rate and/or any page on which a Reference Rate may be published (or

any other successor service), becomes unavailable, or if the relevant Issuer, the Calculation Agent, any Paying Agent or any other party responsible for the calculation of the Rate of Interest (as specified in the applicable Final Terms) is no longer permitted lawfully to calculate interest on any Notes by reference to such a Reference Rate under the Benchmarks Regulation or otherwise. Such fallback arrangements include the possibility that the Rate of Interest could be set by reference to a Successor Reference Rate or an Alternative Reference Rate (both as defined in the Terms and Conditions of the Notes), with the application of an Adjustment Spread (as defined in the Terms and Conditions of the Notes and which could be positive, negative or zero) and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the new benchmark, all as determined by an Independent Adviser to be appointed by the relevant Issuer (such Independent Adviser acting in good faith and in a commercially reasonable manner) and as more fully described at Condition 5(b)(iv). It is possible that the use of a Successor Reference Rate or Alternative Reference Rate (including any Adjustment Spread) may result in any Notes linked to or referencing a Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Reference Rate were to continue to apply in its current form. There is also a risk that the relevant fallback provisions may not operate as expected or intended at the relevant time.

Furthermore, in certain circumstances, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Accrual Period (as defined in the Terms and Conditions of the Notes) may result in the Rate of Interest for the last preceding Interest Accrual Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page (as defined in the Terms and Conditions of the Notes).

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or any of the international or national reforms and the possible application of the benchmark replacement provisions of Notes in making any investment decision with respect to any Notes referencing a benchmark.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

The Terms and Conditions of the Notes contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without consent of the Noteholders and without regard to the individual interests of particular Noteholders

The Terms and Conditions of the Notes contain provisions for calling meetings (including by way of conference call or by use of a videoconference platform) of Noteholders to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing or through the use of electronic consents. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes, (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such, or (iii) the substitution of another company as principal debtor under any Notes in place of the relevant Issuer, in the circumstances described in Condition 11 of the Terms and Conditions of the Notes.

Investors who purchase Notes in denominations that are not an integral multiple of the Specified Denomination may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a Holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in their account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of

Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a Holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in their account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed or issued) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, Holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

The value of the Notes could be adversely affected by a change in English law or administrative practice

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

Any early redemption at the option of the relevant Issuer, if provided for in any Final Terms for a particular issue of Notes, could cause the yield received by Noteholders to be considerably less than anticipated

The Final Terms for a particular issue of Notes may provide for early redemption at the option of the relevant Issuer, including an Issuer Residual Call Option as described in Condition 6(g), an Issuer Par Call Option as described in Condition 6(f) and a Make-Whole Redemption by the relevant Issuer as described in Condition 6(e). As a consequence, the yields received upon redemption may be lower than expected, and the redemption price of the Notes may be lower than the purchase price for the Notes paid by the Noteholder. In such a case, part of the capital invested by the Noteholder may be lost, so that the Noteholder would not receive the total amount of the capital invested.

In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes.

The existence of these early redemption options in a particular Series of Notes could limit the market value of such Notes.

In particular, with respect to the Issuer Residual Call Option (Condition 6(g)), there is no obligation on the relevant Issuer to inform investors if and when the aggregate nominal amount of the Notes then Outstanding is 20 per cent or less of the aggregate nominal amount of the Series issued, and the relevant Issuer's right to redeem will exist, notwithstanding that immediately prior to the serving of a notice in respect of the exercise of the Issuer Residual Call Option by the relevant Issuer, the Notes may have been trading significantly above the redemption price, thus potentially resulting in a loss of capital invested.

Potential Conflicts of Interest

Potential conflicts of interest may exist between the Calculation Agent (if any) and Noteholders (including where a Dealer acts as a calculation agent), including with respect to certain determinations and judgments that such Calculation Agent may make pursuant to the Conditions that may influence amounts receivable by the Noteholders during the term of the Notes and upon their redemption.

Risks related to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, FX risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell their Notes

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at

prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies, are being issued to a single investor or a limited number of investors or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

If an investor holds Notes which are not denominated in the investor's home currency, they will be exposed to movements in FX adversely affecting the value of their holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

The relevant Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that FX may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes, and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose exchange controls that could adversely affect an applicable exchange rate or the ability of the relevant Issuer or the Guarantor to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of Fixed Rate Notes.

Credit ratings assigned to the Issuers, the Guarantor or any Notes may not reflect the risks associated with an investment in those Notes

One or more independent credit rating agencies may assign a rating to the Issuers, the Guarantor or the Notes. The rating(s) may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn at any time by the assigning rating agency.

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("ESMA") on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in

accordance with the UK CRA Regulation. Note this is subject, in each case, to: (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended; and (b) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the Notes changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Prospectus.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes that, subject to completion in accordance with the provisions of Part A of the applicable Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the applicable Final Terms, or (ii) these terms and conditions as so completed (subject to simplification by deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the applicable Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be.

The Notes are constituted by a First Supplemental Trust Deed (as amended, restated or supplemented as at the date of issue of the Notes (the “Issue Date”), the “Trust Deed”) dated 16 February 2024 between Imperial Brands Finance PLC (“IBF”), Imperial Brands Finance Netherlands B.V. (“IBFN”) (each an “Issuer” and together the “Issuers”), Imperial Brands PLC (the “Guarantor”) and BNY Mellon Corporate Trustee Services Limited (the “Trustee”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the “Conditions” or the “Terms and Conditions”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An Agency Agreement (as amended or supplemented as at the Issue Date, the “Agency Agreement”) dated 16 February 2024 has been entered into in relation to the Notes between the Issuers, the Guarantor, the Trustee, The Bank of New York Mellon, London Branch (as initial issuing and paying agent) and the other agents named in it. The issuing and paying agent, the other paying agents, the exchange agent, the registrar and the transfer agents and the calculation agent for the time being (if any) are referred to below respectively as the “Issuing and Paying Agent”, the “Paying Agents” (which expression shall include the Issuing and Paying Agent), the “Exchange Agent”, the “Registrar”, the “Transfer Agents” (which expression shall include the Registrar) and the “Calculation Agent”. Copies of the Trust Deed and the Agency Agreement (i) are available for inspection or collection during usual business hours at the principal office of the Trustee (presently at 160 Queen Victoria Street, London EC4V 4LA) and at the Specified Offices (as defined in the Trust Deed) of the Paying Agents and the Transfer Agents or (ii) may be provided by email to a Noteholder following their prior written request to the Trustee or any Paying Agent and provision of proof of holding and identity (in a form satisfactory to the Trustee, or the relevant Paying Agent, as the case may be). If the Notes are to be admitted to trading on the main market of the London Stock Exchange, the applicable Final Terms will be published on the website of the London Stock Exchange through a regulatory information service.

The Noteholders, the holders (“Couponholders”) of the interest coupons (the “Coupons”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

References herein to the “Issuer” shall be to the Issuer of the Notes as specified in the applicable Final Terms.

References herein to the “Notes” shall be references to the Notes of this Series and shall mean, in relation to any bearer Notes represented by a global Note (a “Global Note”), as applicable (i) units of each Specified Denomination in the Specified Currency, (ii) any Global Note and (iii) any definitive Notes issued in exchange for a Global Note.

1. Form, Denomination and Title

The Notes are issued in bearer form (“Bearer Notes”), which expression includes Notes that are specified to be Exchangeable Bearer Notes, in registered form (“Registered Notes”) or in bearer form exchangeable for Registered Notes (“Exchangeable Bearer Notes”) in each case in the Specified Denomination(s) specified in the applicable Final Terms, provided that the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

This Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing depending upon the Interest Basis specified in the applicable Final Terms.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates (“Certificates”) and, save as provided in Condition 2, each Certificate shall represent the entire holding of Registered Notes by the same Holder.

Title to the Bearer Notes, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “Register”). Except as ordered by a court of competent jurisdiction or as required by law, the Holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the Holder.

In these Conditions, “Noteholder” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), “Holder” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms (not otherwise defined) have the meanings given to them in the applicable Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

(a) *Exchange of Exchangeable Bearer Notes*

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unexpired Coupons and Talons relating to it, at the Specified Office (as defined in the Trust Deed) of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) *Transfer of Registered Notes*

One or more Registered Notes may be transferred upon the surrender (at the Specified Office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not so transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency

Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) *Exercise of Options or Partial Redemption in Respect of Registered Notes*

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the Holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a Holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding of Registered Notes.

(d) *Delivery of New Certificates*

Each new Certificate to be issued pursuant to Conditions 2(a), 2(b) or 2(c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(h)) or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the Specified Office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the Holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by ordinary uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "business day" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the place of the Specified Office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) *Exchange Free of Charge*

Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) *Closed Periods*

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption by the Issuer may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3. Guarantee and Status

(a) *Guarantee*

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and the Coupons. The Guarantor's obligations in that respect (the "Guarantee") are contained in the Trust Deed.

(b) *Status of Notes and Guarantee*

The Notes, and the Coupons relating to them, constitute (subject to Condition 4) unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and rateably without any preference among themselves. The payment obligations of the Issuer under the Notes and the Coupons relating to them and of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantor respectively, present and future.

4. Negative Pledge

So long as any of the Notes or Coupons remains Outstanding (as defined in the Trust Deed) each of the Issuer and the Guarantor undertakes that it will not, and, in the case of the Guarantor, that it will procure that no Subsidiary (as defined below) will, create or have outstanding any mortgage, charge, pledge, lien or other form of encumbrance or security interest (each a "Security Interest") upon the whole or any part of its undertaking, assets or revenues (including any uncalled capital), present or future, in order to secure any Relevant Debt (as defined below) or to secure any guarantee of or indemnity in respect of any Relevant Debt unless, at the same time or prior thereto, the Issuer's obligations under the Notes, the Coupons and the Trust Deed or, as the case may be, the Guarantor's obligations under the Guarantee (A) are secured equally and rateably therewith to the satisfaction of the Trustee or (B) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of these Conditions:

"Relevant Debt" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities that are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, automated trading system, over-the-counter or other securities market.

"Subsidiary" means a subsidiary of the Guarantor within the meaning of section 1159 of the Companies Act 2006.

5. Interest and other Calculations

(a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date in each year up to (and including) the Maturity Date.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, "Fixed Interest Period" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to the Calculation Amount and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upward or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note is a multiple of the Calculation Amount, the

amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(b) *Interest on Floating Rate Notes*

(i) Interest Payment Dates

Each Floating Rate Note bears interest from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(g). Such Interest Payment Date(s) is/are either specified in the applicable Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period specified in the applicable Final Terms as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) Business Day Convention

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) Rate of Interest for Floating Rate Notes

(x) The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being EURIBOR, subject as provided in Condition 5(b)(iv) below) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (Brussels time) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

(y) If the Relevant Screen Page is not available or if sub-paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request the principal Euro-zone office of each of the Reference Banks to provide the Calculation Agent with its offered

quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

- (z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the Euro-zone inter-bank market provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(iv) Reference Rate Replacement

If, notwithstanding the provisions of Condition 5(b)(iii), the Issuer, in consultation with the party responsible for determining the Rate of Interest (being the Calculation Agent or such other party specified in the applicable Final Terms, as applicable), determines that a Benchmark Event has occurred in relation to the Reference Rate at any time when any Rate of Interest (or component thereof) remains to be determined by reference to such Reference Rate, then the following provisions shall apply:

- (A) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine (acting in good faith and in a commercially reasonable manner):
- (x) a Successor Reference Rate; or
 - (y) if such Independent Adviser determines that there is no Successor Reference Rate, an Alternative Reference Rate,

and, in each case, an Adjustment Spread (in any such case, acting in good faith and in a commercially reasonable manner) no later than five Business Days prior to the Interest Determination Date relating to the next succeeding Interest Accrual Period (the "IA Determination Cut-off Date") for the purposes of determining the Rate of Interest (or a relevant component part thereof) applicable to the Notes for such next succeeding Interest Accrual Period and for all other future Interest Accrual Periods

(subject to the subsequent operation of this Condition 5(b)(iv) during any other future Interest Accrual Period(s));

- (B) if the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner) determines that in accordance with this Condition 5(b)(iv):
 - (x) there is a Successor Reference Rate then such Successor Reference Rate (as adjusted by the applicable Adjustment Spread as provided in Condition 5(b)(iv)(C)) shall subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future Interest Accrual Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 5(b)(iv)); or
 - (y) there is no Successor Reference Rate but that there is an Alternative Reference Rate, then such Alternative Reference Rate (as adjusted by the applicable Adjustment Spread as provided in Condition 5(b)(iv)(C)) shall subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future Interest Accrual Periods (subject to the subsequent further operation of, and adjustment as provided in, this Condition 5(b)(iv));
- (C) if a Successor Reference Rate or Alternative Reference Rate is determined in accordance with Condition 5(b)(iv), the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner) shall determine an Adjustment Spread (which may be expressed as a specified quantum or a formula or methodology for determining the applicable Adjustment Spread (and, for the avoidance of doubt, an Adjustment Spread may be positive, negative or zero)), which Adjustment Spread shall be applied to the Successor Reference Rate or the Alternative Reference Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a relevant component part thereof) by reference to such Successor Reference Rate or Alternative Reference Rate (as applicable), subject to the subsequent further operation of, and adjustment as provided in, this Condition 5(b)(iv);
- (D) if any Successor Reference Rate, Alternative Reference Rate or Adjustment Spread is determined in accordance with this Condition 5(b)(iv), the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner) may in its discretion specify:
 - (1) changes to these Terms and Conditions in order to follow market practice in relation to such Successor Reference Rate or Alternative Reference Rate and/or Adjustment Spread (as applicable), including, but not limited to, (aa) the Interest Period(s)/Specified Interest Payment Dates, the Business Day Convention, the Additional Business Centre(s), the Interest Determination Date(s), the Relevant Screen Page and/or Day Count Fraction applicable to the Notes and (bb) the method for determining the fallback to the Rate of Interest in relation to the Notes if such Successor Reference Rate, Alternative Reference Rate and/or Adjustment Spread (as applicable) is not available; and
 - (2) any other changes which the relevant Independent Adviser determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of such Successor Reference Rate, Alternative Reference Rate and/or Adjustment Spread (as applicable),

which changes shall apply to the Notes for all future Interest Accrual Periods (subject to the subsequent operation of this Condition 5(b)(iv)); and

- (E) promptly following the determination of (i) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (ii) any Adjustment Spread, the Issuer

shall give notice thereof and of any changes (and the effective date thereof) pursuant to this Condition 5(b)(iv) to the Trustee, each of the Paying Agents, the Calculation Agent, the Noteholders in accordance with Condition 16 and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two Directors or authorised signatories of the Issuer:

- (I) confirming (x) that a Benchmark Event has occurred, (y) the Successor Reference Rate or, as the case may be, the Alternative Reference Rate and (z) the Adjustment Spread, in each case as determined in accordance with the provisions of this Condition 5(b)(iv);
- (II) certifying that the consequential amendments are necessary to ensure the proper operation of such Successor Reference Rate, Alternative Reference Rate and/or Adjustment Spread; and
- (III) certifying that the Issuer has duly consulted with an Independent Adviser with respect to each of the matters above.

The Trustee shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof. The Successor Reference Rate or Alternative Reference Rate and the Adjustment Spread and any such other relevant changes pursuant to this Condition 5(b)(iv) specified in such certificate will (in the absence of manifest error in the determination of the Successor Reference Rate or Alternative Reference Rate and the Adjustment Spread and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Paying Agents, the Calculation Agent, the Noteholders and the Couponholders.

Subject to receipt by the Trustee of this certificate, the Trustee shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed (including, inter alia, by the execution of a deed supplemental to or amending the Trust Deed), the Agency Agreement and these Terms and Conditions as the Issuer certifies are required to give effect to this Condition 5(b)(iv) and the Trustee shall not be liable to any party for any consequences thereof provided that the Trustee shall not be obliged to effect any amendment which increases its duties or obligations or reduces its rights or protections.

In connection with such variation in accordance with this Condition 5(b)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

No consent of the Noteholders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate (as the case may be) and the applicable Adjustment Spread described in this Condition 5(b)(iv) or such other relevant changes pursuant to this Condition 5(b)(iv), including for the execution of any documents or the taking of other steps by the Issuer or any of the parties to the Trust Deed and/or the Agency Agreement (if required).

For the avoidance of doubt, if a Successor Reference Rate or an Alternative Reference Rate (as the case may be) and the applicable Adjustment Spread is not determined pursuant to the operation of this Condition 5(b)(iv) prior to the relevant IA Determination Cut-off Date, then the Rate of Interest for the next Interest Accrual Period shall be determined by the Calculation Agent by reference to the fallback provisions set out in Condition 5(b)(iii).

(c) *Zero Coupon Notes*

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(d) *Accrual of Interest*

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(e) *Adjustment of Rate of Interest for Fixed Rate Notes and Floating Rate Notes*

If Step Up Rating Change and Step Down Rating Change is specified in the applicable Final Terms, the following provisions relating to the Rate of Interest for the Notes shall apply.

- (i) The Rate of Interest payable on the Notes will be subject to adjustment from time to time in the event of a Step Up Rating Change or a Step Down Rating Change, as the case may be.
- (ii) Subject to paragraphs (iv) and (vii) below, from and including the first Interest Payment Date following the date of a Step Up Rating Change, if any, the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) payable on the Notes shall be increased by the Step Up Margin specified in the applicable Final Terms.
- (iii) Furthermore, subject to paragraphs (iv) and (vii) below, in the event of a Step Down Rating Change following a Step Up Rating Change, with effect from and including the first Interest Payment Date following the date of such Step Down Rating Change, the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) payable on the Notes shall be decreased by the Step Up Margin back to the initial Rate of Interest (in the case of Fixed Rate Notes) or the initial Margin (in the case of Floating Rate Notes).
- (iv) If a Step Up Rating Change and, subsequently, a Step Down Rating Change occur during the same Fixed Interest Period (in the case of Fixed Rate Notes) or the same Interest Period (in the case of Floating Rate Notes), the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) on the Notes shall be neither increased nor decreased as a result of either event.
- (v) The Issuer shall use all reasonable efforts to maintain credit ratings for the Notes from the Rating Agencies. If, notwithstanding such reasonable efforts, either Rating Agency fails to or ceases to assign a credit rating to the Notes, the Issuer shall use all reasonable efforts to obtain a credit rating of the Notes from a substitute rating agency that shall be a Statistical Rating Agency, and references in this Condition 5(e) to Moody's or S&P, as the case may be, or the credit ratings thereof, shall be to such substitute rating agency or, as the case may be, the equivalent credit ratings thereof.
- (vi) The Issuer will cause the occurrence of a Step Up Rating Change or a Step Down Rating Change giving rise to an adjustment to the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) payable on the Notes pursuant to this Condition 5(e) to be notified to the Trustee and the Issuing and Paying Agent and notice thereof to be published in accordance with Condition 16 as soon as possible after the occurrence of the Step Up Rating Change or the Step Down Rating Change (whichever the case may be) but in no event later than the fifth London Business Day thereafter.
- (vii) A Step Up Rating Change (if any) and a Step Down Rating Change (if any), may only occur once each during the term of the Notes.

The Trustee is under no obligation to ascertain whether a change in the rating assigned to the Notes by a Rating Agency or any substitute rating agency has occurred or whether there has been a failure

or a ceasing by a Rating Agency or any Statistical Rating Agency to assign a credit rating to the Notes and until it shall have actual knowledge or express notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no such change to the credit rating assigned to the Notes has occurred or no such failure or ceasing by a Rating Agency or any Statistical Rating Agency has occurred.

If the rating designations employed by any Rating Agency is changed from those which are described in this Condition 5(e), the Issuer and the Guarantor shall determine, with the agreement of the Trustee (not to be unreasonably withheld or delayed), the rating designations of that Rating Agency as are most equivalent to the prior rating designations of that Rating Agency, and this Condition 5(e) shall be construed accordingly.

For the purposes of this Condition 5(e) only:

"London Business Day" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"Moody's" means Moody's Investors Service Ltd, or its successor;

"Rating Agency" means either Moody's or S&P and "Rating Agencies" means both of them;

"S&P" means S&P Global Ratings UK Limited, or its successor;

"Statistical Rating Agency" means Fitch Ratings Limited or its successor or such other rating agency as the Trustee may approve, such approval not to be unreasonably withheld or delayed;

"Step Down Rating Change" means the first public announcement after a Step Up Rating Change by either a Rating Agency or both Rating Agencies of an increase in the credit rating of the Notes with the result that, following such public announcement(s), both Rating Agencies rate the Notes as Baa3 or higher (in the case of Moody's) and BBB- or higher (in the case of S&P). For the avoidance of doubt, any further increases in the credit rating of the Notes above Baa3 in the case of Moody's or above BBB- in the case of S&P shall not constitute a Step Down Rating Change; and

"Step Up Rating Change" means the first public announcement by either a Rating Agency or both Rating Agencies of a decrease in the credit rating of the Notes to below Baa3 (in the case of Moody's) or to below BBB- (in the case of S&P). For the avoidance of doubt, any further decrease in the credit rating of the Notes from below Baa3 in the case of Moody's or from below BBB- in the case of S&P shall not constitute a Step Up Rating Change.

(f) *Margin, Maximum/Minimum Rates of Interest, Redemption Amounts and Rounding*

- (i) If any Margin is specified in the applicable Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified in the applicable Final Terms, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency

that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(g) *Calculations in respect of Floating Rate Notes*

The Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amount payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

The Calculation Agent will calculate the Interest Amount payable on the Floating Rate Notes for the relevant Interest Accrual Period by applying the Rate of Interest to the Calculation Amount and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with market convention. Where the Specified Denomination of a Floating Rate Note is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(h) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Spens Amounts, Make-Whole Redemption Amounts and Residual Call Early Redemption Amounts*

The Calculation Agent or the Independent Adviser (as the case may be) shall as soon as practicable on each Interest Determination Date or such other time on such date as the Calculation Agent or the Independent Adviser (as the case may be) may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination, but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination in accordance with Condition 16. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 5 but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent or the Independent Adviser (as the case may be) shall (in the absence of manifest error) be final and binding upon all parties.

(i) *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Accrual Period in the applicable Final Terms, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate, one of which shall be determined as if the Designated Maturity were the period of

time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period, provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Issuer shall determine, or (at its discretion) shall appoint an agent to determine, such rate at such time and by reference to such sources as it determines appropriate, acting in good faith and in a commercially reasonable manner.

“Designated Maturity” means the period of time designated in the Reference Rate.

(j) *Definitions*

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Adjustment Spread” means either a spread (which may be positive or negative or zero), or the formula or methodology for calculating a spread, which the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner) determines is required to be applied to a Successor Reference Rate or an Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Reference Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable); or
- (iii) if no such customary market usage is recognised or acknowledged, the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Reference Rate or the Alternative Reference Rate (as applicable); or
- (iv) if no such industry standard is recognised or acknowledged, the Independent Adviser (acting in good faith and in a commercially reasonable manner) determines to be appropriate in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders as a result of the replacement of the Reference Rate with such Successor Reference Rate or Alternative Reference Rate (as applicable).

“Alternative Reference Rate” means the rate that the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner) determines has replaced the Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component parts thereof) in respect of notes denominated in the Specified Currency and of a comparable duration to the relevant Interest Accrual Periods, or, if such Independent Adviser determines that there is no such rate, such other rate as such Independent Adviser (acting in good faith and in a commercially reasonable manner) determines in its discretion is most comparable to the Reference Rate.

"Benchmark Event" means:

- (i) the Reference Rate ceasing to exist, be permanently administered or be published (in the latter case, for a period of at least 5 Business Days);

- (ii) the later of (A) the making of a public statement by the administrator or an insolvency official with jurisdiction over the administrator of the Reference Rate that it will, on or before a specified date, cease publishing the Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Reference Rate) and (B) the date falling six months prior to the date specified in (ii)(A);
- (iii) the making of a public statement by the supervisor of the administrator of the Reference Rate that the Reference Rate has been permanently or indefinitely discontinued;
- (iv) the later of (A) the making of a public statement by the supervisor of the administrator of the Reference Rate that the Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (B) the date falling six months prior to the date specified in (iv)(A);
- (v) the later of (A) the making of a public statement by the supervisor of the administrator of the Reference Rate that means the Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (B) the date falling six months prior to the date specified in (v)(A);
- (vi) it has, or will prior to the next Interest Determination Date, become unlawful for the Issuer, the Calculation Agent, any party responsible for determining the Rate of Interest or any Paying Agent to calculate any payments due to be made to any Noteholder using the Reference Rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011 or Regulation (EU) No. 2016/1011 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, if applicable); or
- (vii) the later of (A) the making of a public statement by the supervisor of the administrator of the Reference Rate announcing that such Reference Rate will, on or before a specified date, no longer be representative or may no longer be used and (B) the date falling six months prior to the date specified in (vii)(A) above.

“Business Day” means:

- (i) in the case of a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which T2 is open (a “T2 Business Day”); and/or
- (iii) in the case of a Specified Currency and one or more Additional Business Centres specified in the applicable Final Terms, a day on which commercial banks and foreign exchange markets settle payments in such Specified Currency and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “Calculation Period”):

- (i) if “Actual/Actual” or “Actual/Actual (ISDA)” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (a) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (b) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;
- (iv) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (v) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30;

- (vi) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30; and

(vii) if “Actual/Actual-ICMA” is specified in the applicable Final Terms:

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date.

“Determination Date” means the date specified as such in the applicable Final Terms or, if none is so specified, the Interest Payment Date.

“euro” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the functioning of the European Union, as amended (the “Treaty”).

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty.

“Interest Accrual Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be, specified in the applicable Final Terms as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“Independent Adviser” means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense.

“Interest Commencement Date” means the Issue Date or such other date as may be specified in the applicable Final Terms.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the applicable Final Terms or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither sterling nor euro or (iii) the day falling two T2 Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“Interest Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified in the applicable Final Terms.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions in the applicable Final Terms.

“Reference Banks” means the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Issuer.

“Reference Rate” means the rate originally specified as such in the applicable Final Terms or, where a Successor Reference Rate or an Alternative Reference Rate has been determined pursuant to Condition 5(b)(iv), such Successor Reference Rate or Alternative Reference Rate, as applicable, used to determine the Rate of Interest (or any component part thereof) on the Notes.

“Relevant Nominating Body” means, in respect of a Reference Rate:

- (i) the central bank for the currency to which such Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such Reference Rate; or

- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Final Terms.

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“Successor Reference Rate” means the rate that the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner) determines is a successor to or replacement of the Reference Rate which is formally recommended or formally provided as an option for parties to adopt by any Relevant Nominating Body.

“T2” means the Trans-European Automated Real-time Gross Settlement Express Transfer System or any successor or replacement thereto.

(k) *Calculation Agent*

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the Final Terms and for so long as any Note is Outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Early Redemption Amount, Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money or swap market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6. Redemption, Purchase and Options

(a) *Final Redemption*

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the applicable Final Terms at its Final Redemption Amount specified in the applicable Final Terms (which, unless otherwise provided in the applicable Final Terms, is its nominal amount).

(b) *Early Redemption*

(i) Zero Coupon Notes

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is specified in the applicable Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of

the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown specified in the applicable Final Terms.

- (ii) Other Notes

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified in the applicable Final Terms.

- (c) *Redemption for Taxation Reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or, at any time (if this Note is not a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer (or, if the Guarantee were called, the Guarantor) satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom (the "UK") or the Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Before the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer (or the Guarantor, as the case may be) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and a legal opinion of legal advisers of recognised standing to the effect that such circumstances prevail and the Trustee shall be entitled to accept such certificate and legal opinion as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, in which event it shall be conclusive and binding on Noteholders and Couponholders.

- (d) *Redemption at the Option of the Issuer (Issuer Call)*

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Noteholders, redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at the Optional Redemption

Amount specified in the applicable Final Terms (together, if appropriate, with interest accrued to the date fixed for redemption). Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the applicable Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the applicable Final Terms.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(d).

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements.

(e) *Make-Whole Redemption by the Issuer (Issuer Make-Whole Call)*

(i) Spens Redemption

If Spens Redemption is specified in the applicable Final Terms, the Issuer may, on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Noteholders, redeem all, or, if so provided, some of the Notes, at any time or from time to time (i) where no particular period during which Spens Redemption is applicable is specified, prior to their Maturity Date; or (ii) where Spens Redemption is specified as only being applicable for a certain period, during such period, in each case on the date for redemption specified in such notice (the “Spens Redemption Date”) at the Spens Amount.

The Spens Amount shall be equal to the higher of (i) 100 per cent of the nominal amount of the Notes to be redeemed and (ii) the nominal amount of the Notes to be redeemed multiplied by the price, as reported to the Issuer and the Trustee by the Financial Adviser, at which the Gross Redemption Yield to maturity or, if Issuer Par Call is specified in the applicable Final Terms, the Gross Redemption Yield to the Par Call Period Commencement Date as specified in the applicable Final Terms on such Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time on the Reference Date of the Reference Bond, plus the Redemption Margin (if any), all as determined by the Financial Adviser plus, in each case, any accrued interest on the Notes to, but excluding, the Spens Redemption Date.

(ii) Make-Whole Redemption

If Make-Whole Redemption is specified in the applicable Final Terms, the Issuer may, on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Noteholders, redeem all, or, if so provided, some of the Notes, at any time or from time to time (i) where no particular period during which Make-Whole Redemption is applicable is specified, prior to their Maturity Date; or (ii) where Make-Whole Redemption is specified as only being applicable for a certain period, during such period, in each case on the date for redemption specified in such notice (the “Make-Whole Redemption Date”) at the Make-Whole Redemption Amount.

The Make-Whole Redemption Amount shall be an amount equal to the higher of (i) 100 per cent of the nominal amount of the Notes to be redeemed and (ii) the sum of the present values of the nominal amount of the Notes to be redeemed (assuming for this purpose, in the case of any Notes for which Issuer Par Call is specified as being applicable in the applicable Final Terms, that the Notes are scheduled to mature on the Par Call Period Commencement Date as specified in the applicable Final Terms instead of the Maturity Date) and the Remaining Term Interest on such Notes (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on an annual basis (based on the Day Count Fraction specified in the applicable Final Terms or such other day count basis as the Financial Adviser may consider to be appropriate having regard to customary market practice at such time) at

the Make-Whole Redemption Rate, plus the Redemption Margin (if any), all as determined by the Financial Adviser, plus, in each case any accrued interest on the Notes to, but excluding, the Make-Whole Redemption Date.

Any such notice of redemption may, at the Issuer's discretion, be subject to one or more conditions precedent, in which case such notice shall state that, in the Issuer's discretion, the Spens Redemption Date or the Make-Whole Redemption Date, as applicable, may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the Spens Redemption Date or the Make-Whole Redemption Date, as applicable, or by the Spens Redemption Date or the Make-Whole Redemption Date, as applicable, so delayed.

Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the applicable Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the applicable Final Terms.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(e).

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements.

“FA Selected Bond” means a government security or securities (which, if the Specified Currency is euro, will be a German *Bundesobligationen*) selected by the Financial Adviser as having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the remaining term of the Notes;

“Financial Adviser” means an independent financial adviser acting as an expert selected by the Issuer;

“Gross Redemption Yield” means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Financial Adviser on the basis set out by the UK Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields”, page 4, Section One: Price/Yield Formulae “Conventional Gilts/Double dated and Updated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date” (published 8 June 1998, as amended or updated from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or, if such formula does not reflect generally accepted market practice at the time of redemption, a gross redemption yield calculated in accordance with generally accepted market practice at such time as determined by the Financial Adviser;

“Make-Whole Redemption Rate” means either the Treasury Rate or the Reference Bond Rate, as specified in the applicable Final Terms;

“Quotation Time” shall be as set out in the applicable Final Terms;

“Redemption Margin” shall be as set out in the applicable Final Terms;

“Reference Bond” means (A) if FA Selected Bond is specified as being applicable in the applicable Final Terms, the relevant FA Selected Bond or (B) if FA Selected Bond is not specified as being applicable in the applicable Final Terms, the security specified in the applicable Final Terms, provided that, if the Financial Adviser advises the Issuer that, at the time at which the Spens Amount or the Make-Whole Redemption Amount, as applicable, is to be determined, for reasons of illiquidity or otherwise, the relevant security specified is not appropriate for such purpose, such other central bank

or government security as the Financial Adviser may, after consultation with the Issuer, determine to be appropriate;

“Reference Bond Price” means, with respect to any date of redemption, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, (B) if the Financial Adviser obtains fewer than four but more than one such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations, (C) if the Financial Adviser obtains only one such Reference Government Bond Dealer Quotation, such quotation so obtained, or (D) if no Reference Government Bond Dealer Quotations are provided, the price determined by the Financial Adviser (or failing which the Issuer, in consultation with the Financial Adviser), acting in a commercially reasonable manner, at such time and by reference to such sources as it deems appropriate;

“Reference Bond Rate” means, with respect to any date of redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such date of redemption;

“Reference Date” will be set out in the relevant notice of redemption;

“Reference Government Bond Dealer” means each of five banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

“Reference Government Bond Dealer Quotations” means, with respect to each Reference Government Bond Dealer and any date for redemption, the arithmetic average, as determined by the Financial Adviser, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time on the Reference Date quoted in writing to the Financial Adviser by such Reference Government Bond Dealer;

“Remaining Term Interest” means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term to maturity of such Note (or, if Issuer Par Call is specified as being applicable in the applicable Final Terms, the remaining term up to the Par Call Period Commencement Date specified in the applicable Final Terms) determined on the basis of the rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the Issuer pursuant to this Condition; and

“Treasury Rate” means, with respect to any Make-Whole Redemption Date, the yield determined by the Issuer in accordance with the following two paragraphs. The Issuer’s actions and determinations in determining the redemption price in accordance with the following two paragraphs shall be conclusive and binding for all purposes, absent manifest error.

The Treasury Rate shall be determined by the Issuer after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third Business Day preceding the Make-Whole Redemption Date or such other date as specified in the applicable Final Terms (the “Treasury Rate Reference Date”) based upon the yield or yields for the most recent day that appear after such time on such Treasury Rate Reference Date in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as “Selected Interest Rates (Daily) - H.15” (or any successor designation or publication) (“H.15”) under the caption “US government securities–Treasury constant maturities–Nominal” (or any successor caption or heading) (“H.15 TCM”). In determining the Treasury Rate, the Issuer shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the Make-Whole Redemption Date to the Maturity Date or, if Issuer Par Call is specified as being applicable in the applicable Final Terms, the Par Call Period Commencement Date (the “Remaining Life”); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields – one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury

constant maturity on H.15 immediately longer than the Remaining Life – and shall interpolate to the Maturity Date or the Par Call Period Commencement Date, as applicable, on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the Make-Whole Redemption Date.

If on the Treasury Rate Reference Date H.15 TCM is no longer published, the Issuer shall calculate the Treasury Rate based on the rate per annum equal to the annual or semi-annual equivalent yield (as the case may be) to maturity at 11:00 a.m., New York City time, on the second Business Day preceding such Make-Whole Redemption Date of the United States Treasury security maturing on, or with a maturity that is closest to, the Maturity Date or the Par Call Period Commencement Date, as applicable. If there is no United States Treasury security maturing on the Maturity Date or the Par Call Period Commencement Date, as applicable, but there are two or more United States Treasury securities with a maturity date equally distant from the Maturity Date or the Par Call Period Commencement Date, as applicable, one with a maturity date preceding the Maturity Date or the Par Call Period Commencement Date, as applicable, and one with a maturity date following the Maturity Date or the Par Call Period Commencement Date, as applicable, the Issuer shall select the United States Treasury security with a maturity date preceding the Maturity Date or the Par Call Period Commencement Date, as applicable. If there are two or more United States Treasury securities maturing on the Maturity Date or the Par Call Period Commencement Date, as applicable, or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Issuer shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the annual or semi-annual yield (as the case may be) to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

(f) *Issuer Par Call Option*

If Issuer Par Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Trustee and to the Noteholders in accordance with Condition 16 (which notice shall be irrevocable and specify the date fixed for redemption), redeem the Notes then outstanding in whole, but not in part, at any time during the Par Call Period specified as being applicable in the applicable Final Terms, at the Final Redemption Amount specified in the applicable Final Terms, together (if appropriate) with interest accrued but unpaid to (but excluding) the date fixed for redemption.

(g) *Issuer Residual Call Option*

If Issuer Residual Call is specified as being applicable in the applicable Final Terms and, at any time, the aggregate nominal amount of the Notes then Outstanding is 20 per cent or less of the aggregate nominal amount of the Series issued excluding any Notes redeemed pursuant to Condition 6(e), the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 and not more than 60 days' notice to the Trustee and, in accordance with Condition 16, the Noteholders (which notice shall be irrevocable) at the Residual Call Early Redemption Amount together, if appropriate, with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(g).

(h) *Redemption at the Option of Noteholders*

(i) General Investor Put

If General Investor Put is specified as being applicable in the applicable Final Terms, the Issuer shall, at the option of the Holder of any such Note, upon the Holder of such Note giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms, redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified in the applicable Final Terms together with interest accrued to the date fixed for redemption.

To exercise such option the Holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its Specified Office, together with a duly completed option exercise notice (“Exercise Notice”) in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(ii) Change of Control Investor Put

If Change of Control Investor Put is specified in the applicable Final Terms, the following provisions shall apply to the Notes:

If whilst any of the Notes remain Outstanding there occurs a Restructuring Event and within the Restructuring Period (a) (if at the time that Restructuring Event occurs there are Rated Securities) a Rating Downgrade in respect of that Restructuring Event occurs or (b) (if at the time that Restructuring Event occurs there are no Rated Securities) a Negative Rating Event in respect of that Restructuring Event occurs (that Restructuring Event and, where applicable, Rating Downgrade or Negative Rating Event, as the case may be, occurring within the Restructuring Period together called a “Put Event”), the Holder of each Note will have the option (unless, prior to the giving of the Put Event Notice referred to below, the Issuer gives notice under Condition 6(c)) under this Condition 6(h)(ii) to require the Issuer to redeem or, at the Issuer’s option, purchase (or procure the purchase of) that Note on the Optional Redemption Date (Put) (as defined below) at its Optional Redemption Amount specified in the applicable Final Terms together with (or, where purchased, together with an amount equal to) interest accrued to (but excluding) the Optional Redemption Date (Put). For the avoidance of doubt, any references in these Terms and Conditions to principal shall be deemed to include the purchase price for Notes should the Issuer opt to purchase Notes pursuant to this Condition 6(h)(ii).

Promptly upon, and in any event within 14 days after, the Issuer becoming aware that a Put Event has occurred, the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the Holders of at least one-quarter in nominal amount of the Notes then Outstanding or if so directed by an Extraordinary Resolution of the Noteholders, the Trustee shall (subject in each case to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction), give notice (in each case, a “Put Event Notice”) to the Noteholders in accordance with Condition 16 specifying the nature of the Put Event and the procedure for exercising the option (as set out in this Condition 6(h)(ii)).

To exercise the option to require redemption or, as the case may be, purchase of a Note under this Condition 6(h)(ii) the Holder of that Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, DTC or any Alternative Clearing System, deliver such Note, on any business day in the city of the Specified Office of any Paying Agent falling within the period (the “Put Period”) of 30 days after a Put Event Notice is given, at the Specified Office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the Specified Office of any Paying Agent (a “Put Option Notice”) and in which the Holder must specify a bank account to which payment is to be made under this Condition 6(h)(ii). The Note (in the case

of Bearer Notes) should be delivered together with all Coupons appertaining thereto maturing after the date (the “Optional Redemption Date (Put)”) which is the fourteenth day after the last day of the Put Period failing which an amount will be deducted from the payment to be made by the Issuer on redemption of the Notes corresponding to the aggregate amount payable in respect of such missing Coupons.

If this Note is represented by a Global Note or is in definitive form and held through DTC, Euroclear or Clearstream, Luxembourg or any Alternative Clearing System, to exercise the option to require redemption or, as the case may be, purchase of a Note under this Condition 6(h)(ii) the Holder of the Note must, within the Put Period (a) give notice to the Issuing and Paying Agent of such exercise in accordance with the standard procedures of DTC, Euroclear and Clearstream, Luxembourg (which may include notice being given on the Noteholder’s instruction by DTC, Euroclear or Clearstream, Luxembourg or any common depositary for them to the Issuing and Paying Agent by electronic means) in a form acceptable to DTC, Euroclear and Clearstream, Luxembourg from time to time and (b) if this Note is represented by a Global Note, at the same time present, or procure the presentation of, the relevant Global Note to the Issuing and Paying Agent for notation accordingly.

The Paying Agent to which such Note (if applicable) and Put Option Notice are delivered or the Issuing and Paying Agent, as the case may be, will issue to the Holder concerned a non-transferable receipt (a “Put Option Receipt”) in respect of the Note so delivered or, in the case of a Global Note or Note in definitive form held through DTC, Euroclear or Clearstream, Luxembourg, the notice so received. The Issuer shall redeem or, at the option of the Issuer, purchase (or procure the purchase of) the Notes in respect of which Put Option Receipts have been issued on the Optional Redemption Date (Put), unless previously redeemed or purchased. Payment in respect of any Note so delivered will be made on the Optional Redemption Date (Put) by transfer to the account specified in the applicable Put Option Notice, in each case against presentation and surrender or (as the case may be) endorsement of such Put Option Receipt at the Specified Office of any Paying Agent in accordance with the provisions of this Condition 6(h)(ii).

If 80 per cent or more in nominal amount of the Notes then Outstanding immediately prior to the Put Event Notice have been redeemed or purchased pursuant to this Condition 6(h)(ii), the Issuer may, having given not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 16, such notice to be given within 30 days after the Optional Redemption Date (Put), redeem or, at the Issuer’s option, purchase (or procure the purchase of) all but not some only of, the Notes then Outstanding at their Optional Redemption Amount specified in the applicable Final Terms together with interest accrued to but excluding the date of such redemption. The notice referred to in the preceding sentence shall be irrevocable and shall specify the date fixed for redemption (which shall not be more than 60 days after the date of the notice). Upon expiry of such notice, the Issuer will redeem or, at the option of the Issuer, purchase (or procure the purchase of) the Notes.

For the purpose of this Condition 6(h)(ii) only:

“Alternative Clearing System” means any additional or alternative clearing system (other than DTC, Euroclear and Clearstream, Luxembourg) approved by the Issuer, the Guarantor, the Trustee and the Issuing and Paying Agent;

a “Negative Rating Event” shall be deemed to have occurred if (a) the Guarantor does not, either prior to or not later than 21 days after the relevant Restructuring Event, seek, and thereupon use all reasonable endeavours to obtain, a long-term credit rating of the Notes or any other unsecured and unsubordinated debt of the Guarantor (“Rateable Debt”) from a Rating Agency or (b) if it does so seek and use such endeavours, it is unable, within the Restructuring Period, as a result of such Restructuring Event to obtain such a credit rating of BBB- or higher (in the case of S&P Global Ratings UK Limited or its successor (“S&P”)), Baa3 or higher (in the case of Moody’s Investors Service Ltd or its successor (“Moody’s”)), (or, in the case of S&P or Moody’s, as the case may be, their respective equivalents for the

time being), or the equivalent credit rating from any other Rating Agency, provided that a Negative Rating Event shall be deemed not to have occurred in respect of a particular Restructuring Event if the Rating Agency declining to assign a credit rating of at least investment grade (as described above) does not announce or publicly confirm or inform the Trustee in writing at its request that its declining to assign a credit rating of at least investment grade was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Restructuring Event (whether or not the Restructuring Event shall have occurred at the time such investment grade rating is declined);

“Potential Restructuring Event Announcement” means any public announcement or statement by the Guarantor, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Restructuring Event where, within 180 days following the date of such announcement or statement, a Restructuring Event occurs;

“Rated Securities” means the Notes so long as they shall have an effective long-term credit rating from any Rating Agency and otherwise any unsecured and unsubordinated debt of the Guarantor which has a long-term credit rating from one of the Rating Agencies;

“Rating Agency” means S&P and its successors or Moody’s and its successors or any other rating agency of equivalent standing specified by the Guarantor from time to time and agreed in writing by the Trustee, such agreement not to be unreasonably withheld or delayed;

“Rating Agencies” means both S&P (and its successors) and Moody’s (and its successors) and any other rating agency of equivalent standing specified by the Guarantor from time to time and agreed by the Trustee in writing, such agreement not to be unreasonably withheld or delayed;

a “Rating Downgrade” shall be deemed to have occurred in respect of a Restructuring Event if the current credit rating provided by a Rating Agency assigned to the Rated Securities (a) is withdrawn and is not within the Restructuring Period reinstated to, or replaced (by another Rating Agency) by, a credit rating of at least equivalent to that which was current immediately before the occurrence of the Restructuring Event or (b) is reduced from an investment grade rating BBB- (in the case of S&P) or Baa3 (in the case of Moody’s) (or their respective equivalents for the time being or the equivalent rating of any other Rating Agency) or higher to a non-investment grade rating BB+ (in the case of S&P) and Ba1 (in the case of Moody’s) (or their respective equivalents for the time being or the equivalent rating of any other Rating Agency) or lower and is not raised again to an investment grade rating within the Restructuring Period, provided that a Rating Downgrade otherwise arising by virtue of a particular reduction in, or withdrawal of, a credit rating shall be deemed not to have occurred in respect of a particular Restructuring Event if the Rating Agency making the reduction in, or withdrawal of, a credit rating to which this definition would otherwise apply does not announce or publicly confirm or inform the Trustee in writing at its request that the reduction was the result, in whole or part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Restructuring Event (whether or not the applicable Restructuring Event shall have occurred at the time of the Rating Downgrade);

a “Restructuring Event” shall be deemed to have occurred at each time (whether or not approved by the Board of Directors of the Guarantor) that any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers (as in force on the date of issue)), other than a holding company (as defined in Section 1159 of the Companies Act 2006) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Guarantor, or any person or persons acting on behalf of any such person(s), is/are or become(s) interested (within the meaning of Part 22 of the Companies Act 2006) in (a) more than 50 per cent of the issued or allotted ordinary share capital of the Guarantor or (b) such number of shares in the capital of the Guarantor carrying more than 50 per cent of the voting rights normally exercisable at a general meeting of the Guarantor; and

“Restructuring Period” means the period beginning on the date that is (a) the date of the first public announcement of the Restructuring Event or, if earlier, (b) the date of the earliest Potential Restructuring Event Announcement (if any) and ending 90 days after the occurrence of the Restructuring Event (if any) (or such longer period in which the Rated Securities or Rateable Debt, as the case may be, is or are under consideration (announced publicly within the period ending 90 days after the occurrence of the Restructuring Event) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration).

If the rating designations employed by any of the Rating Agencies are changed from those which are described in paragraph (b) of the definition of “Negative Rating Event” or in the definition of “Rating Downgrade” above, the Guarantor shall determine, with the agreement of the Trustee (not to be unreasonably withheld or delayed), the rating designations of that Rating Agency as are most equivalent to the prior rating designations of that Rating Agency, and this Condition 6(h)(ii) shall be construed accordingly.

(i) *Purchases*

The Issuer, the Guarantor and any Subsidiaries may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(j) *Cancellation*

All Notes purchased by or on behalf of the Issuer, the Guarantor or any Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

(k) *Definitions*

In these Conditions “Amortised Face Amount” means the amortised face amount calculated in accordance with Condition 6(b)(i).

7. **Payments and Talons**

(a) *Bearer Notes*

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of payments of principal and, in the case of interest, as specified in Condition 7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the Specified Office of any Paying Agent outside the U.S. and its possessions by a cheque payable in the relevant currency drawn on, or, at the option of the Holder, by transfer to an account denominated in such currency with, a bank in the principal financial centre for such currency or, in the case of payment in euro, at the option of the Holder, by transfer to or cheque drawn on a euro account (or any other account to which euro may be transferred) specified by the Holder.

(b) *Registered Notes*

(i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the Specified Office of any of the Transfer Agents or of the Registrar and in the manner provided in sub-paragraph (ii) below.

(ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “Record Date”).

Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a bank and mailed to the Holder (or to the first named of joint Holders) of such Note at its address appearing in the Register. Upon application by the Holder to the Specified Office of the Registrar or any Transfer Agent before the Record Date, and subject as provided in paragraph (a) above, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of such currency.

- (iii) Payments of principal and interest in respect of Registered Notes registered in the name of, or in the name of a nominee for, The Depository Trust Company (“DTC”) and denominated in a Specified Currency other than U.S. dollars will be made or procured to be made by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee in accordance with the following provisions. The amounts in such Specified Currency payable by the Registrar or its agent to DTC with respect to Registered Notes held by DTC or its nominee will be received from the Issuer by the Registrar who will make payments in such Specified Currency by wire transfer of same day funds to the designated bank account in such Specified Currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payments, on or prior to the third DTC Business Day after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 DTC Business Days prior to the relevant payment date, to receive that payment in such Specified Currency. The Registrar, after the Exchange Agent has converted amounts in such Specified Currency into U.S. dollars, will deliver such U.S. dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such Specified Currency. The Agency Agreement sets out the manner in which such conversions are to be made. For the purposes of this Condition 7(b)(iii), “DTC Business Day” means any day on which DTC is open for business.

(c) *Payments in the U.S.*

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the Specified Office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with Specified Offices outside the U.S. and its possessions with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by U.S. law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) *Payments subject to Laws*

All payments are subject in all cases to (i) any applicable laws, regulations and directives, in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations thereunder or official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto.

No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Appointment of Agents*

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Exchange Agent and the Transfer Agents initially appointed by the Issuer and the Guarantor and their respective Specified Offices are listed below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms. The Issuing and

Paying Agent, the Paying Agents, the Registrar, the Transfer Agents, the Exchange Agent and the Calculation Agent act solely as agents of the Issuer and the Guarantor (and, in certain limited circumstances set out in the Trust Deed, as agents of the Trustee) and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent, the Exchange Agent or the Calculation Agent and to appoint additional or other Paying Agents, Exchange Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having Specified Offices in at least two major European cities, (vi) so long as any of the Registered Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, an Exchange Agent; and (vii) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any Specified Office shall promptly be given to the Noteholders in accordance with Condition 16.

(f) *Unmatured Coupons and unexchanged Talons*

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, those Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon(s) (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon(s) that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexpired Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the Specified Office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) *Non-Business Days*

If any date for payment in respect of any Note or Coupon is not a business day, the Holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “business day” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation, in such jurisdictions as shall be specified as “Additional Financial Centres” in the applicable Final Terms and:

- (i) in the case of a payment in a currency other than euro where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) in the case of a payment in euro which is a T2 Business Day.

8. Taxation

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes and the Coupons, shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within a Tax Jurisdiction or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) to, or to a third party on behalf of, a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of the Holder having some connection with the UK or the Netherlands other than the mere holding of the Note or Coupon; or
- (b) presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the Holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day; or
- (c) where such withholding or deduction is required to be made pursuant to the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*).

As used in these Conditions, “Relevant Date” in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable has not been duly received by the Issuing and Paying Agent on or prior to such due date) the date on which payment in full of the amount outstanding is made (notice to that effect shall have been given to Noteholders and Couponholders) or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to:

- (i) “principal” shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Spens Amounts, Make-Whole Redemption Amounts, Residual Call Early Redemption Amounts,

Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it;

- (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it; and
- (iii) “principal” and/or “interest” shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

As used in these Conditions, “Tax Jurisdiction” means, in relation to a payment by IBF or the Guarantor, the UK, and in relation to a payment by IBFN, the Netherlands.

9. Prescription

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. Events of Default

If any of the following events (“Events of Default”) occurs, the Trustee at its discretion may, and if so requested by Holders of at least one-fifth in nominal amount of the Notes then Outstanding or if so directed by an Extraordinary Resolution shall (subject, in each case, to being indemnified and/or secured and/or pre-funded to its satisfaction) give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

- (i) *Non-Payment of Principal*: default is made for a period of more than 7 days in the payment on the due date of principal in the Specified Currency in respect of any of the Notes; or
- (ii) *Non-Payment of Interest*: default is made for a period of more than 30 days in the payment on the due date of interest in the Specified Currency in respect of any of the Notes; or
- (iii) *Breach of Other Obligations*: the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been given to the Issuer or the Guarantor by the Trustee; or
- (iv) *Cross-Default*: (A) any other present or future indebtedness of the Issuer or the Guarantor or any Principal Subsidiary for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (C) the Issuer or the Guarantor or any Principal Subsidiary fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that (i) such guarantee or indemnity is not being contested in good faith in accordance with legal advice or (ii) the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (iv) have occurred equals or exceeds £50,000,000 or its equivalent (as reasonably determined by the Trustee); or
- (v) *Enforcement Proceedings*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any substantial part of the property, assets or revenues of the Issuer or the Guarantor or any Principal Subsidiary and is not discharged or stayed within 60 days thereof; or

- (vi) *Insolvency*: to the extent permitted by applicable law, any of the Issuer or the Guarantor or any Principal Subsidiary is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or substantially all of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of its debts or a moratorium is agreed, declared or comes into effect in respect of or affecting all or substantially all of the debts of the Issuer, the Guarantor or any Principal Subsidiary; or
- (vii) *Winding-up*: an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or the Guarantor or any Principal Subsidiary, or the Issuer or the Guarantor or any Principal Subsidiary shall apply or petition for a winding-up or administration order in respect of itself or cease or through an official action of its board of Directors threaten to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary (or, as applicable, the relevant part thereof) are transferred to or otherwise vested in the Issuer, Guarantor and/or one or more Subsidiaries and except that neither the Issuer, the Guarantor nor any Principal Subsidiary shall be treated as having threatened to cease or having ceased to carry on all or substantially all of its business or operations by reason of any announcement of any disposal or by reason of any disposal on an arm's length basis; or
- (viii) *Ownership of the Issuer*: the Issuer ceases to be directly or indirectly wholly-owned by the Guarantor except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders; or
- (ix) *Guarantee*: the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect,

provided that, in relation to paragraphs (v), (vi) and (vii), in respect of any Principal Subsidiary, the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

“Principal Subsidiary” means:

- (a) any Subsidiary of the Guarantor which is an active trading company and whose adjusted unconsolidated assets or pre-tax profit equal or exceed 10 per cent of the consolidated assets or adjusted consolidated pre-tax profit of the Group (as defined in the Trust Deed), and for the purposes of the above:
 - (i) the consolidated assets of the Group shall be ascertained by reference to the latest audited published consolidated accounts of the Group;
 - (ii) the adjusted consolidated pre-tax profit of the Group shall be the aggregate of:
 - (A) the consolidated pre-tax profit of the Group ascertained by reference to the latest audited published consolidated accounts of the Group; and
 - (B) the consolidated pre-tax profit (the pre-acquisition profit) of any Subsidiary which became a member of the Group during the period for which the latest audited published consolidated accounts of the Group were prepared (an acquired Subsidiary) for the part of that period which falls before the effective date of that acquisition, calculated in accordance with International Financial Reporting Standards and used in the preparation of the latest audited published accounts of the Group;

- (iii) the assets of any Subsidiary shall be the assets of that Subsidiary calculated in accordance with International Financial Reporting Standards and used in the preparation of the latest audited published accounts of the Group; and
- (iv) the pre-tax profit of any Subsidiary shall be the pre-tax profit of that Subsidiary calculated in accordance with International Financial Reporting Standards and used in the preparation of the latest audited published accounts of the Group plus, in the case of any acquired subsidiary, an amount equal to any pre-acquisition pre-tax profit.

For the purposes of the above, “assets” in respect of the Group or any such Subsidiary means the non-current assets and current assets of the Group or that trading Subsidiary (as the case may be) but excluding investments in any Subsidiary and intra Group balances, and “pre-tax profit” in respect of the Group or any such Subsidiary excludes intra Group interest payable and receivable and intra Group dividends; or

- (b) a Subsidiary of the Guarantor to which has been transferred (whether by one transaction or a series of transactions, related or not) the whole or substantially the whole of the assets of a Subsidiary which immediately prior to those transactions was a Principal Subsidiary.

A certificate signed by two Directors or authorised signatories of the Guarantor whether or not addressed to the Trustee that, in their opinion, a Subsidiary of the Guarantor is or is not or was or was not at any particular time or throughout any specified period, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Guarantor and the Noteholders, all as further provided in the Trust Deed.

11. Meetings of Noteholders, Modification, Waiver and Substitution

(a) *Meetings of Noteholders*

The Trust Deed contains provisions for convening meetings (including by way of conference call or by use of a videoconference platform) of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent in nominal amount of the Notes for the time being Outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being Outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is specified in the applicable Final Terms, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (viii) to modify or cancel the Guarantee, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent, or at any adjourned meeting not less than 25 per cent, in nominal amount of the Notes for the time being Outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the Holders of not less than 75 per cent in nominal amount of the Notes for the time being Outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly

convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) *Modification of the Trust Deed*

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable in accordance with Condition 16.

In addition, the Trustee shall be obliged to agree to such modifications to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to Condition 5(b)(iv) in connection with effecting any Successor Reference Rate, Alternative Reference Rate, Adjustment Spread or any other related changes referred to in Condition 5(b)(iv) without the requirement for the consent or sanction of the Noteholders or Couponholders provided that the Trustee shall not be obliged to agree to any modification which increases the Trustee's obligations or duties or reduces its rights or protections. Any such modification shall be binding on the Noteholders and Couponholders and, if the Trustee so requires, shall be notified to the Noteholders as soon as practicable in accordance with Condition 16.

(c) *Substitution*

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor in business or any subsidiary of the Issuer or its successor in business in place of the Issuer and to the substitution of the Guarantor's successor in business in place of the Guarantor, or of any previous substituted company, as principal debtor or Guarantor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) *Entitlement of the Trustee*

In connection with the exercise of its functions (including but not limited to those referred to in this Condition 11) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer or the Guarantor any indemnification or payment in respect of any tax in consequence of any such exercise upon individual Noteholders or Couponholders.

12. **Enforcement**

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Notes and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in nominal amount of the Notes for the time being Outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any entity related to the Issuer or the Guarantor without accounting for any profit.

The Trustee may rely without liability to Noteholders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

14. Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the Specified Office of the Issuing and Paying Agent in London (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

15. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single Series with the outstanding securities of any Series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single Series with the Notes.

Notwithstanding the foregoing, with respect to a Series in which either the outstanding Notes or such additional notes are offered and sold pursuant to Rule 144A, the Issuer hereby agrees that it will not issue any such additional notes having the same CUSIP, ISIN or other identifying number as the outstanding Notes unless such additional notes are fungible with the outstanding Notes for U.S. federal income tax purposes.

Any further securities forming a single Series with the outstanding securities of any Series constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the Holders of securities of other Series where the Trustee is of the opinion that there is no conflict of interest.

16. Notices

Notices to the Holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the Holders of Bearer Notes shall be valid if published in a daily newspaper having general circulation in London (which is expected to be the *Financial Times*). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly

given if published in another leading daily English language newspaper with general circulation in the UK. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes in accordance with this Condition 16.

17. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18. Governing Law

The Trust Deed, the Notes, the Coupons and the Talons (including any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law.

USE OF PROCEEDS

The net proceeds of each issue of Notes by the relevant Issuer will be applied by it for its general corporate purposes (including loans to other subsidiaries of the Guarantor).

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

Upon:

- (a) in the case of a Tranche of Bearer Notes, the initial deposit of the relevant Global Note with (i) if the relevant Global Note is intended to be issued in NGN form, as stated in the applicable Final Terms, a Common Safekeeper for Euroclear and Clearstream, Luxembourg or (ii) if the relevant Global Note is not intended to be issued in NGN form, a Common Depository for Euroclear and Clearstream, Luxembourg; or
- (b) in the case of a Tranche of Registered Notes, the registration of the relevant Registered Notes in the name of any common nominee for Euroclear and Clearstream, Luxembourg or in the name of a nominee of the Common Safekeeper (in the case of Regulation S Global Certificates intended to be held under the NSS) or in the name of a nominee of DTC and delivery of the relevant Global Certificate to the Common Depository or the Common Safekeeper or the custodian for DTC, as the case may be,

Euroclear, Clearstream, Luxembourg or DTC, as the case may be, will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Where a Global Note issued in respect of any Tranche is in NGN form or is a Regulation S Global Certificate intended to be held under the NSS, Euroclear and Clearstream, Luxembourg will be notified whether or not such Global Note or Regulation S Global Certificate, as the case may be, is intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Note or Regulation S Global Certificate, as the case may be, is to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria.

References herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer, the Issuing and Principal Paying Agent and the Trustee and specified in the applicable Final Terms.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of DTC, Euroclear, Clearstream, Luxembourg or any other permitted clearing system (“Alternative Clearing System”) as the Holder of a Note represented by a Global Note or a Global Certificate must look solely to DTC, Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for their share of each payment made by the relevant Issuer to the bearer of such Global Note or the Holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of DTC, Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the relevant Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the relevant Issuer will be discharged by payment to the bearer of such Global Note or the Holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

Exchange

1. *Temporary Global Notes*

Subject to the following proviso, each temporary Global Note will be exchangeable, free of charge to the Holder, on or after its Exchange Date:

- 1.1 if the applicable Final Terms indicate that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “Overview of the Programme – U.S. Selling Restrictions”), in whole, but not in part, for the Definitive Notes defined and described below; and
- 1.2 otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the customary form for interests in a permanent Global Note or, if so provided in the applicable Final Terms, for Definitive Notes,

in each case provided that a temporary Global Note representing Notes having denominations consisting of a minimum Specified Denomination and integral multiples of a smaller amount in excess thereof shall be exchangeable for Definitive Notes only in the limited circumstances (each an “Exchange Event”) set out in paragraph 2.4 under “*Permanent Global Notes*” below.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

2. *Permanent Global Notes*

Subject to the following proviso, each permanent Global Note will be exchangeable, free of charge to the Holder, on or after its Exchange Date in whole but not, except as provided under “Partial Exchange of Permanent Global Notes”, in part for Definitive Notes or, in the case of 2.3 below and subject to Condition 2(f) of the Terms and Conditions of the Notes, Registered Notes:

- 2.1 by the relevant Issuer giving notice to the Noteholders, the Issuing and Paying Agent and the Trustee of its intention to effect such exchange;
- 2.2 if the applicable Final Terms provide that such Global Note is exchangeable at the request of the Holder, by the Holder giving notice to the Issuing and Paying Agent of its election for such exchange;
- 2.3 if the permanent Global Note is an Exchangeable Bearer Note, by the Holder giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; and
- 2.4 otherwise, (i) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; (ii) if principal in respect of any Notes is not paid when due, by the Holder giving notice to the Issuing and Paying Agent of its election for such exchange or (iii) if the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the permanent Global Note in definitive form,

in each case provided that a permanent Global Note representing Notes having denominations consisting of a minimum Specified Denomination and integral multiples of a smaller amount in excess thereof shall be exchangeable for Definitive Notes only upon an Exchange Event.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only.

3. *Partial Exchange of Permanent Global Notes*

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes if principal in respect of any Notes is not paid when due.

4. *Global Certificates*

If the applicable Final Terms state that the Notes are to be represented by a Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear, Clearstream, Luxembourg, DTC or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) of the Terms and Conditions of the Notes may only be made in part:

- 4.1 if such Notes are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System (except for DTC) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so;
- 4.2 if such Notes are held on behalf of a custodian for DTC and if DTC notifies the relevant Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to that DTC Restricted Global Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or is at any time no longer eligible to act as such, and the relevant Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or
- 4.3 with the consent of the relevant Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 4.1 or 4.2 above, the Holder has given the Registrar not less than 30 days' notice at its Specified Office of the Holder's intention to effect such transfer. Where a Global Certificate is only transferable in its entirety, the Certificate issued to the transferee upon transfer of such holding shall be a Global Certificate. Where transfers are permitted in part, Certificates issued to transferees shall not be a Global Certificate unless the transferee so requests and certifies to the Registrar that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear, DTC and/or any alternative clearing system.

5. *Delivery of Notes*

If the Global Note is a CGN, on or after any due date for exchange the Holder of a Global Note may, in the case of an exchange in whole, surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the relevant Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be, or if the Global Note is a NGN, the relevant Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant Clearing System. Global Notes that do not relate to DTC Registered Notes and Definitive Notes will be delivered outside the U.S. and its possessions. In this Prospectus, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having

attached to them all Coupons in respect of interest that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the relevant Issuer will, if the Holder so requests, procure that it is cancelled and returned to the Holder together with the relevant Definitive Notes.

6. *Exchange Date*

“Exchange Date” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the Specified Office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

7. *Definitive Notes*

If, in respect of any Tranche of Notes, the applicable Final Terms specifies that the Global Note may be exchanged for Definitive Notes in circumstances other than upon the occurrence of an Exchange Event, such Notes will be issued with only one Specified Denomination or all Specified Denominations of such Notes will be an integral multiple of the lowest Specified Denomination, as specified in the applicable Final Terms.

The exchange of a permanent Global Note for definitive Notes upon notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any Holder) or at any time at the request of the relevant Issuer should not be expressed to be applicable in the applicable Final Terms if the Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency). Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a temporary Global Note exchangeable for definitive Notes.

Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

1. *Payments and record date*

No payment falling due after the Exchange Date will be made on any temporary Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the customary form. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. If the Global Note is a NGN or if the Global Certificate is held under the NSS, the relevant Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under a NGN will be made to its Holder. Each payment so made will discharge the relevant Issuer’s obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect

such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “business day” set out in Condition 7(h) (Non-Business Days).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where “Clearing System Business Day” means a day on which the Clearing Systems are open and settle transactions.

The holder of a Global Note or a Global Certificate shall be the only person entitled to receive payments in respect of Notes represented by such Global Note or Global Certificate and the relevant Issuer will be discharged by payment to, or to the order of, the holder of such Global Note or Global Certificate in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for their share of each payment so made by the relevant Issuer to, or to the order of, the holder of such Global Note or Global Certificate.

2. *Prescription*

Claims against the relevant Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

3. *Meetings*

For the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the Holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All Holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder’s holding, whether or not represented by a Global Certificate.)

4. *Cancellation*

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note or its presentation to or to the order of the Issuing and Paying Agent for endorsement in the relevant schedule of such permanent Global Note, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

5. *Purchase*

Notes represented by a permanent Global Note may only be purchased by the relevant Issuer, the Guarantor or any Subsidiaries if they are purchased together with the rights to receive all future payments of interest thereon.

6. *Issuer’s Option*

Any option of the relevant Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the relevant Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the relevant Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of account holders with a clearing system in respect of the Notes will be governed by the standard procedures of DTC, Euroclear and/or Clearstream, Luxembourg (to be

reflected in the records of the relevant clearing system as either a pool factor or a reduction in nominal amount, at their discretion) or any other alternative clearing system (as the case may be).

7. *Noteholders' Options*

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the Holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation. Where the Global Note is a NGN or where the Global Certificate is held under the NSS, the relevant Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

8. *Trustee's Powers*

In considering the interests of Noteholders while any Global Note is held on behalf of, or a Global Certificate are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Global Certificate and may consider such interests as if such accountholders were the Holders of the Notes represented by such Global Note or Global Certificate.

9. *Notices*

So long as any Notes are represented by a Global Note or Global Certificate and such Global Note or Global Certificate is held on behalf of a clearing system, notices to the Holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the Holder of the Global Note or Global Certificate. Any such notice shall be deemed to have been given to the Holders of the Notes on the business day (which for these purposes shall mean a day on which the relevant clearing systems are open for business) after the day on which the said notice was given to the relevant clearing system.

10. *NGN nominal amount*

Where the Global Note is a NGN, the relevant Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems, and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

CAPITALISATION

The following table sets forth the Group's consolidated cash and cash equivalents and capitalisation as at 30 September 2023. The table below should be read in conjunction with the section "PRESENTATION OF FINANCIAL AND OTHER INFORMATION AND CERTAIN DEFINITIONS"

	As at 30 September 2023
	<i>(in £ million)</i>
Cash and cash equivalents	(1,345)
Current borrowings	
Bank loans and overdrafts	49
Capital market issuance	1,450
Total current borrowings	1,499
Non-current borrowings	
Bank loans and overdrafts	2
Outstanding bonds	7,880
Total non-current borrowings	7,882
Lease liabilities	349
Derivative financial instruments.....	53
Total net debt ⁽¹⁾	8,438
Equity attributable to equity holders of Imperial Brands	6,021
Non-controlling interests	621
Total equity	6,642
Total capitalisation and indebtedness ⁽²⁾	15,080

Notes:

(1) Represents the total of cash and cash equivalents, current and non-current borrowings, lease liabilities and derivative financial instruments.

(2) Represents total net debt and total equity.

As at the date of this Prospectus, except as indicated below, there have been no material changes to the Group's capitalisation and indebtedness since 30 September 2023. Adjusted net debt as at 31 December 2023 was £10,436 million, an increase of 30 per cent. compared to £8,026 million as at 30 September 2023. This is predominantly driven by working capital movements, payment of a quarterly dividend to shareholders and the aforementioned share buyback and is consistent with expected trends and ordinary course of business.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected consolidated financial information of the Group should be read in conjunction with, and is qualified in its entirety by reference to, the Consolidated Financial Statements, including the notes thereto, incorporated by reference in this Prospectus. You should read the following information in conjunction with the section entitled “PRESENTATION OF FINANCIAL AND OTHER INFORMATION AND CERTAIN DEFINITIONS”

The financial information presented below has been derived from the Consolidated Financial Statements. Except as otherwise indicated herein, the financial information presented below: (i) as at and for the year ended 30 September 2021 has been derived from the 2022 Financial Statements, and (ii) as at and for the years ended 30 September 2022 and 2023 has been derived from the 2023 Financial Statements. For purposes of comparability, under “Key Performance Indicators and Other Operating Metrics” the comparative information for the year ended 30 September 2022 reflects both the Restated 2022 Financial Information derived from the 2023 Financial Statements and the unrestated 2022 financial information derived from the 2022 Financial Statements.

Selected Consolidated Income Statement Information

	For the year ended 30 September		
	2021 ⁽¹⁾	2022 ⁽²⁾	2023
<i>(in £ million, unless otherwise indicated)</i>			
Revenue	32,791	32,551	32,475
Duty and similar items.....	(16,229)	(15,644)	(14,398)
Other cost of sales	(10,535)	(10,869)	(11,397)
Cost of sales	(26,764)	(26,513)	(25,795)
Gross profit	6,027	6,038	6,680
Distribution, advertising and selling costs.....	(2,118)	(2,021)	(2,338)
Russia, Ukraine and associated markets exit	—	(399)	(4)
Acquisition and disposal costs.....	(17)	(5)	—
Profit/(loss) on disposal of subsidiaries	281	(29)	(1)
Amortisation and impairment of acquired intangibles	(450)	(349)	(347)
Excise tax provision.....	1	9	—
Fair value adjustment and impairment of other financial assets.....	15	(37)	(36)
Restructuring costs.....	(257)	(197)	—
Charges related to legal provisions	—	—	(85)
Structural changes to defined benefit pension schemes	—	(4)	(12)
Other expenses.....	(336)	(323)	(455)
Administrative and other expenses	(763)	(1,334)	(940)
Operating profit	3,146	2,683	3,402
Investment income.....	1,060	1,600	907
Finance costs	(979)	(1,717)	(1,205)
Net finance income/(costs)	81	(117)	(298)
Share of profit/(loss) of investments accounted for using the equity method	11	(15)	7
Profit before tax	3,238	2,551	3,111
Tax.....	(331)	(886)	(655)
Profit for the period	2,907	1,665	2,456
Attributable to:			
Owners of the parent	2,834	1,570	2,328
Non-controlling interests	73	95	128
Earnings per ordinary share (in £/pence)			
Basic.....	299.9	165.9	252.4
Diluted.....	299.1	164.7	250.8

Notes:

- (1) Represents the Group’s consolidated income statement information for the year ended 30 September 2021 as reported in the 2022 Financial Statements.
- (2) Represents the Group’s consolidated income statement information for the year ended 30 September 2022 as reported in the 2023 Financial Statements.

Selected Consolidated Balance Sheet Information

	As at 30 September		
	2021 ⁽¹⁾	2022 ⁽²⁾	2023
	<i>(in £ million)</i>		
Non-current assets			
Intangible assets	16,674	17,777	16,944
Property, plant and equipment.....	1,715	1,659	1,617
Right of use assets.....	242	228	326
Investments accounted for using the equity method.....	88	56	55
Retirement benefit assets.....	1,046	826	414
Trade and other receivables.....	62	67	63
Derivative financial instruments.....	391	985	824
Deferred tax assets	564	439	653
State aid tax recoverable.....	101	—	—
	20,883	22,037	20,896
Current assets			
Inventories.....	3,834	4,140	4,522
Trade and other receivables.....	2,749	2,543	2,490
Current tax assets	234	334	112
Cash and cash equivalents.....	1,287	1,850	1,345
Derivative financial instruments.....	68	54	126
Current assets held for disposal.....	35	—	—
	8,207	8,921	8,595
Total assets	29,090	30,958	29,491
Current liabilities			
Borrowings.....	(1,107)	(1,011)	(1,499)
Derivative financial instruments.....	(62)	(54)	(174)
Lease liabilities.....	(57)	(58)	(81)
Trade and other payables.....	(9,106)	(9,506)	(9,579)
Current tax liabilities.....	(253)	(307)	(418)
Provisions.....	(188)	(203)	(148)
Current liabilities held for disposal	(35)	-	-
	(10,808)	(11,139)	(11,899)
Non-current liabilities			
Borrowings.....	(8,715)	(8,996)	(7,882)
Derivative financial instruments.....	(984)	(1,072)	(829)
Lease liabilities.....	(194)	(190)	(268)
Trade and other payables.....	(7)	(10)	(27)
Deferred tax liabilities	(1,037)	(961)	(871)
Retirement benefit liabilities	(1,199)	(894)	(807)
Provisions.....	(206)	(223)	(266)
	(12,342)	(12,346)	(10,950)
Total liabilities	(23,150)	(23,485)	(22,849)
Net assets	5,940	7,473	6,642
Equity			
Share capital	103	103	97
Share premium and capital redemption.....	5,837	5,837	5,843
Retained earnings	(788)	(443)	(674)
Exchange translation reserve.....	200	1,363	755
Equity attributable to owners of the parent	5,352	6,860	6,021
Non-controlling interests.....	588	613	621
Total equity	5,940	7,473	6,642

Notes:

- (1) Represents the Group's consolidated balance sheet information as at 30 September 2021 as reported in the 2022 Financial Statements.
- (2) Represents the Group's consolidated balance sheet information as at 30 September 2022 as reported in the 2023 Financial Statements.

Selected Consolidated Cash Flow Statement Information

	For the year ended 30 September		
	2021 ⁽¹⁾	2022 ⁽²⁾	2023
	<i>(in £ million)</i>		
Cash flows from operating activities			
Operating profit.....	3,146	2,683	3,402
Dividends received from investments accounted for under the equity method ..	4	7	7
Depreciation, amortisation and impairment	815	660	632
Loss/(Profit) on disposal of non-current assets.....	2	—	(39)
(Profit)/loss on disposal of subsidiaries.....	(281)	428	1
Post-employment benefits	(63)	(56)	(29)
Costs of employees' services compensated by share schemes	25	29	31
Other non-cash items.....	(15)	37	40
Movement in provisions.....	18	39	21
Operating cash flows before movement in working capital.....	3,651	3,827	4,066
Decrease/(Increase) in inventories.....	70	(195)	(551)
(Increase)/decrease in trade and other receivables	(201)	89	46
(Decrease)/Increase in trade and other payables.....	(533)	146	158
Movement in working capital.....	(664)	40	(347)
Tax paid.....	(820)	(681)	(590)
Net cash generated from operating activities.....	2,167	3,186	3,129
Cash flows from investing activities			
Interest received	15	8	10
Proceeds from the sale of non-current assets.....	50	53	71
Proceeds from sale of subsidiaries, net of cash disposed of.....	845	27	—
Purchase of non-current assets	(200)	(230)	(325)
Purchase of brands and operations	—	(13)	(183)
Net cash generated from/(used in) investing activities	710	(155)	(427)
Cash flows from financing activities			
Interest paid.....	(415)	(366)	(417)
Lease liabilities paid.....	(69)	(68)	(92)
Increase in borrowings	858	1,710	1,462
Repayment of borrowings	(2,224)	(2,476)	(1,518)
Cash flows relating to derivative financial instruments.....	41	94	(64)
Purchase of shares by Employee Share Ownership Trusts.....	—	(1)	—
Repurchase of shares.....	—	—	(1,006)
Dividends paid to non-controlling interests.....	(93)	(89)	(104)
Dividends paid to owners of the parent.....	(1,305)	(1,320)	(1,312)
Net cash used in financing activities	(3,207)	(2,516)	(3,051)
Net (decrease)/increase in cash and cash equivalents.....	(330)	515	(349)
Cash and cash equivalents at start of the period	1,626	1,287	1,850
Effect of foreign exchange rates on cash and cash equivalents	(9)	48	(156)
Cash and cash equivalents at end of the period	1,287	1,850	1,345

Notes:

- (1) Represents the Group's consolidated cash flow statement information for the year ended 30 September 2021 as reported in the 2022 Financial Statements.
- (2) Represents the Group's consolidated cash flow statement information for the year ended 30 September 2022 as reported in the 2023 Financial Statements.

Key Performance Indicators and Other Operating Metrics

For the three years ended 30 September 2021, 2022 and 2023, the Group reported certain of its key performance indicators and other operating metrics as follows:

	As at and for the year ended 30 September			
	2021 ⁽¹⁾	2022 ⁽²⁾	2022 (restated) ⁽³⁾	2023
	<i>(in £ million, unless otherwise indicated)</i>			
Group				
Tobacco volume <i>(in billion stick equivalents\d)</i>	231.9	220.9	220.9	198.0
Adjusted operating profit ⁽⁴⁾	3,573	3,694	3,694	3,887

As at and for the year ended 30 September

	2021 ⁽¹⁾	2022 ⁽²⁾	2022	
			(restated) ⁽³⁾	2023
	<i>(in £ million, unless otherwise indicated)</i>			
Organic adjusted operating profit ⁽⁵⁾	3,570	N/A	N/A	N/A
Adjusted EBITDA ⁽⁶⁾	3,842	3,938	3,938	4,157
Adjusted net debt ⁽⁷⁾	(8,615)	(8,054)	(8,054)	(8,026)
Adjusted net debt/adjusted EBITDA	2.2x	2.0x	2.0x	1.9x
Adjusted operating cash conversion rate (<i>per cent</i>) ⁽⁸⁾	83	102	102	92
Aggregate priority market share vs prior year (<i>per cent</i>).....	(0.02)	0.35	0.35	0.10
NGP net revenue	188	208	208	265
Return on Invested Capital (<i>per cent</i>).....	16.5	17.7	17.7	18.5
Tobacco & NGP				
Revenue.....	23,863	23,456	23,456	22,413
Net revenue ⁽⁹⁾	7,610	7,793	7,793	8,012
Operating profit.....	2,991	2,472	2,472	3,106
Adjusted operating profit ⁽¹⁰⁾	3,308	3,441	3,441	3,583
Adjusted operating margin (<i>per cent</i>).....	43.5	44.4	44.4	44.7
Europe				
Tobacco volume (<i>in billion stick equivalents</i>).....	126.7	121.5	97.9	89.9
Net revenue	3,551	3,472	3,039	3,240
Adjusted operating profit.....	1,670	1,562	1,447	1,482
Americas				
Tobacco volume (<i>in billion stick equivalents</i>).....	21.5	21.9	21.9	20.7
Net revenue	2,534	2,826	2,826	2,812
Adjusted operating profit.....	1,037	1,179	1,179	1,257
Africa, Asia and Australasia and Central & Eastern Europe⁽¹¹⁾				
Tobacco volume (<i>in billion stick equivalents</i>).....	83.7	77.5	101.1	87.4
Net revenue	1,525	1,495	1,928	1,960
Adjusted operating profit.....	601	700	815	844
Distribution				
Revenue.....	9,589	9,756	9,756	10,819
Gross profit ⁽¹²⁾	1,069	1,046	1,046	1,466
Operating profit.....	148	212	212	298
Adjusted operating profit ⁽¹³⁾	258	254	254	306
Adjusted operating profit margin	24.1	24.3	24.3	20.9
Eliminations	7	(1)	(1)	(2)
Adjusted operating profit (incl. eliminations)	265	253	253	304

Notes:

- (1) Represents the Group's key performance indicators and other operating metrics for the year ended 30 September 2021 as reported in the 2022 Financial Statements, except for 'Organic adjusted operating profit' which is derived from the Group's audited consolidated annual financial statements of the Group for the financial year ended 30 September 2021.
- (2) Represents the Group's key performance indicators and other operating metrics for the year ended 30 September 2022 as reported in the 2022 Financial Statements.
- (3) Represents the Group's key performance indicators and other operating metrics for the year ended 30 September 2022 as restated in the 2023 Financial Statements.
- (4) See the section entitled "Alternative Performance Measures" on pages 235 to 243 of the 2023 Annual Report as incorporated by reference for a definition of adjusted operating profit.
- (5) Represents the Group's adjusted operating profit presented on an organic basis. Organic performance excludes the contribution of Premium Cigars, the disposal of which completed on 29 October 2020 affecting the results of the Group's AAA segment and, thus, the overall Group results for the year ended 30 September 2021. The following table provides a reconciliation of the Group's adjusted operating profit to organic adjusted operating profit for the periods indicated:

	For the year ended 30 September		
	2021	2022	2023
	<i>(in £ million)</i>		
Adjusted operating profit	3,573	3,694	3,887

	For the year ended 30 September		
	2021	2022	2023
		<i>(in £ million)</i>	
Premium Cigars divestment adjusted operating profit.	(3)	N/A	N/A
Organic adjusted operating profit	3,570	N/A	N/A

- (6) See the section entitled “Alternative Performance Measures” on pages 235 to 243 of the 2023 Annual Report as incorporated by reference for a definition of adjusted EBITDA. The following table provides a reconciliation of the Group’s adjusted operating profit to adjusted EBITDA for the periods indicated (see the section “Alternative Performance Measures” on pages 235 to 243 of the 2023 Annual Report as incorporated by reference for reconciliations of the Group’s adjusted operating profit to adjusted EBITDA for the year ended 30 September 2022 (restated) and 30 September 2023):

	For the year ended 30 September	
	2021⁽¹⁾	2022⁽²⁾
		<i>(in £ million)</i>
Adjusted operating profit	3,573	3,694
Depreciation, amortisation and impairments	269	244
Adjusted EBITDA	3,842	3,938

- (7) See the section entitled “Alternative Performance Measures” on pages 235 to 243 of the 2023 Annual Report as incorporated by reference for a definition of adjusted net debt.
- (8) See the section entitled “Alternative Performance Measures” on pages 235 to 243 of the 2023 Annual Report as incorporated by reference for a definition of adjusted operating cash conversion rate.
- (9) See the section entitled “Alternative Performance Measures” on pages 235 to 243 of the 2023 Annual Report as incorporated by reference for a definition of net revenue.
- (10) See the section entitled “Alternative Performance Measures” on pages 235 to 243 of the 2023 Annual Report as incorporated by reference for a definition of adjusted operating profit.
- (11) Tobacco volume, net revenue and adjusted operating profit from the Group’s AAA segment for the year ended 30 September 2021 is presented on a non-organic basis. Non-organic performance includes the contribution of Premium Cigars, the disposal of which completed on 29 October 2020 affecting the results of the Group’s AAA segment and, thus, the overall Group results for the year ended 30 September 2021. Premium Cigars contributed: £21 million to net revenue and £3 million to adjusted operating profit in the year ended 30 September 2021.
- (12) See the section entitled “Alternative Performance Measures” on pages 235 to 243 of the 2023 Annual Report as incorporated by reference for a definition of Distribution gross profit.
- (13) See the section entitled “Alternative Performance Measures” on pages 235 to 243 of the 2023 Annual Report as incorporated by reference for a definition of adjusted operating profit.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Group's financial condition and results of operations should be read in conjunction with the sections entitled "PRESENTATION OF FINANCIAL AND OTHER INFORMATION AND CERTAIN DEFINITIONS". The following discussion includes forward-looking statements that involve risks and uncertainties, which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. For a discussion of certain aspects of those risks and uncertainties, see the sections entitled "Forward-Looking Statements" and "Risk Factors".

Overview

Imperial Brands, a FTSE 100 company headquartered in the UK, is the parent company of an international business specialising in tobacco and NGP brands. The Group is committed to finding a long-term solution for harm reduction, operating responsibly and minimising its impact on the planet, while recognising the Group's role in providing genuine choices to its consumers in how their experiences are delivered.

The Group's core business is built around a tobacco portfolio of approximately 160 brands that offers a comprehensive range of cigarettes, fine cut tobacco, papers and mass-market cigars as well as NGP and snus products. Through its subsidiaries, the Group sells its tobacco brands in approximately 120 markets across the globe. As of 30 September 2023, the Group employed 25,200 employees and had a network of 30 manufacturing sites worldwide.

The Group comprises two distinct businesses: Tobacco & NGP and Distribution. For Tobacco & NGP, the Group reports its results in three separate geographic segments: Europe, the Americas and Africa, Asia, Australasia and Central & Eastern Europe ("AAACE"). Before 1 October 2022, the European segment of the Group's reported results included Central & Eastern Europe. Accordingly, for the financial year ended 30 September 2021, the Group's reporting segments were (a) Europe, (b) the Americas, (c) Africa, Asia and Australasia ("AAA") and (d) Distribution. For the financial years ended 30 September 2022 and 2023, the Group's reporting segments are: (a) Europe, (b) the Americas, (c) Africa, Asia, Australasia and Central & Eastern Europe and (d) Distribution:

Tobacco & NGP

- **Europe:** The Group manufactures and sells a comprehensive range of tobacco and NGP in Europe, including cigarettes, fine cut tobacco, papers, snus, vapour, oral nicotine and heated tobacco products. The Group's primary European markets consist of Germany, the UK, Spain, France, Italy, Greece, Sweden, Norway, Belgium and the Netherlands. The Group's net revenue from sales of tobacco and NGP in its Europe segment was £3,039 million in the year ended 30 September 2022 and £3,240 million in the year ended 30 September 2023, representing 39.0 per cent and 40.4 per cent of the total net revenue from the Group's Tobacco & NGP business for each respective period.
- **The Americas:** The Group's Americas business offers a broad portfolio of cigarette, mass-market cigar and vapour brands. The Group's primary Americas market is the U.S. The Group materially formed its current U.S. business through the combination of its U.S.-based operations with cigarette brands and assets acquired through the 2015 U.S. Acquisition. The Group's net revenue from sales of tobacco and NGP in its Americas segment was £2,826 million in the year ended 30 September 2022 and £2,812 million in the year ended 30 September 2023, representing 36.3 per cent and 35.1 per cent of the total net revenue from the Group's Tobacco & NGP business for each respective period.

- **Africa, Asia, Australasia and Central & Eastern Europe:** The Group's AAACE business offers a broad portfolio of cigarettes, fine cut vapour and heated tobacco products and papers. The Group's primary AAACE markets consist of Australia, New Zealand, Saudi Arabia, Taiwan, Poland, the Czech Republic, Hungary, Ivory Coast, Burkina Faso, Madagascar, Algeria and Morocco. The Group's net revenue from sales of tobacco and NGP in its AAACE segment was £1,928 million in the year ended 30 September 2022 and £1,960 million in the year ended 30 September 2023, representing 24.7 per cent and 24.5 per cent of the total net revenue from the Group's Tobacco & NGP business for each respective period.
- **Distribution:** The Group's Distribution business (comprising Logista) distributes tobacco and NGP as well as non-tobacco and non-NGP and services to a range of manufacturers, including the Group's Tobacco & NGP business. The Group's Distribution business is run on an operationally neutral basis, and transactions between the Group's Tobacco & NGP business and its Distribution business are conducted on an arm's length basis. Gross profit from the Group's Distribution business was £1,046 million in the year ended 30 September 2022 and £1,466 million in the year ended 30 September 2023.

Publication of comparative financial information for the year ended 30 September 2022

The Group changed its internal management reporting structuring with effect from 1 October 2022. The change involved moving the Central & Eastern Europe cluster from the Europe division to the AAA division. The AAA division was subsequently renamed the AAACE division. On 14 November 2023, the Group published restated comparative financial information for the year ended 30 September 2022 to reflect this change.

For the purposes of comparability, under "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Year ended 30 September 2023 compared to year ended 30 September 2022*" and elsewhere in this Prospectus, the comparative information for the year ended 30 September 2022 reflects the Restated 2022 Financial Information. All information included in the section under "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Year ended 30 September 2023 compared to year ended 30 September 2022*" has been extracted from the 2023 Financial Statements.

For the purposes of comparability, none of the information for the year ended 30 September 2022 under "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Year ended 30 September 2022 compared to year ended 30 September 2021*" reflects the Restated 2022 Financial Information. All information included in the section under "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Year ended 30 September 2022 compared to year ended 30 September 2021*" has been extracted from the 2022 Financial Statements.

Key Factors Affecting Results of Operations

Changes in demand for the Group's tobacco products

The Group generates the majority of its revenue from the manufacture, distribution and sale of tobacco products, primarily cigarettes. Generally, reduction in consumer demand for tobacco products may result from health concerns arising from tobacco use, increasing government regulation, the diminishing social acceptance of smoking, frequent and substantial increases in the excise duty on legitimate tobacco products or a substantial increase in cost attributable to a change in the manner of excise duty collection, increases in the trade of illicit tobacco products and the growth of the NGP category as a substitute for combustible tobacco. Although the prevalence of tobacco smoking has been declining globally, the global number of tobacco users has not been falling at the same rate, with more than 21 per cent of the world's adult population still choosing to smoke according to the Group's estimates. The Group's total tobacco volume (on a stick-equivalent basis, meaning combined cigarette, fine cut tobacco, cigar and snus volumes but excluding any NGP volume such as heated tobacco, modern oral nicotine and vapour) was 198.0 million in the year ended 30 September 2023, compared to 220.9 million, and 231.9 million in the years ended 30 September 2022 and 2021, respectively. The exit

from the Russian market resulted in a total tobacco volume decline of 7.8 million in the year which ended 30 September 2023.

On 27 January 2021, Imperial Brands announced its new five-year strategy to transform the Group and create long-term value. As part of its strategic priorities, the Group is focusing its investment and resources around its five priority combustible markets: the U.S., Germany, the UK, Australia and Spain. Investment in operational levers, including sales execution activities and brand-building initiatives, led to growth in the Group's weighted aggregate market share in those markets by ten basis points in the year ended 30 September 2023, with share gains in the U.S., Spain and Australia, more than offsetting declines in Germany and the UK. Maintaining pricing discipline remains the centre of the Group's focus and excluding Russia, the Group increased the prices of its tobacco products by 11 per cent in the year ended 30 September 2023. This increase more than offset volume declines due to reduced consumer demand resulting from cost-of-living pressures. At the same time, the Group has reset its NGP strategy with a significantly different approach, informed by consumer insights and validation, while remaining focused on delivering a meaningful contribution to harm reduction through the offering of potentially reduced-harm products to consumers. The Group is focusing its NGP investment in markets where the NGP category has already been established and where it has existing operations and distribution capabilities. In particular, the Group's NGP investment strategy is focused on vapour opportunities in the U.S., the UK and France and heated tobacco and oral nicotine opportunities in existing markets in Europe. In June 2023, the Group acquired the rights to sell oral nicotine pouches in the U.S. from TJP Labs and expects to launch its oral nicotine product in the U.S. in the first quarter of 2024. Investment in NGP is disciplined and based on detailed market testing. See also "*Description of the Group and its Business—Strategy*".

The following table sets forth the Group's net revenue from tobacco and NGP in each of its Tobacco & NGP segments for the periods indicated:

	For the year ended 30 September			
	2021⁽¹⁾	2022⁽²⁾	2022⁽³⁾ (restated)	2023⁽⁴⁾
	<i>(in £ million, unless otherwise indicated)</i>			
Europe				
Tobacco & NGP net revenue.....	3,551	3,472	3,039	3,240
Tobacco net revenue.....	3,425	3,306	2,883	3,020
NGP net revenue.....	126	166	156	220
Americas				
Tobacco & NGP net revenue.....	2,534	2,826	2,826	2,812
Tobacco net revenue.....	2,478	2,784	2,784	2,778
NGP net revenue.....	56	42	42	34
Africa, Asia, Australasia and Central & Eastern Europe⁽⁵⁾				
Tobacco & NGP net revenue.....	1,525	1,495	1,928	1,960
Tobacco net revenue.....	1,519	1,495	1,918	1,949
NGP net revenue.....	6	0	10	11

Notes:

- (1) Represents the Group's relevant results for the year ended 30 September 2021 as reported in the 2022 Financial Statements and are presented on an organic basis.
- (2) Represents the Group's relevant results for the year ended 30 September 2022 as reported in the 2022 Financial Statements.
- (3) Represents the Group's relevant results for the year ended 30 September 2022 as reported in the 2023 Financial Statements. These results have been restated to account for the movement of the Group's Central & Eastern European markets from the Europe segment to the AAA segment as of 1 October 2022.
- (4) Represents the Group's relevant results for the year ended 30 September 2023 as reported in the 2023 Financial Statements.
- (5) Net revenue from the Group's AAA segment for the year ended 30 September 2021 is presented on a non-organic basis. Non-organic performance includes the contribution of Premium Cigars, the disposal of which completed on 29 October 2020 affecting the results of the Group's AAA segment and, thus, the overall Group results for the above periods.

Cost optimisation programmes and 2021 Strategic Review Programme

The Group continues to focus on optimising its manufacturing footprint and reducing overheads to realise operational efficiencies. The Group has completed three cost optimisation programmes in recent years, including the programme which was announced in January 2021 as an output from the Group's strategic review.

Cost Optimisation Programme I ("COP I"), announced in 2013, is now complete, with minor residual charges around the factory footprint activity. COP I cash spend for the year ended 30 September 2023 was £24 million, compared to £11 million for the year ended 30 September 2022.

Cost Optimisation Programme II ("COP II"), announced in 2018, is substantially complete, though a few activities scheduled for 2020 experienced delays due to the COVID-19 pandemic. COP II cash spend for the year ended 30 September 2023 was £10 million, compared to £19 million for the year ended 30 September 2022.

In January 2021, the Group announced its strategic review programme, including an associated and specific time bound restructuring programme to support its five-year strategic plan (the "2021 Strategic Review Programme"). This restructuring programme is now substantially complete and no further restructuring charges were recognised in the year ended 30 September 2023. The 2021 Strategic Review Programme cash spend for the year ended 30 September 2023 was £61 million compared to £56 million for the year ended 30 September 2022.

The total cash spend for all three restructuring programmes is anticipated to be £1,558 million, of which £1,346 million has been spent to date. The remaining cash spend is ongoing and is not expected to be in excess of the existing provisions.

Excise duty and illicit trade

Tobacco products are subject to excise duty, and, in many of the markets in which the Group operates, including the U.S., the UK, Australia, Ireland and France, excise and other consumption taxes represent a substantial percentage of the retail price of the Group's tobacco products. See also "*Description of the Group and its Business—Regulatory Landscape*". Duty and similar items expressed as a percentage of the Group's Tobacco & NGP revenue was 68 per cent, 66.7 per cent and 68 per cent in each of the years ended 30 September 2023, 2022 and 2021, respectively. Accordingly, duty and similar items represented a significant proportion of the Group's cost of sales for all of the periods under review. In addition, with respect to its offerings in the U.S., the Group is party to the MSA and the Mississippi, Minnesota and Texas State Settlement Agreements, under which it is required to make significant annual payments. These annual payments are required to be paid in perpetuity and are subject to adjustment for several factors, including inflation, domestic market share and unit volume and industry and individual company operating profits. See also "*Description of the Group and its Business—Litigation—Americas—U.S. litigation environment and State Settlement Agreements*".

Increasing levels of excise duty negatively impact the affordability of, and therefore demand for, the Group's products. Reduced affordability may impact consumer purchasing habits, driving consumers into illicit trade for smuggled or counterfeit tobacco. These effects tend to be greater in markets where consumers are under pressure from economic conditions and where the potential gains from this criminal activity are higher due to cross-border duty differentials. For example, due to relatively high duty rates payable in certain of the Group's Western European markets, historically, illicit trade has had a negative impact on the demand for the Group's products in its Europe segment. Illicit trade also plays a significant role in the Australian market due to high excise duties and high levels of regulation. See also "*Risk Factors—Risks Relating to the Group—Pricing, excise or other product tax outcomes may fall outside Group assumptions and expectations and may have an adverse effect on the Group's results*" and "*Description of the Group and its Business—Illicit Trade*".

Regulation of tobacco products

The tobacco industry is subject to extensive regulation of the sale, supply, consumption, advertising, packaging and display of tobacco products, which in turn has impacted consumer demand for the Group's

products and accordingly its revenue during the periods under review. In addition, the regulation of tobacco products has resulted in significant regulatory compliance costs for the Group, which has increased the Group's overall cost of sales during the periods under review. For a further discussion of the impact of regulation on the Group's business, see "*Risk Factors—Risks Relating to the Group—Failure to manage the impacts of and respond to increased product regulation and regulatory change has had, and may continue to have, an adverse effect on the demand for the Group's products and/or increased compliance costs*".

Although the Group seeks to control the impact of regulatory, political and societal change on its operations by engaging with certain internal and external stakeholders (where possible), with the goal of effecting regulatory change that is proportionate, evidence-based and does not lead to excessive regulation, increasing regulation is likely to continue to negatively affect consumer demand and to result in both increased compliance costs for the Group and restrictions on its ability to market its products.

Acquisitions, investments and disposals

The Group's corporate strategy includes (a) simplified and efficient operations, (b) building a targeted NGP business and (c) putting the consumer at the centre of its business. On an ongoing basis, the Group regularly evaluates investment opportunities, including acquisitions, which are aligned to these key strategic objectives. During the periods under review, the Group has completed a number of acquisitions and investments.

On 16 February 2022, Logista acquired 70 per cent of the share capital of Speedlink Worldwide Express B.V., a specialist in business-to-business ("B2B") express (time critical) deliveries to and from Belgium and the Netherlands, for a cash purchase price of €20 million. Logista expects to purchase the remaining 30 per cent of share capital by February 2025. In October 2022, Logista completed its acquisition of 100 per cent of the shares of Carbó Collbatallé, a company that offers transport and logistics services for refrigerated and frozen foods, which carries out its commercial activity mainly in the Spanish market. The total consideration for the shares acquired was €55 million, of which €51 million was paid in cash at the time of purchase, with €4 million outstanding as at 30 September 2023. On 28 October 2022, Logista completed the acquisition of a 60 per cent share in Transportes El Mosca, a Spanish company specialising in the transport and warehousing of goods as well as frozen or refrigerated transport, mainly for the food industry. The purchase price for the acquisition was €99 million paid in cash. On 3 August 2023, Logista announced the acquisition of an additional 13.33 per cent share of Transportes El Mosca for a consideration of €23 million, increasing its total ownership to 73.33 per cent. Logista has a purchase option for the remaining 26.67 per cent. In July 2023, Logista acquired 100 per cent of the shares of Gramma Farmaceutici S.R.L., a company specialising in logistics services for the pharmaceutical industry in Italy. The total purchase price of these shares amounted to €3 million, paid in cash at the time of purchase. On 2 January 2024, Logista announced the acquisition of 100% of the shares of Belgium Parcels Services, a company specialising in the distribution of sensitive products, mainly controlled-temperature pharmaceuticals, to hospitals and pharmacies, for a consideration close to €8 million, subject to a complete audit of the target's 2023 accounts.

In June 2023, the Group announced the acquisition of a U.S. nicotine pouch product range from TJP Labs, a Canadian manufacturer, to facilitate its entry into the U.S. modern oral market and therefore allowing the Group to offer American consumers a more diverse range of modern oral products. The acquisition had an initial consideration of £65 million, with an additional deferred sum to be paid over the five years following completion based on sales volumes over such period.

In September 2019, the Group completed its investment in Auxly Cannabis Group, Inc. ("Auxly"), a listed Canadian cannabis company. The Group has invested C\$123 million by way of a debenture convertible into 13.6 per cent ownership of Auxly at a conversion price of C\$0.81 per share (based on the number of common shares Auxly had outstanding as at 30 September 2023). Repayment of the debenture is due on 25 September 2026.

In addition, the Group regularly evaluates its corporate portfolio and seeks to divest assets and businesses that do not align with its strategy. In April 2020, the Group announced the disposal of Premium Cigars, with the total cash receipts received from the transaction amounting to €1,198 million. The share sale element of the disposal was completed on 29 October 2020, and €1,041 million of consideration was received by the Group during the year ended 30 September 2021. A further €88 million of deferred consideration relating to the share sale was received on 26 October 2021. The sale of the La Romana factory in the Dominican Republic was

completed during the year ended 30 September 2022, when a further €54 million of sales consideration was received. On 20 April 2022, in response to the Russian invasion of Ukraine and amid a highly challenging environment in Russia as a result of international sanctions and consequential severe disruptions, the Group announced that it had agreed the transfer of its Russian operations, including a sales and marketing business and its Volgograd factory, as a going concern to a local third party. On 27 April 2022, following registration with the Russian tax authority, the Group completed the transfer. In the year ended 30 September 2022, the Group's Russian operations represented 3.9 per cent of the Group's tobacco volume, 0.7 per cent of the Group's tobacco and NGP net revenue and 0.1 per cent of the Group's adjusted operating profit.

Foreign currency exchange rate fluctuations

The Group is exposed to movements in foreign currency exchange rates for transactions in foreign currencies, together with the translation of the accounts of its subsidiaries with overseas operations into the consolidated accounts of the Group. The Group's principal foreign currency exposures are to the euro and the U.S. dollar, although, due to its global operations, the Group is also exposed to foreign currency exchange rate movements in relation to certain other foreign currencies, including the Australian dollar and the Polish zloty. Given the potential volatility of the impact of such foreign currency exchange rate movements on its financial results, the Group presents certain supplementary financial information on a constant currency basis to exclude the effects of foreign currency exchange rate movements on its results of operations.

The following table sets forth the constant currency analysis of certain aspects of the Group's IFRS financial information and non-IFRS financial measures for the years ended 30 September 2023 and 2022:

	Year ended 30 September 2022 ⁽¹⁾	Foreign exchange	Constant currency movement	Year ended 30 September 2023	Change	Constant currency change	Constant currency change excluding Russia
<i>(in £ million, unless otherwise indicated)</i>							
Tobacco & NGP net revenue							
Europe.....	3,039	56	145	3,240	6.6%	4.8%	4.8%
Americas.....	2,826	120	(134)	2,812	(0.5)%	(4.7)%	(4.7)%
AAACE.....	1,928	(12)	44	1,960	1.7%	2.3%	5.3%
Total Group	7,793	164	55	8,012	2.8%	0.7%	1.4%
Tobacco & NGP adjusted operating profit							
Europe.....	1,447	6	29	1,482	2.4%	2.0%	2.0%
Americas.....	1,179	56	22	1,257	6.6%	1.9%	1.9%
AAACE.....	815	(16)	45	844	3.6%	5.5%	6.2%
Total Group	3,441	46	96	3,583	4.1%	2.8%	2.9%
Distribution							
Gross Profit.....	1,046	40	380	1,466	40.2%	36.4%	36.4%
Adjusted operating profit including eliminations.....	253	8	43	304	20.2%	17.0%	17.0%
Group adjusted results							
Adjusted operating profit.....	3,694	54	139	3,887	5.2%	3.8%	3.9%
Adjusted net finance costs.....	(326)	(22)	(62)	(410)	25.8%	19.1%	19.1%
Adjusted earnings per share <i>(in £ pence)</i>	265.2	2.5	11.1	278.8	5.1%	4.2%	4.3%

Notes:

(1) Represents the Group's relevant results for the year ended 30 September 2022 as reported in the 2023 Financial Statements. These results have been restated to account for the movement of the Group's Central & Eastern European markets from the Europe segment to the AAA segment as of 1 October 2022.

The following table sets forth the constant currency analysis of certain aspects of the Group's IFRS financial information and non-IFRS financial measures for the years ended 30 September 2022 and 2021:

	Year ended 30 September 2021 ⁽¹⁾	Foreign exchange	Constant currency movement	Year ended 30 September 2022 ⁽²⁾	Change	Organic constant currency change
<i>(in £ million, unless otherwise indicated)</i>						
Tobacco & NGP net revenue						
Europe.....	3,551	(88)	9	3,472	(2.2)%	0.2%
Americas.....	2,534	181	111	2,826	11.5%	4.4%
AAA ⁽³⁾	1,525	(2)	(7)	1,495	(2.0)%	(0.5)%
Total Group	7,610	91	113	7,793	2.7%	1.5%
Tobacco & NGP adjusted operating profit						

	Year ended 30 September 2021 ⁽¹⁾	Foreign exchange	Constant currency movement	Year ended 30 September 2022 ⁽²⁾	Change	Organic constant currency change
	<i>(in £ million, unless otherwise indicated)</i>					
Europe	1,670	(22)	(86)	1562	(6.5)%	(5.2)%
Americas.....	1,037	83	59	1,179	13.8%	5.8%
AAA ⁽³⁾	601	9	93	700	16.5%	15.6%
Total Group	3,308	70	66	3,441	4.1%	2.0%
Distribution						
Net revenue.....	1,069	(32)	9	1,046	(2.1)%	0.8%
Adjusted operating profit including eliminations.	265	(8)	(4)	253	(4.5)%	(1.2)%
Group adjusted results						
Adjusted operating profit	3,573	62	62	3,694	3.5%	1.8%
Adjusted net finance costs	(417)	10	81	(326)	(21.9)%	(19.6)%
Adjusted earnings per share <i>(in £ pence)</i>	247.1	6.5	12.2	265.2	7.6%	4.9%

Notes:

- (1) Represents the Group's relevant results for the year ended 30 September 2021 as reported in the 2022 Financial Statements.
- (2) Represents the Group's relevant results for the year ended 30 September 2022 as reported in the 2022 Financial Statements.
- (3) For the years ended 30 September 2022 and 30 September 2021, the Group's Central & Eastern European markets formed part of the Europe segment for reporting purposes.

For further discussion of the Group's constant currency results and the impact of foreign currency exchange rate movements on the Group's results of operations, see “—Results of Operations” below. For additional information about the Group's exposure to currency fluctuations, see “—Quantitative and Qualitative Disclosures about Market Risk” below.

Tobacco leaf price fluctuations

Tobacco leaf represents a material portion of the Group's manufacturing costs, accounting for approximately one-third of those costs in each of the years ended 30 September 2023, 2022 and 2021. The Group is exposed to fluctuations in the price of tobacco leaf, which, similar to other agricultural products, tends to be cyclical. The Group seeks to offset these fluctuations and to reduce the Group's exposure to individual markets by sourcing tobacco leaf from a number of different countries and counterparties and by varying the levels of tobacco leaf held. The Group primarily sources its tobacco leaf from third-party suppliers, rather than growing tobacco leaf itself. By sourcing its requirements externally, the Group aims to retain the flexibility to move to markets where it can maximise the value and cost advantages to the Group.

Principal Income Statement Items

Revenue

For the Group's Tobacco & NGP business, revenue comprises the invoiced value for the sale of goods net of sales taxes, rebates and discounts. Revenue is based on the completion of performance obligations that constitute the delivery of goods. The performance obligation is recognised as complete at the point in time when a Group company has delivered products to the customer, the customer has accepted the products, and collectability of the related receivables is reasonably assured. Performance obligations associated with services are linked to the delivery of those services. Income arising from the licensing of intellectual property occurring in the ordinary course of business is also treated as revenue. Licensing revenue will be recognised over the period of the licence.

Tobacco price/mix is a term used in the tobacco industry by tobacco manufacturers and investors to explain the movement in revenue between periods. Revenue is affected by the volume (how many sticks are sold) and the value (how much each stick is sold for). Tobacco price/mix is used to explain the value component of the sales as each stick is sold for a value (price), but may also achieve a movement in revenue due to the relative proportions of higher value volumes sold compared to lower value volumes sold (mix).

For the Group's Distribution business, revenue comprises the invoiced value for the sale of goods and services net of sales taxes, rebates and discounts when goods were delivered or services provided. The Distribution business only recognises commission revenue on purchase and sale transactions in which it acts as a

commission agent. Distribution and marketing commissions are included in revenue. Revenue is recognised on products on consignment when these are sold by the consignee.

Payments are made to both direct and indirect customers for rebates, discounts and other promotional activities. Direct customers are those to which the Group supplies goods or services. Indirect customers are other entities within the supply chain to the end consumer. Rebates and discounts are deducted from revenue. Payments for promotional activities will also be deducted from the revenue where the payments relate to goods or services that are closely related to or indistinct from the associated sales of goods or services to that customer. The calculated costs are accrued and accounted for as incurred and matched as a deduction from the associated revenues (i.e., excluded from the revenues reported in the Group's consolidated income statement).

Duty and similar items

Duty and similar items consist of duty and levies which have the characteristics of duty. In countries where duty is a production tax, duty is included in revenue and in cost of sales in the consolidated income statement. Where it is regarded as a sales tax, duty is excluded from revenue.

Other cost of sales

Other cost of sales comprise the Group's direct costs of manufacturing and the cost of goods purchased for resale, including the cost of raw materials such as tobacco leaf, filters and other packaging materials and the freight costs of transporting these materials. Payments made in the U.S. under the State Settlement Agreements to which the Group is a party are also included in other cost of sales.

Distribution, advertising and selling costs

Distribution, advertising and selling costs include freight costs for transporting the Group's products (including fees paid to the Group's Distribution business for the transport of Tobacco & NGP business products), marketing spending and external transportation and distribution costs. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term in cost of sales or distribution, advertising and selling costs in line with IFRS 16 "Leases".

Administrative and other expenses

Administrative and other expenses comprise the costs incurred by administering the Group's business and related expenses, including the amortisation and impairment of acquired intangibles, restructuring costs, central support functions and other expenses. The amortisation and impairment of acquired intangibles comprises of assets including goodwill associated with acquisitions, software and internally generated intangibles. Restructuring costs include significant non-recurring costs incurred in connection with the Group's cost optimisation programmes, the 2021 Strategic Review Programme, the costs of factory closures and the implementation of a standardised operating model. Other expenses include wages and salaries payable to employees, social security costs, pensions and other retirement benefit costs and share-based payments, as well as head office administration and other expenses not separately disclosed on the Group's consolidated income statement.

Operating profit

Operating profit represents gross profit for the relevant period less distribution, advertising and selling costs, and administrative and other expenses. Adjusted operating profit represents operating profits adjusted to exclude amortisation and impairment of acquired intangibles, fair value adjustments of acquisition consideration and restructuring costs and other certain one-off costs.

Net finance income/(costs)

Net finance income/(costs) represents investment income less finance costs. Investment income comprises income from interest on bank deposits, interest income on net defined benefit assets and fair value gains on derivative financial instruments. Finance costs comprise the charges (accrued or paid) associated with the Group's bank loans, capital markets indebtedness and derivative financial instruments. Finance costs also

include amortisation of any fees associated with the raising of financing that have been capitalised and spread over the life of the facility. Finance costs are recognised using the effective interest method. Adjusted net finance costs exclude the movements in the fair value of financial instruments which are marked to market and not naturally offset and all post-employment benefit net finance costs.

Tax

Tax comprises current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable or receivable in respect of previous periods. The Group's effective tax rate benefits from internal financing arrangements between Group subsidiaries in different countries, which are subject to differing tax rates and legislation, and the application of double taxation treaties. Deferred tax is recognised in full in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes.

Critical Accounting Estimates

The Group's principal accounting policies are set out in its Annual Financial Statements and comply with the IFRS. The Group believes its most critical accounting estimates include those related to the determination of the useful economic life of intangible assets, the amortisation and impairment of intangible assets, income taxes, legal proceedings and disputes and provision accounting. Estimates involve the determination of the quantum of accounting balances to be recognised. The Group's accounting judgments include, but are not limited to, those relating to corporate income tax, deferred tax assets, legal proceedings and disputes, the control of Logista and climate change impacts. Judgments typically involve decisions, such as whether or not to recognise an asset or liability. For more information on the Group's critical accounting estimates and judgments, see Note 2 to the 2022 Financial Statements and the 2023 Financial Statements.

Dividend Policy

In the context of its new strategy, on 27 January 2021, Imperial Brands set out its capital allocation priorities within a clear capital allocation framework, which is expected to support continued investment in business growth, funded by a strong and efficient balance sheet, and increasing returns to shareholders. The framework is based on the Group's continued high margins and strong cash generation and the importance of growing dividends for shareholders, while providing greater flexibility in capital allocation. The Group's dividend policy is progressive, with dividends set to grow annually, taking into account underlying business performance. In line with the Group's progressive dividend policy, on 15 November 2021, the Board decided to increase the final dividend per share by 1 per cent (in £ pence) that was paid for the year ended 30 September 2021. On 15 November 2022, the Board approved an increase of the final dividend per share (in £ pence) of 1.5 per cent for the year ended 30 September 2022. On 14 November 2023, the Board approved an increase of the Group's dividend per share of 4.0 per cent for the year ended 30 September 2023. Dividends are normally paid quarterly, at the end of March, June, September and December of each year.

Under its capital allocation framework, the Group has outlined the opportunity to return surplus cash to its shareholders once its other priorities have been met, through share buybacks and/or special dividends. At its Annual General Meeting on 2 February 2022, Imperial Brands renewed its shareholder authorisation for the buyback of up to 94,200,000 shares. During the year ended 30 September 2023, the Group repurchased 52,107,043 shares, or 5.5 per cent of its share capital. On 5 October 2023, the Board announced a further share buyback of up to £1.1 billion of shares during the year ended 30 September 2024, representing a 10 per cent increase on last year's £1 billion buyback. The Board keeps its capital allocation approach under regular review, and, in line with the Group's disciplined approach regarding surplus capital returns to shareholders, any potential purchase will be subject to the Group continuing/forecasting to meet its target leverage at that time.

Results of Operations

Year ended 30 September 2023 compared to year ended 30 September 2022

The following table sets forth the Group's audited consolidated results of operations for the years ended 30 September 2023 and 2022:

	For the year ended 30 September	
	2022⁽¹⁾	2023
	<i>(in £ million, unless otherwise indicated)</i>	
Revenue	32,551	32,475
Duty and similar items.....	(15,644)	(14,398)
Other cost of sales.....	(10,869)	(11,397)
Cost of sales	(26,513)	(25,795)
Gross profit	6,038	6,680
Distribution, advertising and selling costs.....	(2,021)	(2,338)
Russia, Ukraine and associated markets.....	(399)	(4)
Amortisation and impairment of acquired intangibles.....	(349)	(347)
Restructuring costs.....	(197)	—
Fair value adjustment and impairment of other financial assets.....	(37)	(36)
Loss on disposal of subsidiaries.....	(29)	(1)
Acquisition and disposal costs.....	(5)	—
Excise tax provision.....	9	—
Charges related to legal provisions.....	—	(85)
Structural changes to defined benefit pension schemes.....	(4)	(12)
Total adjusting administrative and other expenses.....	(1,011)	(485)
Total non-adjusting administrative and other expenses.....	(323)	(455)
Administrative and other expenses.....	(1,334)	(940)
Operating profit	2,683	3,402
Investment income.....	1,600	907
Finance costs.....	(1,717)	(1,205)
Net finance income/(costs)	(117)	(298)
Share of profit/(loss) of investments accounted for using the equity method.....	(15)	7
Profit before tax	2,551	3,111
Tax.....	(886)	(655)
Profit for the period	1,665	2,456

Notes:

(1) Represents the Group's relevant results for the year ended 30 September 2022 as reported in the 2023 Financial Statements. These results have been restated to account for the movement of the Group's Central & Eastern European markets from the Europe segment to the AAA segment as of 1 October 2022.

Revenue

Revenue decreased by £76 million, or 0.2 per cent, to £32,475 million in the year ended 30 September 2023 from £32,551 million in the year ended 30 September 2022. The decrease was primarily attributable to lower excise driven by reduced volumes, specifically in countries with higher excise duty rates. The decrease was partially offset by higher Logista revenues.

Duty and similar items

Duty and similar items decreased by £1,246 million, or 8.0 per cent, to £14,398 million in the year ended 30 September 2023 from £15,644 million in the year ended 30 September 2022. The decrease was primarily attributable to reduced volumes in the UK and Australia, as well as the Group's exit from the Russian market.

Other cost of sales

Other cost of sales increased by £528 million, or 4.9 per cent, to £11,397 million in the year ended 30 September 2023 from £10,869 million in the year ended 30 September 2022. The increase was primarily attributable to increased manufacturing costs driven by inflationary pricing pressures across the supply chain.

Distribution, advertising and selling costs

Distribution, advertising and selling costs increased by £317 million, or 15.7 per cent, to £2,338 million in the year ended 30 September 2023 from £2,021 million in the year ended 30 September 2022. The increase was primarily attributable to inflationary pricing pressures and higher distribution costs.

Administrative and other expenses

Administrative and other expenses decreased by £394 million, or 29.5 per cent, to £940 million in the year ended 30 September 2023 from £1,334 million in the year ended 30 September 2022. The decrease was primarily attributable to the non-recurrence of exit charges related to the Group's disposal of its Russian assets in the year ended 30 September 2022.

Operating profit

Operating profit increased by £719 million, or 26.8 per cent, to £3,402 million in the year ended 30 September 2023 from £2,683 million in the year ended 30 September 2022. The increase was primarily attributable to the non-recurrence of exit charges related to the Group's disposal of its Russian assets in the year ended 30 September 2022. Adjusted operating profit increased by £193 million, or 5.2 per cent (3.9 per cent on a constant currency basis), to £3,887 million in the year ended 30 September 2023 from £3,694 million in the year ended 30 September 2022. The increase was primarily attributable to Logista's performance and strong tobacco pricing, offsetting a decline in tobacco volumes and increased NGP losses.

Net finance income/(costs)

Reported net finance costs increased by £181 million, or 154.7 per cent, to £298 million in the year ended 30 September 2023 from £117 million in the year ended 30 September 2022. The increase was attributable to a reduction of £131 million in fair value gains on financial instruments as market interest yield curve increases were less than the prior year; an £84 million increase due to the higher interest rate environment in all major currencies and a £250 million higher average net debt versus the prior year; a £5 million increase in post-employment benefits net financing income and tax settlement interest costs of £50 million, partly offset by a swing of £79 million from the prior year foreign exchange losses of £69 million in the year ended 30 September 2022 to gains of £10 million in the year ended 30 September 2023.

Tax

Tax charges decreased by £231 million, or 26.1 per cent, to £655 million in the year ended 30 September 2023 from £886 million in the year ended 30 September 2022. This decrease was primarily attributable to lower taxable profit before tax (noting that reported profit before tax includes non-taxable/non-tax-deductible foreign exchange movements on financial instruments) in the year ended 30 September 2023 compared to the previous financial year. In the year ended 30 September 2023, the tax impact of non-taxable foreign exchange gains amounted to £122 million, whereas in the year ended 30 September 2022 there was a tax impact from non-tax-deductible foreign exchange losses of £145 million, comprising a total year-on-year tax reduction of £267 million.

Results by segment

Europe

	For the year ended 30 September	
	2022⁽¹⁾	2023
	<i>(in £ million, unless otherwise indicated)</i>	
Tobacco & NGP		
Europe		
Tobacco volume (<i>in billion stick equivalents</i>).....	97.9	89.9
Net revenue.....	3,039	3,240
Adjusted operating profit.....	1,447	1,482

Notes:

(1) Represents the Group's relevant results for the year ended 30 September 2022 as reported in the 2023 Financial Statements. These results have been restated to account for the movement of the Group's Central & Eastern European markets from the Europe segment to the AAA segment as of 1 October 2022.

Tobacco volume (on a stick equivalent basis) in the Group's Europe segment decreased by 8 billion, or 8.2 per cent, to 89.9 billion in the year ended 30 September 2023 from 97.9 billion in the year ended 30 September 2022. The decrease was primarily attributable to the poor macroeconomic environment, continued inflationary pressure on consumer spending and elevated excise tax regimes in markets such as the UK and France.

Net revenue from the Group's Europe segment increased by £201 million, or 6.6 per cent (4.8 per cent on a constant currency basis), to £3,240 million in the year ended 30 September 2023 from £3,039 million in the year ended 30 September 2022. The increase was primarily attributable to strong combustible pricing that offset tobacco volume declines, together with an increase in NGP revenue growth which resulted from new product and market launches alongside growth in existing markets.

Adjusted operating profit from the Group's Europe segment increased by £35 million, or 2.4 per cent (2.0 per cent on a constant currency basis), to £1,482 million in the year ended 30 September 2023 from £1,447 million in the year ended September 2022. The increase was primarily attributable to higher tobacco net revenue driven by a robust pricing environment.

During the year ended 30 September 2023, the Group's tobacco market share in the UK declined by 50 basis points due to the Group deciding to increase prices in November 2022 and March 2023 as part of its ongoing efforts to balance value creation and market share. In Germany, the Group's market share remained under pressure, falling by 80 basis points in the year ended 30 September 2023. The Group continues to work towards stabilising its market share after more than a decade of market share declines and to achieve this, the Group has increased investment compared to historic levels. The Group will need time to rejuvenate and is continuing with its refinement in its investment in brand equity building initiatives. The Group also launched the brand *Paramount* to meet customer needs in the sub-value fine cut segment. The Group also expanded its vapour offering in the year ended 30 September 2023 with the launch of *blu 2.0* and *blu bar*. In Spain, the Group increased prices across key product lines for the second year in a row. The Group's combustible market share increased by ten basis points in the year ended 30 September 2023, driven by investments in innovation and brand extensions, continued focus on its portfolio of local jewel brands and refocusing its sales efforts on channels where the Group has historically been under-represented.

The Americas

	For the year ended 30 September	
	2022	2023
	<i>(in £ million, unless otherwise indicated)</i>	
Tobacco & NGP		
Americas		
Tobacco volume (<i>in billion stick equivalents</i>).....	21.9	20.7
Net revenue.....	2,826	2,812
Adjusted operating profit.....	1,179	1,257

Tobacco volume (on a stick-equivalent basis) in the Group's Americas segment decreased by 1.2 billion, or 5.5 per cent, to 20.7 billion in the year ended 30 September 2023 from 21.9 billion in the year ended 30 September 2022. The decrease was primarily attributable to a wider industry volume decline of 8.4 per cent in cigarettes and a 5.4 per cent decrease in industry mass market cigar volumes. These industry wide declines were due to macroeconomic and inflationary pressure on consumer disposable income. The Group's cigarette market share increased by 65 basis points to 10.7 per cent due to the Group's increased investment in sales execution and its U.S. brands, positioning its brand portfolio to meet the needs of consumers, particularly in a challenging macroeconomic environment and, to a much smaller extent, the annualization of the benefit received from capturing market share on the back of, KT&G's exit from the U.S. market in December 2021.

Net revenue from the Group's Americas segment decreased by £14 million, or 0.5 per cent (4.7 per cent on a constant currency basis), to £2,812 million in the year ended 30 September 2023 from £2,826 million in the year ended 30 September 2022. The decrease was primarily attributable to a 5.5 per cent decrease in volumes and adverse mix of around 9 per cent. The adverse mix was driven by the performance of mass market cigars, which accounted for approximately 5 per cent of the decline, reflecting the relatively high value, low volume nature of cigars and approximately 4 per cent adverse mix of cigarettes, reflecting downtrading in the cigarette category.

Adjusted operating profit from the Group's Americas segment increased by £78 million, or 6.6 per cent (1.9 per cent on a constant currency basis), to £1,257 million in the year ended 30 September 2023 from £1,179 million in the year ended 30 September 2022. The increase was primarily attributable to strong cigarette pricing and cost initiatives to mitigate the reduction in volumes. The Group also benefited from ongoing non-participating manufacturers' settlements relating to the prior year's disputes under the MSA.

During the year ended 30 September 2023, the Group continued to elevate in brand equity and strengthened its sales force. The Group's flagship cigarette brands in the Americas, *Winston* and *Kool*, were stable in their segments due to distinctive brand positioning and focused sales execution, and the Group continued to increase its shares in the traditional discount and deep discount segment. The Group continues to improve its sales execution with its increased sales force, setting a "perfect store" concept as the standard to achieve across all stores and working with its key account customers on joint business planning.

Africa, Asia, Australasia and Central & Eastern Europe

	For the year ended 30 September	
	2022⁽¹⁾	2023
	<i>(in £ million, unless otherwise indicated)</i>	
Tobacco & NGP		
Africa, Asia, Australasia and Central & Eastern Europe		
Tobacco volume (<i>in billion stick equivalents</i>).....	101.1	87.4
Net revenue.....	1,928	1,960
Adjusted operating profit.....	815	844

Notes:

(1) Represents the Group's relevant results for the year ended 30 September 2022 as reported in the 2023 Financial Statements. These results have been restated to account for the movement of the Group's Central & Eastern European markets from the Europe segment to the AAA segment as of 1 October 2022.

Tobacco volumes (on a stick-equivalent basis) in the Group's AAACE segment decreased by 13.7 billion, or 13.6 per cent, to 87.4 billion in the year ended 30 September 2023 from 101.1 billion in the year ended 30 September 2022. The decrease was primarily attributable to the Group's exit from Russia. Excluding Russia, tobacco volume declined by 6.3 per cent.

Net revenue from the Group's AAACE segment increased by £32 million, or 1.7 per cent (and increased by 2.3 per cent on a constant currency basis), to £1,960 million in the year ended 30 September 2023 from £1,928 million in the year ended 30 September 2022. The increase was primarily attributable to strong pricing across the region and a disciplined and targeted approach to investment in sales execution and marketing which offset volume declines. NGP net revenue increased by £1 million, or 10.0 per cent, to £11 million in the year ended 30 September 2023 from £10 million in the year ended 30 September 2022. This increase was driven by the Group's launch of its new heated tobacco device and sticks in Czechia, Hungary and Poland.

Adjusted operating profit from the Group's AAACE segment increased by £29 million, or 3.6 per cent (5.5 per cent on a constant currency basis), to £844 million in the year ended 30 September 2023 from £815 million in the year ended 30 September 2022. The increase was primarily attributable to strong tobacco performance in Australia, Central Europe and the Middle East and more than offset the increased investment in NGP to fund new product and market launches.

During the year ended 30 September 2023, the Group grew its tobacco market share in Australia, the Group's priority combustible market in the region, by ten basis points as the Group focused investment in sales execution and marketing in line with its new strategy. Portfolio expansion of the Group's *Lambert & Butler* brand in the lowest pricing tier enabled the group to adopt a clearer pricing strategy. The Group's African portfolio of markets performed strongly with an increase in prices sufficiently offsetting weaker volumes due to the rising cost of living and increase in illicit trade in some countries. In the Middle East, the Group's performance continued to be strong and consumer buying patterns were normalised as the effects of COVID-19 dissipated. Results for the year ended 30 September 2022 included some contribution from Russia. On 27 April 2022, the Group completed the transfer of its Russian operations, including a sales and marketing business and its Volgograd factory, as a going concern to a local third party. See also "*Risk Factors—Risks Relating to the Group—The Group is exposed to the geopolitical and economic conditions of the countries and regions in which it operates, with a particular concentration in Western Europe and the U.S.*".

Distribution

	For the year ended 30 September	
	2022⁽¹⁾	2023
	<i>(in £ million, unless otherwise indicated)</i>	
Distribution		
Gross profit ⁽²⁾	1,046	1,466
Adjusted operating profit.....	254	306

Notes:

- (1) Represents the Group's relevant results for the year ended 30 September 2022 as reported in the 2023 Financial Statements. These results have been restated to account for the movement of the Group's Central & Eastern European markets from the Europe segment to the AAA segment as of 1 October 2022.
- (2) Distribution gross profit is Distribution revenue for less than the cost of distributing products. This was previously referred to as Distribution net revenue.

Gross Profit from the Group's Distribution segment increased by £420 million, or 40.2 per cent (36.4 per cent on a constant currency basis), to £1,466 million in the year ended 30 September 2023 from £1,046 million in the year ended 30 September 2022. The increase was primarily attributable to strong performances across Iberia, France and Italy, including the contribution of recent acquisitions. In 2023, the Group's acquisitions included Herinvemol S.L., trading as Transportes El Mosca, (73.3 per cent) and Gramma Farmaceutici (100 per cent), while in 2022, the Group's acquisitions included Speedlink Worldwide Express B.V. (70 per cent) and Carbó Collbatallé S.L. (100 per cent). These acquisitions were made in line with Logista's strategy to accelerate growth in European non-tobacco-related businesses, which now comprise over 50 per cent of its sales.

Adjusted operating profits from the Group's Distribution segment increased by £52 million, or 20.5 per cent (17.3 per cent on a constant currency basis), to £306 million in the year ended 30 September 2023 from £254 million in the year ended 30 September 2022. The increase was primarily attributable to the Group's acquisitions in the region and stronger contribution from profits on inventory in Spain and France following manufacturer price increases in the period.

In Iberia, growth in gross profit was driven partly by tobacco and related products, with tobacco benefiting from manufacturer price increases and resulting higher profit on inventory. Transport services also recorded strong growth, partly due to the integration of recent acquisitions. In the long-distance segment, Logista Freight recorded single-digit growth, including the integration of Transportes El Mosca. In the industrial parcel segment, Logista Parcel continued to benefit from increasing demand for its services and has started to integrate with the Carbó Collbatallé network. Growth in the parcel delivery business benefited from the acquisition of a 70 per cent share in Speedlink and from single-digit growth in the Nacex business. Pharmaceutical distribution continues to expand both its customer base and product offering.

In Italy, gross profit increased due to strong performance in tobacco and NGP volumes, as well as convenience products, driven by disposable vaping products. In France, gross profit was impacted by the decrease in tobacco volumes following the excise tax increase and subsequent price increases by manufacturers. This was offset by the positive performance in convenience product distribution, driven by the growth in disposable vaping products. In July 2023, Logista acquired 100 per cent of the shares of Gramma Farmaceutici S.R.L., a company specialised in logistics services for the pharmaceutical industry in Italy. The total purchase price of these shares amounted to €3 million, paid in cash at the time of purchase.

Year ended 30 September 2022 compared to year ended 30 September 2021

The following table sets forth the Group's consolidated results of the operations for the years ended 30 September 2022 and 2021:

	For the year ended 30 September	
	2021⁽¹⁾	2022⁽²⁾
	<i>(in £ million, unless otherwise indicated)</i>	
Revenue	32,791	32,551
Duty and similar items.....	(16,229)	(15,644)
Other cost of sales.....	(10,535)	(10,869)

	For the year ended 30 September	
	2021⁽¹⁾	2022⁽²⁾
	<i>(in £ million, unless otherwise indicated)</i>	
Cost of sales	(26,764)	(26,513)
Gross profit	6,027	6,038
Distribution, advertising and selling costs	(2,118)	(2,021)
Russia, Ukraine and associated markets.....	—	(399)
Amortisation and impairment of acquired intangibles	(450)	(349)
Restructuring costs	(257)	(197)
Fair value adjustment and impairment of other financial assets.....	15	(37)
Loss on disposal of subsidiaries	281	(29)
Acquisition and disposal costs	(17)	(5)
Excise tax provision	1	9
Buy-out of liabilities on Irish pension schemes	—	(4)
Total adjusting administrative and other expenses	(427)	(1,011)
Total non-adjusting administrative and other expenses	(336)	(323)
Administrative and other expenses	(763)	(1,334)
Operating profit	3,146	2,683
Investment income	1,060	1,600
Finance costs.....	(979)	(1,717)
Net finance income/(costs)	81	(117)
Share of profit/(loss) of investments accounted for using the equity method	11	(15)
Profit before tax	3,238	2,551
Tax	(331)	(886)
Profit for the year	2,907	1,665

Notes:

- (1) Represents the Group's relevant results for the year ended 30 September 2021 as reported in the 2022 Financial Statements.
- (2) Represents the Group's relevant results for the year ended 30 September 2022 as reported in the 2022 Financial Statements. These results have not been restated.

Revenue

Revenue decreased by £240 million, or 0.7 per cent, to £32,551 million in the year ended 30 September 2022 from £32,791 million in the year ended 30 September 2021. The decrease was primarily attributable to a weaker euro resulting in the adverse foreign exchange translation of the results from the Group's overseas operations.

Duty and similar items

Duty and similar items decreased by £585 million, or 3.6 per cent, to £15,644 million in the year ended 30 September 2022 from £16,229 million in the year ended 30 September 2021. The decrease was primarily attributable to the unwind of the impact from COVID-19 in the year ended 30 September 2021, which resulted in greater volumes in markets with higher duty.

Other cost of sales

Other cost of sales increased by £334 million, or 3.2 per cent, to £10,869 million in the year ended 30 September 2022 from £10,535 million in the year ended 30 September 2021. The increase was primarily attributable to increased manufacturing costs.

Distribution, advertising and selling costs

Distribution, advertising and selling costs decreased by £97 million, or 4.6 per cent, to £2,021 million in the year ended 30 September 2022 from £2,118 million in the year ended 30 September 2021. The decrease was primarily attributable to the success of overhead savings initiatives deployed in the Group's strategy.

Administrative and other expenses

Administrative and other expenses increased by £571 million, or 74.8 per cent, to £1,334 million in the year ended 30 September 2022 from £763 million in the year ended 30 September 2021. The increase was primarily attributable to exit charges related to the disposal of the Group's Russian assets.

Operating profit

Operating profit decreased by £463 million, or 14.7 per cent, to £2,683 million in the year ended 30 September 2022 from £3,146 million in the year ended 30 September 2021. The decrease was primarily attributable to charges related to the Group's exit from Russia and associated markets and non-recurrence of gains generated from the disposal of the Group's premium cigars division in the comparator period. Adjusted operating profit increased by £124 million, or 3.5 per cent (1.8 per cent on a constant currency basis), to £3,694 million in the year ended 30 September 2022 from £3,573 million in the year ended 30 September 2021. The increase was primarily attributable to reduced losses from NGP sales following the optimisation of the Group's NGP investment strategy and reduced NGP write-downs, which offset lower tobacco adjusted operating growth, reflecting increased investment in the Group's strategy and the non-recurrence of U.S. state litigation costs in 2021.

Net finance income/(costs)

Net finance income decreased by £198 million, or 244.4 per cent, to a negative £117 million in the year ended 30 September 2022 from net finance costs of £81 million in the year ended 30 September 2021. The decrease was primarily attributable to the impact of net fair value and foreign exchange gains on financial instruments and an increase in post-employment benefits net financing income. The gains on financial instruments are primarily due to fair value gains of £270 million, resulting from positive valuation movements of the Group's interest rate derivatives reflecting increasing market interest rate expectations in the year.

Tax

Tax charges increased by £555 million, or 167.7 per cent, to £886 million in the year ended 30 September 2022 from £331 million in the year ended 30 September 2021. The increase was primarily attributable to the recognition of deferred tax assets for credits in the year ended 30 September 2021, of £239 million in the Group's Spanish business, arising from an internal reorganisation in 2020.

Results by segment

Europe

	For the year ended 30 September	
	2021 ⁽¹⁾	2022 ⁽²⁾
	<i>(in £ million, unless otherwise indicated)</i>	
Tobacco & NGP		
Europe⁽³⁾		
Tobacco volume (<i>in billion stick equivalents</i>).....	126.7	121.5
Net revenue.....	3,551	3,472
Adjusted operating profit.....	1,670	1,562

Notes:

- (1) Represents the Group's relevant results for the year ended 30 September 2021 as reported in the 2022 Financial Statements.
- (2) Represents the Group's relevant results for the year ended 30 September 2022 as reported in the 2022 Financial Statements. These results have not been restated.
- (3) For the years ended 30 September 2022 and 30 September 2021, the Group's Central & Eastern European markets formed part of the Europe segment for reporting purposes.

Tobacco volume (on a stick-equivalent basis) in the Group's Europe segment decreased by 5.2 billion, or 4.1 per cent, to 121.5 billion in the year ended 30 September 2022 from 126.7 billion in the year ended 30 September 2021. The decrease was primarily attributable to sales increasingly reverting to pre-COVID channels and markets during the year ended 30 September 2022. This resulted in further volume declines in northern European markets such as the UK, Germany and Scandinavia. This decrease was partially offset by increased volumes in other European markets, such as Spain, and strong growth in duty-free sales.

Net revenue from the Group's Europe segment decreased by £79 million, or 2.2 per cent (representing an increase of 0.2 per cent on a constant currency basis), to £3,472 million in the year ended 30 September 2022 from £3,551 million in the year ended 30 September 2021. The decrease was primarily attributable to volume declines, the timing of price increases and adverse geographic effects as COVID-19 restrictions were lifted.

Adjusted operating profit from the Group's Europe segment decreased by £108 million, or 6.5 per cent (5.2 per cent on a constant currency basis), to £1,562 million in the year ended 30 September 2022 from £1,670 million in the year ended 30 September 2021. The decrease was primarily attributable to a strong comparator year which benefited from consumer purchases in higher margin northern European domestic markets. The profit performance also reflects increased investment in the Group's strategic initiatives in both the combustible and NGP opportunities in Europe. During the year ended 30 September 2022, the Group's combustible market share gains in the UK and Spain were driven by the Group's tobacco portfolio work and its new strategic focus on local "jewel brands", such as *Embassy*. In Germany, investments in enhancing the effectiveness and coverage of the Group's sales force and distribution had driven an encouraging improvement in combustible market share trends, despite the overall decline of 85 basis points compared to the year ended 30 September 2021. The Group's *blu* market share in several markets such as the UK, France and Italy remained relatively stable. In heated tobacco, the Group remained on track with its pilot launches in the Czech Republic and Greece, which had received positive response from trade partners and consumers.

The Americas

	For the year ended 30 September	
	2021⁽¹⁾	2022⁽²⁾
	<i>(in £ million, unless otherwise indicated)</i>	
Tobacco & NGP		
Americas		
Tobacco volume (<i>in billion stick equivalents</i>).....	21.5	21.9
Net revenue.....	2,534	2,826
Adjusted operating profit.....	1,037	1,179

Notes:

- (1) Represents the Group's relevant results for the year ended 30 September 2021 as reported in the 2022 Financial Statements.
- (2) Represents the Group's relevant results for the year ended 30 September 2022 as reported in the 2022 Financial Statements. These results have not been restated.

Tobacco volume (on a stick-equivalent basis) in the Group's Americas segment increased by 0.4 billion, or 2.0 per cent, to 21.9 billion in the year ended 30 September 2022 from 21.5 billion in the year ended 30 September 2021. The increase was primarily attributable to an increase in the Group's cigarette market share of 90 basis points to 10.1 per cent, as well as an increase in customer inventories of around 180 million sticks at the end of the period due to the expected landfall of Hurricane Ian and anticipated price increases.

Net revenue from the Group's Americas segment increased by £292 million, or 11.5 per cent (4.4 per cent on a constant currency basis), to £2,826 million in the year ended 30 September 2022 from £2,534 million in the year ended 30 September 2021. The increase was primarily attributable to the Group's strong cigarette pricing, partially offset by adverse product mix.

Adjusted operating profit from the Group's Americas segment increased by £142 million, or 13.8 per cent (5.8 per cent on a constant currency basis), to £1,179 million in the year ended 30 September 2022 from £1,037 million in the year ended 30 September 2021. The increase was primarily attributable to the Group's strong tobacco performance and reduced NGP losses. Increased investment in strategic priorities and higher MSA inflation-indexed costs were offset by the non-repeat of the litigation settlement costs in Minnesota and Texas for the period ended 30 September 2021.

During the year ended 30 September 2022, the Group delivered a strong combustible tobacco performance. The Group benefited from increased investment in sales execution and its brands, leading to share gains in three of the four price segments in which it operates. Additionally, the Group retained the share captured in the deep discount segment by the *Sonoma* and *Crowns* brands as a result of its agile response to KT&G's exit from the U.S. market. The investment and additional focus on performance management delivered a fourth consecutive year of market share gains in the U.S. cigarette market, up 90 basis points, to 10.1 per cent. The

Group estimates that its underlying share growth, excluding the KT&G-related share gains, was over 65 basis points.

Africa, Asia and Australasia

	For the year ended 30 September	
	2021⁽¹⁾⁽²⁾	2022⁽³⁾
	<i>(in £ million, unless otherwise indicated)</i>	
Tobacco & NGP		
Africa, Asia and Australasia		
Tobacco volume (<i>in billion stick equivalents</i>).....	83.7	77.5
Net revenue.....	1,525	1,495
Adjusted operating profit.....	601	700

Notes:

- (1) Tobacco volume, net revenue and adjusted operating profit from the Group's AAA segment for the year ended 30 September 2021 is presented on a non-organic basis. Non-organic performance includes the contribution of Premium Cigars, the disposal of which completed on 29 October 2020 affecting the results of the Group's AAA segment and, thus, the overall Group results for the year ended 30 September 2021. Premium Cigars contributed: £21 million to net revenue and £3 million to adjusted operating profit in the year ended 30 September 2021.
- (2) Represents the Group's relevant results for the year ended 30 September 2021 as reported in the 2022 Financial Statements.
- (3) Represents the Group's relevant results for the year ended 30 September 2022 as reported in the 2022 Financial Statements. These results have not been restated.

Tobacco volume (on a stick-equivalent basis) in the Group's AAA segment decreased by 6.2 billion, or 7.5 per cent, to 77.5 billion in the year ended 30 September 2022 from 83.7 billion in the year ended 30 September 2021. The decrease was primarily attributable to the Group's exit from the Russian market in April 2022.

Net revenue from the Group's AAA segment decreased by £30 million, or 2 per cent, to £1,495 million in the year ended 30 September 2022 from £1,525 million in the year ended 30 September 2021. The decrease was primarily attributable to the Group's decision to exit the Russian market altogether and the decision to withdraw its NGP offerings from Japan in the year ended 30 September 2021. Excluding Russia, the Group's price mix increased by 0.7 per cent due to growth in the Middle East and positive net pricing in the Group's African markets.

Adjusted operating profit from the Group's AAA segment increased by £99 million, or 16.5 per cent, to £700 million in the year ended 30 September 2022 from £601 million in the year ended 30 September 2021. The increase was primarily attributable to strong performances in Australia, Africa and the Middle East, as well as lower NGP investment due to the Group's decision to withdraw its NGP offering from Russia and Japan.

The Group's Tobacco & NGP results in the AAA region were mainly affected by the Group's decision to exit the Russian market and focused investment in sales execution and marketing in line with the Group's strategy to drive value from its broader market portfolio. The Group's market share and financial performance in Australia benefited from the move to establish a clear brand offering at each of the key price points, which led to the launch of *Lambert & Butler* in the fifth price tier delivering incremental share gains. *Gauloises* gained market share in Morocco by leveraging its international brand equity, while the Group's focus on local "jewel brands" delivered share gains in Burkina Faso and Côte d'Ivoire. The Group's results in the Middle East and Asia benefited from lower NGP investment following the withdrawal from Japan and volume gains in the Middle East.

Distribution

	For the year ended 30 September	
	2021 ⁽¹⁾	2022 ⁽²⁾
	<i>(in £ million, unless otherwise indicated)</i>	
Distribution		
Net Revenue	1,069	1,046
Adjusted operating profit.....	258	254
Adjusted Operating Profit Margin	24.1%	24.3%
Eliminations.....	7	(1)
Adjusted operating profit (inc. eliminations).....	265	253

Notes:

- (1) Represents the Group's relevant results for the year ended 30 September 2021 as reported in the 2022 Financial Statements.
- (2) Represents the Group's relevant results for the year ended 30 September 2022 as reported in the 2022 Financial Statements. These results have not been restated.

Net Revenue from the Group's Distribution segment decreased by £23 million, or 2.1 per cent (an increase of 0.8 per cent on a constant currency basis), to £1,046 million in the year ended 30 September 2022 from £1,069 million in the year ended 30 September 2021. The increase at constant currency was primarily attributable to strong performances in Iberia and Italy, which helped offset weak performance in France. In Iberia, strong performance was driven by an increase in tobacco volumes and growth in convenience products, a strong demand for transport services, increased B2B activity in the parcel delivery business and the expansion of a customer base and product offering in the pharmaceutical division. In Italy, strong performance was driven by good tobacco and NGP volumes, as well as growth in convenience products. In France, the lifting of COVID-19 restrictions led to weak tobacco volumes.

Adjusted operating profits from the Group's Distribution segment decreased by £4 million, or 1.7 per cent (an increase of 1.8 per cent on a constant currency basis), to £254 million in the year ended 30 September 2022 from £258 million in the year ended 30 September 2021. The decrease was primarily attributable to the costs of restructuring expensed in adjusted operating profit.

Even during the period when the COVID-19 pandemic still restricted movement in many of the Group's end markets, Logista continued to distribute products to customers, with almost all its points of sale, products and services classified as essential by governments. As mentioned above, the Group recorded significant net revenue and adjusted operating profit from its Distribution business during the years ended 30 September 2021 and 30 September 2022.

Liquidity and Capital Resources

The Group broadly defines liquidity as its ability to generate sufficient cash flow from its operating activities to meet its contractual obligations and commercial commitments together with its undrawn committed bank facilities, ECP, cash and cash equivalents and expectation of obtaining appropriate bank facilities, capital markets debt, ECP and/or equity financing in the future. The Group's principal long-term capital resources consist of its bank credit facilities and capital market issuances, as described below, as well as expected operating cash flow.

The Group has consistently converted a high level of its profits from operations into operating cash flow. The Group's adjusted operating cash conversion rate was 92 per cent, 102 per cent and 83 per cent in the years ended 30 September 2023, 2022 and 2021, respectively. For the year ended 30 September 2023, free cash flow was £2,364 million and net cash flow was £3,129 million.

Strong cash generation has continued to support the Group's efforts to reduce its debt levels. The Group's adjusted net debt to adjusted EBITDA ratio in the year ended 30 September 2023 reduced to 1.9x, compared to 2.0x in the year ended 30 September 2022 and 2.2x in the year ended 30 September 2021. Adjusted net debt in the year ended 30 September 2023 was £8,026 million, compared to £8,054 million in the year ended 30 September 2022 and £8,615 million in the year ended 30 September 2021.

As at 30 September 2023, the Group had a total committed financing in place of approximately £12.9 billion, comprising approximately 72 per cent capital market bond issuances and 28 per cent bank facilities. As of such date, the Group's weighted average maturity of its debt and committed facilities (excluding ECP) was 3.6 years, of which the capital market bond weighted average maturity was 4.0 years. As at 30 September 2023, the Group had £4.3 billion of available liquidity consisting of approximately £3.6 billion of committed undrawn facilities and approximately £0.7 billion of cash and short-term deposits managed by IBF.

For a discussion of the Group's funding and treasury matters, see Notes 20, 21 and 22 to the 2023 Financial Statements.

Cash flows

The following table sets forth the Group's consolidated cash flows for the years ended 30 September 2021, 2022 and 2023:

	For the year ended 30 September		
	2021⁽¹⁾	2022⁽²⁾	2023⁽³⁾
	<i>(in £ million, unless otherwise indicated)</i>		
Cash flows from operating activities			
Operating profit	3,146	2,683	3,402
Dividends received from investments accounted for under the equity method	4	7	7
Depreciation, amortisation and impairment.....	815	660	632
Loss/(profit) on disposal of non-current assets	2	-	(39)
(Profit)/loss on disposal of subsidiaries	(281)	428	1
Post-employment benefits	(63)	(56)	(29)
Costs of employees' services compensated by share schemes.....	25	29	31
Other non-cash items	(15)	37	40
Movement in provisions	18	39	21
Operating cash flows before movement in working capital.....	3,651	3,827	4066
Decrease/(Increase) in inventories.....	70	(195)	(551)
(Increase)/decrease in trade and other receivables	(201)	89	46
(Decrease)/Increase in trade and other payables	(533)	146	158
Movement in working capital	(664)	40	(347)
Tax paid	(820)	(681)	(590)
Net cash generated from operating activities	2,167	3,186	3,129
Cash flows from investing activities			
Interest received.....	15	8	10
Proceeds from the sale of non-current assets.....	50	53	71
Proceeds from sale of subsidiaries, net of cash disposed of.....	845	27	-
Purchase of non-current assets.....	(200)	(230)	(325)
Purchase of brands and operations.....	-	(13)	(183)
Net cash generated from/(used in) investing activities	710	(155)	(427)
Cash flows from financing activities			
Interest paid	(415)	(366)	(417)
Purchase of shares by Employee Share Ownership Trusts	—	(1)	—
Repurchase of shares	—	—	(1006)
Lease liabilities paid	(69)	(68)	(92)
Increase in borrowings.....	858	1,710	1,462
Repayment of borrowings.....	(2,224)	(2,476)	(1,518)
Cash flows relating to derivative financial instruments...	41	94	(64)
Dividends paid to non-controlling interests	(93)	(89)	(104)
Dividends paid to owners of the parent	(1,305)	(1,320)	(1,312)
Net cash used in financing activities.....	(3,207)	(2,516)	(3,051)
Net (decrease)/increase in cash and cash equivalents .	(330)	515	(349)
Cash and cash equivalents at start of the period.....	1,626	1,287	1,850

	For the year ended 30 September		
	2021⁽¹⁾	2022⁽²⁾	2023⁽³⁾
	<i>(in £ million, unless otherwise indicated)</i>		
Effect of foreign exchange rates on cash and cash equivalents	(9)	48	(156)
Cash and cash equivalents at end of the period	1,287	1,850	1,345

Notes:

- (1) Represents the Group's consolidated cash flow statement information for the year ended 30 September 2021 as reported in the 2022 Financial Statements.
(2) Represents the Group's consolidated cash flow statement information for the year ended 30 September 2022 as reported in the 2023 Financial Statements.
(3) Represents the Group's consolidated cash flow statement information for the year ended 30 September 2023 as reported in the 2023 Financial Statements.

Year ended 30 September 2023 compared to year ended 30 September 2022

Net cash generated from operating activities was £3,129 million in the year ended 30 September 2023, compared to £3,186 million in the year ended 30 September 2022, primarily reflecting an increase in inventories, which was negative £551 million in the year ended 30 September 2023, compared to negative £195 million in the year ended 30 September 2022, as a result of changes to duty payment dates announced in the year ended 30 September 2022, and changes in movement in working capital. Movement in working capital in the year ended 30 September 2023 was negative £347 million, compared to positive £40 million in the year ended 30 September 2022, primarily reflecting higher leaf stock due to the timing of year-end sales.

In the year ended 30 September 2023, the Group used £427 million net cash in investing activities, compared to using £155 million net cash in investing activities in the year ended 30 September 2022, primarily reflecting the acquisition of El Mosca and Carbo Collabattelle by Logista.

Net cash used in financing activities was £3,051 million in the year ended 30 September 2023, compared to £2,516 million in the year ended 30 September 2022, primarily reflecting £1,006 million repurchasing shares as part of the share buyback programme. Interest paid in the year ended 30 September 2023 was £417 million, compared to £366 million in the year ended 30 September 2022.

Year ended 30 September 2022 compared to year ended 30 September 2021

Net cash generated from operating activities was £3,186 million in the year ended 30 September 2022, compared to £2,167 million in the year ended 30 September 2021, primarily due to year-on-year changes seen in the movement in working capital, which was positive £40 million in the year ended 30 September 2022, compared to negative £664 million in the year ended 30 September 2021, as a result of the normalisation of duty payment dates at Logista. Tax paid in the year ended 30 September 2022 was £681 million, compared to £820 million in the year ended 30 September 2021 after a one-off payment in 2021 of £101 million for Controlled Foreign Company (CFC) state aid in the UK.

Net cash used in investing activities was £155 million in the year ended 30 September 2022, compared to generating £710 million in the year ended 30 September 2021, primarily reflecting the decrease in proceeds from sale of subsidiaries.

Net cash used in financing activities was £2,516 million in the year ended 30 September 2022, compared to £3,207 million in the year ended 30 September 2021, primarily reflecting lower net repayment of borrowings and lower new borrowings. Interest paid in the year ended 30 September 2022 was £366 million, compared to £415 million in the year ended 30 September 2021.

Indebtedness

As at 30 September 2023, the Group's total borrowings were £9,381 million, consisting principally of the capital market bond issuances and bank facilities as described below. As at the same date, the Group's reported net debt was £8,438 million and the Group's adjusted net debt was £8,026 million. See "*Selected Consolidated Financial Information—Key Performance Indicators and Other Operating Metrics*" for a reconciliation of the Group's reported net debt to adjusted net debt for the periods under review.

Capital market bond issuances

The Group has established a euro medium-term note debt issuance programme, under which Imperial Brands Finance PLC and Imperial Brands Finance Netherlands B.V., as issuers, may issue notes of up to €15 billion in an aggregate nominal amount (the “EMTN Programme”). The obligations of the Issuers under the EMTN Programme are guaranteed by Imperial Brands PLC and extend to the ultimate balance of all sums payable by the Issuers under the EMTN Programme.

As at 30 September 2023, the Group’s capital market bond indebtedness comprised the bond issuances set forth below:

Issuer	Amount (in million)	Coupon⁽¹⁾	Issue date	Maturity
Imperial Brands Finance PLC	£600	8.125%	15 September 2008	15 March 2024
Imperial Brands Finance PLC	U.S.\$1,000	3.125%	26 July 2019	26 July 2024
Imperial Brands Finance PLC	€500	1.375%	27 January 2017	27 January 2025
Imperial Brands Finance PLC	U.S.\$1,500	4.250%	21 July 2015	21 July 2025
Imperial Brands Finance PLC	€650	3.375%	28 February 2014	26 February 2026
Imperial Brands Finance PLC	£500	5.500%	26 September 2011	28 September 2026
Imperial Brands Finance PLC	U.S.\$750	3.500%	26 July 2019	26 July 2026
Imperial Brands Finance PLC	€750	2.125%	12 February 2019	12 February 2027
Imperial Brands Finance PLC	U.S.\$1,000	6.125%	27 July 2022	27 July 2027
Imperial Brands Finance PLC	U.S.\$1,000	3.875%	26 July 2019	26 July 2029
Imperial Brands Finance Netherlands BV	€950 ⁽²⁾	5.250%	15 February 2023	15 February 2031
Imperial Brands Finance PLC	£500	4.875%	28 February 2014	7 June 2032
Imperial Brands Finance Netherlands B.V.	€1,000	1.750%	18 March 2021	18 March 2033

Notes:

(1) Before interest rate and cross-currency swaps (where applicable).

(2) This includes €350m tap issued in September 2023, which became fungible with the original issue on 22 October 2023.

In addition, the Group has access to a €5 billion ECP programme which was undrawn as at 30 September 2023.

Bank credit facilities

On 30 March 2020, IBF and Imperial Tobacco Germany Finance GmbH (as borrowers) and Imperial Brands and Imperial Tobacco Limited (“ITL”) (as guarantors) entered into a credit facility agreement (the “Facility Agreement”) with a syndicate of twenty banks (as original lenders), whereby committed bank facilities of €3,500 million in the form of revolving credit facilities were made available to the borrowers. The Facilities Agreement was amended and restated on 28 September 2021, primarily to take into account the announced cessation of LIBOR. As at 30 September 2023, the Facility Agreement had maturity dates of 30 September 2025 (€184 million), 30 March 2026 (€184 million) and 30 September 2026 (€3,125 million) (subject to certain extension provisions documented within the Facility Agreement). The Facility Agreement is of a total size of €3,493 million, with one bank’s commitment (€7.4 million) having been cancelled in September 2023. This Facility Agreement is no longer guaranteed by ITL.

The interest rate under the Facility Agreement is €STR/EURIBOR (for drawings in euro), SONIA (for drawings in pounds sterling) or SOFR (for drawings in U.S. dollars), as applicable, plus a margin.

The Group has given undertakings and financial covenants in respect of its business and financial position under the Facility Agreement. The financial covenants are a minimum ratio of the Group’s consolidated “earnings before interest, tax, depreciation and amortisation” (“Consolidated EBITDA”, as defined in the Facility Agreement) to the Group’s consolidated net interest (“Consolidated Net Interest Payable”, as defined in the Facility Agreement) and a maximum ratio of the Group’s net debt (“Consolidated Total Net Borrowings”, as defined in the Facilities Agreement) to Consolidated EBITDA. The Group has been in compliance with these covenants since the inception of the Facility Agreement, including the most recent measurement period (as defined in the Facilities Agreement). In addition, a lender under the Facility Agreement may require, by notice to the facility agent not earlier than 30 days and no later than 60 days following notification by the facility agent of a “change of control” of Imperial Brands (as defined therein) under the Facility Agreement, its participation in any outstanding loans under the Facility Agreement to be immediately repaid and the commitments of that lender to be immediately cancelled. The facility agent must

give not less than five days' notice to the borrowers with respect to any such cancellation of the commitments and required repayment.

The Facility Agreement also contains certain other warranties, undertakings and indemnities from Imperial Brands and certain other Group companies which are a party to the Facility Agreement in favour of the lenders that are customary for such an agreement. As of 30 September 2023, the Group had not utilised any of the financing available under the Facility Agreement.

In September 2023, the Group entered into an additional £550 million of committed bilateral bank revolving credit facilities with maturity dates in September 2024. The interest rate under the bilateral bank facilities is €STR/EURIBOR (for drawings in euro), SONIA (for drawings in pounds sterling) or SOFR (for drawings in U.S. dollars), as applicable, plus a margin.

On 24 April 2023, IBF, ITL and Imperial Brands entered into deeds of counter indemnities (each, a "Counter Indemnity") in favour of certain surety companies in consideration for the issue of guarantees by such surety companies in favour of Imperial Tobacco Pension Trustees Limited (or its successor(s) in title) as trustee of the ITPF constituted by the definitive trust deed and rules dated 1 March 1995 (as amended from time to time) to guarantee the obligations of ITL in respect of the ITPF for a total amount of up to £120 million. The expiration date of each guarantee is 31 December 2028. There are no other participating companies. Each Counter Indemnity contains certain warranties, undertakings and indemnities in respect of the business and financial position of the Group.

In addition, the Group has a number of guarantee and credit facilities in place that allow it to temporarily defer the payment of tax and duty.

Contractual Obligations

The following table summarises the Group's non-derivative financial liabilities by maturity based on their contractual cash flows as at 30 September 2023. The amounts below are undiscounted cash flows calculated using spot rates of exchange prevailing at the relevant balance sheet date:

	Balance sheet amount	Contractual cash flows total	Payment due by a period			
			Less than 1 year	1-2 years	2-5 years	After 5 years
<i>(in £ million)</i>						
Non-derivative financial liabilities						
Bank loans.....	51	51	49	2	-	-
Capital market issuance.....	9,330	10,663	1,767	1,951	3,651	3,294
Trade payables	1,507	1,507	1,507	-	-	-
Lease liabilities	349	406	82	70	114	140
Total non-derivative financial liabilities.....	11,237	12,627	3,405	2,023	3,765	3,434

Capital commitments

For the year ended 30 September 2023, the Group reported capital commitments (contracted but not provided for) of £97 million relating to property, plant and equipment, and software. The capital commitments relate principally to investment in manufacturing capability to improve efficiency and support new products in growth areas.

Post-Balance Sheet Events and Off-Balance Sheet Arrangements

The transfer of the Group's Russian assets was treated as a non-adjusting post-balance sheet event for the purpose of the unaudited condensed consolidated interim financial statements of the Group as at and for the six months ended 31 March 2022.

On 5 October 2023, the Group announced a continuation of the ongoing share buyback programme to repurchase up to £1.1 billion worth of shares in the period from 6 October 2023 to 30 September 2024. The transfer of the Group's Russian business was completed on 27 April 2022.

To manage customer-related credit risks, the Group has a non-recourse factoring arrangement in place, which is treated as an off-balance sheet arrangement for financial reporting purposes. As at 30 September 2023, the trade receivables sold under this arrangement totalled approximately £570 million.

Quantitative and Qualitative Disclosures about Market Risk

Information on the Group's financial risk management policies can be found in Note 20 to the 2023 Financial Statements. For more information on the Group's accounting policies and critical accounting estimates and judgments, see Notes 1 and 2 to the 2023 Financial Statements.

DESCRIPTION OF THE GROUP AND ITS BUSINESS

Overview

Imperial Brands, a FTSE 100 company headquartered in the UK (“Imperial Brands”), is the parent company of an international business specialising in tobacco and NGP brands (“the Group”). The Group’s strategy is based on finding a long-term solution for harm reduction, operating responsibly and minimising its impact on the planet, while recognising the Group’s role in providing genuine choices to its consumers in how their experiences are delivered.

The Group’s core business is built around a tobacco portfolio of approximately 160 brands that offers a comprehensive range of cigarettes, fine cut tobacco, papers and mass-market cigars as well as NGP and snus products. Through its subsidiaries, the Group sells its tobacco in approximately 120 markets across the globe. As at 30 September 2023, the Group had 25,200 employees and a network of 30 manufacturing sites worldwide.

Strategy

In January 2021, Imperial Brands announced its five-year strategy to transform the Group and create long-term value. The Group’s strategy has three strategic pillars. The first is to create sustainable value in combustibles by focusing on the Group’s priority markets in which the Group can leverage its strengths. The second is to drive value from the Group’s broader global portfolio. The third is to build a distinctive presence in NGP, which, over time, is expected to deliver a material contribution both to harm reduction, through the offering of potentially reduced-harm products to consumers, and investor returns. Alongside its revised strategic priorities, the Group has set out a clear capital allocation framework to support investment in the new strategy, strengthen its balance sheet and deliver enhanced shareholder returns. The disciplined approach the Group takes to managing cost and cash provides the funds to continue investing in growth. The Group’s updated sustainability strategy frames the way in which the Group manages its sustainability and ESG issues and supports the long-term development of its business.

Strategic priorities

The Group’s strategy is based on three strategic priorities:

- **Focusing on priority combustible markets:** The Group is focusing its investment and resources around its five most profitable markets: the U.S., Germany, the UK, Australia and Spain, which together represented approximately 70 per cent of the Group’s operating profit for the year ended 30 September 2023. The Group has developed detailed brand and market plans to support this approach and is increasing investment behind a focused set of operational levers to strengthen performance and unlock value. For example, in the U.S., the Group focused investments in its flagship brands, Winston and Kool, including its Winston pack redesign, which the Group rolled out nationally supported with a new reward programme and multi-pack offers to drive participation. These activities have supported an increase in market share for these key brands after a long period of decline. In Spain, leveraging its full potential as one of the Group’s local “jewel brands”, Nobel achieved a 30 per cent increase in market share, largely attributable to the introduction of new packaging and line extensions and ongoing brand-building initiatives, including investments in pack and product quality. At the same time, the Group has increased its focus on rigorous portfolio management to optimise value in each segment. For example, the Group implemented a new pricing strategy in Australia and introduced *Lambert & Butler* in the fifth price tier, supporting an increase in share and value growth in the market. In Germany, where high inflation is driving downtrading, the Group grew its market share in the sub-value fine cut tobacco market by launching *Paramount*.
- **Driving value from the Group’s broader market portfolio:** The Group’s review of its broader market portfolio has identified additional opportunities to drive future growth while realising efficiencies in how it operates in these markets. Although they are smaller, such markets benefit from attractive margins and relatively limited investment requirements. The Group is selectively building those markets where it has attractive leadership positions, such as in Africa and other European areas. For example, in Africa, the Group has identified opportunities to drive growth through multiple levers

in the region, including better application of its global brands in more premium price tiers, leveraging its local “jewel brands” and closing its sales coverage gaps. Similarly, in several Central and Eastern European markets, including Poland, Hungary and the Czech Republic, the Group’s strategic analysis suggests there is an attractive value growth opportunity over the next few years. At the same time, in Norway, Denmark, Sweden, Finland and Estonia (the “Nordics”), the Group is continuing to build on its strong track record in traditional oral nicotine products. Furthermore, the Group believes that market prioritisation also includes monitoring and exiting markets when business no longer yields optimal returns on investment. For example, despite having entered Japan in 2013, after a careful review, the Group concluded that it was unsustainable to continue trading in that market and exited during 2022.

- **Building a targeted NGP business:** The Group continues to implement its NGP strategy with a significantly different approach, informed by consumer insights and validation. The Group has focused its NGP investment in markets where the NGP category has already been established and where it has an existing route to market. The Group has focused on opportunities to develop heated tobacco products predominantly in Eastern Europe and opportunities in vapour in European countries such as the UK, Spain and France. To date, the Group’s oral nicotine business remains focused on the Group’s existing markets in Europe. Investment in NGP is disciplined and based on detailed market testing. The aim is to develop a sustainable NGP business that makes a meaningful contribution to harm reduction through the offering of potentially reduced-harm products to consumers. In heated tobacco, initially piloted in the Czech Republic and Greece, the Group’s *Pulze* and *iD* propositions received a positive response from trade partners and consumers, supporting further launches into new markets. These markets are attractive because heated tobacco is already a well-established NGP category and the Group can leverage its existing route to market for combustible tobacco products. In 2023, the Group launched *Pulze 2.0* in Italy, Poland, the Czech Republic, Greece, Bulgaria, Hungary and Portugal. In vapour, the successful trial of a new pod-based vapour proposition, *blu 2.0*, in four selected cities in France led the Group to roll out the product to the UK market in November 2022. Throughout 2023, the Group increased market and flavour roll-outs across its NGP portfolio, and the *blu 2.0* device is now available in nine European markets. The Group also developed a disposable vaping product, *blu bar*, which has been launched in eleven European markets. In addition, as the category of modern oral nicotine delivery products is expected to grow rapidly, the Group, through its *Zone X* oral nicotine brand, is investing in establishing promising share positions in select European markets, which it can continue to build over time. The Group has also completed the acquisition of a U.S. oral nicotine product range from TJP Labs, and expects to launch its new brand, *Zone*, in the first quarter of 2024.

Improving ways of working

To support the delivery of its strategic priorities, the Group changed how it operates to embrace new ways of working and to enhance its culture. In implementing its strategy, the Group identified three critical enablers to drive these changes:

- **Consumer at the centre of the business:** The Group invests in supporting a consistent approach to consumer insight, including improved capabilities in brand and trade marketing, portfolio management, innovation, revenue growth management and sales excellence. This transformation is focused on leveraging the Group’s portfolio to address key consumer needs and is overseen by the Group’s Chief Consumer Officer.
- **Performance-based culture and capabilities:** The Group seeks to embed a performance-based culture to enhance accountability, improve its agility, and support teamwork and collaboration throughout the business. The Group has also aligned its rewards and incentives to reinforce performance and delivery of its objectives, and it is continuing to invest in talent while embracing diversity and inclusivity.
- **Simplified and efficient operations:** The Group became the world’s fourth largest tobacco business through acquisitions over the past two decades. The strategy announced in January 2021 identified a need to better integrate this portfolio of businesses to create simpler, more efficient operations. The Group has aligned its global enabling functions, such as Finance, Procurement, IT and People &

Culture (formerly known as Human Resources), to support the delivery of its new strategy and ensure efficient allocation of resources.

Capital allocation framework

The Group's strategy is supported by a clear capital allocation framework, which is intended to optimise returns for all stakeholders. The business benefits from high margins and strong cash generation, which are expected to underpin the following capital priorities (in order of priority):

- **Investment behind the strategy** to deliver the targeted organic growth initiatives in combustibles and NGP. The Group has also invested in strengthening capabilities, bringing new ways of working to streamline the organisation, improving effectiveness and realising efficiencies. Investment decisions are rigorously evaluated and monitored within a more disciplined, returns-focused framework. While the strategy is primarily organic, the Group may consider smaller bolt-on M&A opportunities in NGP, together with supporting Logista's strategy to diversify away from tobacco.
- **A strong and efficient balance sheet** to support the Group's investment-grade credit rating. As a result of a debt reduction policy, at the end of the Group's financial year to 30 September 2023, the Group's leverage, represented by Adjusted Net Debt divided by Adjusted EBITDA ("Leverage"), was 1.9x, just below its net debt to EBITDA range of 2.0-2.5x. The Group expects to broadly maintain this level of gearing and remains committed to maintaining its investment-grade credit rating. Management believes that a stronger balance sheet will provide the business with greater flexibility for the future, improving resilience to manage uncertainties and further underscoring the defensive characteristics of the Group's business.
- **A progressive dividend policy** to provide a reliable, consistent cash return to shareholders. The dividend per share is set to grow annually from the current level, taking into account underlying business performance. The Group paid two interim dividends of 21.59 pence per share in June and September 2023. The board approved a further interim dividend of 51.82 pence per share in November 2023 and will propose a final dividend of 51.82 pence per share, representing a four per cent increase per share (in pence) compared to the prior year and in line with the Group's progressive dividend policy.
- **Surplus capital returns to shareholders** began in October 2022, following the achievement of the Group's target leverage. The Group completed an initial buyback of £1 billion during fiscal year 2023 and has announced the next £1.1 billion tranche for fiscal year 2024. As a result, together with the dividend, the Group expects that, in total, its capital returns (dividends and share buyback) to shareholders will exceed £2.4 billion for the year ended 30 September 2024. Over time, the Group intends to deliver a material reduction in the capital base, providing an ongoing source of shareholder returns in addition to its progressive dividend policy.

Sustainability and ESG responsibility

Throughout its strategic review, the Group considered its sustainability and ESG responsibilities and concluded that both are aligned to, and underpin, the Group's new business strategy. The eight pillars of this new ESG approach are each aligned to at least one of the United Nation's Sustainable Development Goals and are designed to enable growth, create value, and define the approach the Group takes to managing its ESG priorities. For further details on the Group's sustainability and ESG priorities and performance, see below under "*Sustainability and ESG*".

History

The Imperial Tobacco Company (of Great Britain and Ireland) Limited was formed in 1901. Since its formation, the Group has experienced expansion, diversification and rationalisation, mergers, demergers and acquisitions. In late 1985, Hanson Trust (later Hanson PLC) made a successful bid to buy Imperial Group PLC (as it was then called) and the takeover was completed in April 1986. In October 1996, after ten years of ownership by Hanson PLC, the Group was listed on the London Stock Exchange as a FTSE 100 company. Between 1997 and 2008, the Group made significant acquisitions, which enhanced the Group's position in

many overseas markets. Following this decade of intense industry consolidation, the Group emerged as one of just four international tobacco companies competing against each other on a global scale. In 2015, the Group acquired additional cigarette brands in the U.S., including *Winston* and *Kool*, and the international rights to the *blu* vapour brand. These assets were merged with the Group's existing portfolio under CBHC, Inc., the holding company of Commonwealth Brands, Inc., a cigarette manufacturing and distribution business ("Commonwealth Brands"), within a company newly named ITG. In February 2016, Imperial Tobacco Group PLC was renamed Imperial Brands PLC to reflect the breadth of the Group's brands focus. On 27 January 2021, under its new management team, the Group announced its new five-year strategy to transform the Group and create long-term value. See above under "*—Strategy*".

The Group's Business Model

The Group's business model and activities are structured around six key areas:

- **Adult consumer insights:** The Group strives to maintain a deep understanding of adult smokers and nicotine consumers. This is led by the Group's Global Consumer Office, which aims to provide value by ensuring the Group offers consumers the right product choices to meet consumer needs. These consumer insights provide the Group with a competitive advantage and inform its product offerings in both combustible tobacco and NGP as well as how it communicates with adult consumers and its product offerings in both tobacco and NGP.
- **Science and regulation:** The manufacture, advertising, sale and consumption of tobacco and NGP have been subjected to extensive and increasing regulation from governments worldwide. The Group uses its know-how and smaller size to be agile in how it responds to regulatory changes. This is supported by the Group's central science team as appropriate, providing understanding of the regulatory environment across the Group's markets and ensuring the Group operates responsibly with high-quality products compliant with local standards.
- **Marketing and innovation:** The Group's marketing and innovation teams add value by using consumer insights to develop a portfolio of combustible tobacco and potentially reduced-harm NGP to engage and excite adult consumers. The Group uses sales and marketing communications and innovation to differentiate its brands and meet evolving consumer needs.
- **Sustainable sourcing:** The Group's leaf purchasing teams work with a diverse and complex supply chain, ranging from small-holder farmers to multinational companies, to procure high-quality leaf and nicotine for its products. The Group's procurement teams add value by striving to responsibly meet all its sourcing needs, including leaf, nicotine and non-tobacco materials such as papers, filters and packaging, as well as the power and water the Group uses to run its factories. Decisions are guided by the Group's ESG strategy.
- **Efficient manufacturing:** The Group's manufacturing teams take the raw materials and employ the latest production methods, working to high quality and product manufacturing standards. The Group's scale and knowledge are competitive strengths enabling it to supply quality products at relatively low cost. Where appropriate, for example with NGP devices, the Group uses third-party manufacturers with the technical expertise to deliver high-quality products. The Group also uses third-party logistics companies to distribute its products.
- **Strong retail partnerships:** The Group sells its products to its customers through its sales and marketing teams, which have built strong partnerships with customers through sales force coverage, retailer incentivisation and point of sale advertising. Where appropriate, the Group strives to understand its customers' needs and help them to navigate the changing regulatory environment. The Group's aim is to deliver mutually attractive commercial arrangements that support growth and value creation for its retailer, wholesaler and distributor customers.

Products

Tobacco & NGP

Consumer preferences are changing; consumers are using a broader repertoire of nicotine products than before. The Group is committed to investing in brand innovation to continue to meet such evolving preferences. Its portfolio of approximately 160 brands is designed to connect with adult consumers in all the Group's key tobacco and NGP segments.

The Group has strong market positions in cigarettes, fine cut tobacco, papers and mass-market cigars. Its brands include, among others, *Backwoods*, *Crowns*, *Davidoff*, *Dutch Masters*, *Embassy*, *Fine*, *Gauloises*, *Golden Virginia*, *JPS*, *Kool*, *Lambert & Butler*, *Maverick*, *News*, *Nobel*, *Parker & Simpson*, *Riverstone*, *Rizla*, *Sonoma*, *West*, and *Winston*. Of these brands, *Davidoff*, *Gauloises*, *JPS*, *West*, *Parker & Simpson* and *Rizla* are international brands, selling across a number of markets, and the remainder are local 'jewel' brands. The Group has also built a portfolio of NGP assets: (a) in vapour with *blu*, (b) in heated tobacco with *Pulze* and *iD*; and (c) in oral nicotine with *Skruf* and *Zone X*. The remainder of the Group's portfolio consists of local and regional brands, which support the Group's volume and revenue development.

Other investments

Prior to the implementation of its current strategy, the Group explored other avenues of NGP growth, including in the cannabis space. In June 2018, the Group purchased an equity stake in Oxford Cannabinoid Technologies ("OCT"), a biopharmaceutical company focused on researching, developing and licensing cannabinoid-based compounds and therapies. In July 2019, the Group announced its research and development partnership with Auxly Cannabis Group, Inc. ("Auxly"), a listed Canadian cannabis company, which builds on the investment made in OCT in 2018. The transaction was completed in September 2019, ahead of the further liberalisation of cannabis regulation in Canada in October 2019, when the sale of cannabis-derivative products, such as edibles, extracts and topicals, was legally permitted. As part of the partnership, the Group granted Auxly global licences to its vaping technology and access to its innovation business, Nerudia Limited. See also "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations—Acquisitions, investments and disposals*".

Premium Cigars

In April 2020, the Group announced that it had agreed the sale of its international premium cigar business ("Premium Cigars"), including the disposal of the Group's premium cigar part of the La Romana factory in the Dominican Republic, reinforcing the Group's focus on simplifying its business and realising value for its shareholders by reducing debt.

The Group's Business Segments

The Group comprises two distinct businesses: Tobacco & NGP and Distribution. For Tobacco & NGP, the Group reports its results in three separate geographic segments: Europe, Americas and Africa, Asia, Australasia and Central & Eastern Europe. Before 1 October 2022, the European segment of the Group's reporting results included Central & Eastern Europe. Accordingly, for the financial year ended 30 September 2021, the Group's reportable segments were: (a) Europe, (b) Americas, (c) Africa, Asia and Australasia and (d) Distribution. For the financial years ended 30 September 2022 and 2023, the Group's reporting segments are: (a) Europe, (b) Americas, (c) Africa, Asia, Australasia and Central & Eastern Europe and (d) Distribution.

Tobacco & NGP

The Group's Tobacco & NGP business comprises the manufacture, marketing and sale of tobacco and NGP and tobacco and NGP-related products, including sales to (but not by) the Group's Distribution business.

Europe

The Group manufactures and sells a comprehensive range of tobacco and NGP in Europe, including cigarettes, fine cut tobacco, snus, vapour, oral nicotine and heated tobacco products and papers. The Group's primary European markets consist of Germany, the UK, Spain, France, Italy, Greece, Sweden, Norway, Belgium, and

the Netherlands. Key brands in the Group's Europe segment include *JPS, Lambert & Butler, West, Gauloises* and *blu*.

The Group's net revenue from sales of tobacco and NGP in its Europe segment was £3,039 million in the year ended 30 September 2022 and £3,240 million in the year ended 30 September 2023, representing 39.0 per cent and 40.4 per cent of the total net revenue from the Group's Tobacco & NGP business for each respective period. The Group's total tobacco volume for its Europe segment in the year ended 30 September 2022 and the year ended 30 September 2023 was 97.9 billion and 89.9 billion stick equivalents, respectively. As at 30 September 2023, the Group's tobacco aggregate market share in each of its priority markets in Europe was 18.2 per cent in Germany, 41.1 per cent in the UK and 28.4 per cent in Spain.

Americas

The Group's Americas business offers a broad portfolio of cigarette, mass-market cigar and NGP brands. The Group's primary American market is the U.S. The Group formed its current U.S. business through the combination of its U.S.-based operations with cigarette brands and assets acquired through the 2015 U.S. Acquisition. Key brands in the Group's Americas segment include *Kool, Winston, Maverick, Sonoma, Backwoods* and *myblu*.

The Group's net revenue from sales of tobacco and NGP in its Americas segment was £2,826 million in the year ended 30 September 2022 and £2,812 million in the year ended 30 September 2023, representing 36.3 per cent and 35.1 per cent of the total net revenue from the Group's Tobacco & NGP business for each respective period. The Group's total tobacco volume for its Americas segment in the year ended 30 September 2022 and the year ended 30 September 2023 was 21.9 billion and 20.7 billion stick equivalents, respectively. As at 30 September 2023, the Group's cigarette aggregate market share in the U.S., its priority Americas market, was 10.7 per cent.

Africa, Asia, Australasia and Central & Eastern Europe

The Group's Africa, Asia, Australasia and Central & Eastern Europe ("AAACE") business offers a broad portfolio of cigarettes, fine cut and smokeless tobaccos. The Group's primary AAACE markets consist of Australia, Saudi Arabia, Taiwan, Poland, the Czech Republic, Ukraine, Slovakia, Hungary, Slovenia, Ivory Coast, Burkina Faso, Madagascar, Algeria and Morocco. Key brands in the Group's AAACE segment include *JPS, Gauloises, Davidoff, West* and *Parker & Simpson*.

The Group's net revenue from sales of tobacco and NGP in its AAACE segment was £1,928 million in the year ended 30 September 2022 and £1,960 million in the year ended 30 September 2023, representing 24.7 per cent and 24.5 per cent of the total net revenue from the Group's Tobacco & NGP business for each respective period. The Group's total tobacco volume for its AAACE segment in the year ended 30 September 2022 and the year ended 30 September 2023 was 101.1 billion and 87.4 billion stick equivalents, respectively. As at 30 September 2023, the Group's tobacco aggregate market share in Australia, its priority AAACE market, was 32.1 per cent.

Distribution

The Group's Distribution business is its shareholding (held by ITL) in Compañía de Distribución Integral Logista Holdings, S.A. ("Logista") and is responsible for the distribution of tobacco and NGP for tobacco and NGP product manufacturers, including the Group's Tobacco & NGP business and a wide range of non-tobacco and NGP services. Logista is one of the largest distribution businesses in Europe across Spain, France, Italy and Portugal. Logista serves both tobacco and non-tobacco customers and has established a long track record of delivering sustainable value. Logista runs on an operationally neutral basis, ensuring all customers are treated equally. Transactions between the Group's Tobacco & NGP business and Logista are undertaken on an arm's length basis, reflecting market prices for comparable goods and services.

Logista operates through three geographic divisions: (a) Iberia, which involves the transportation of tobacco products, convenience distribution, transport (including long distance, industrial parcel and retail parcel), pharmaceuticals and publications in Spain, Portugal and Poland, (b) Italy, which involves the transportation of tobacco products, convenience distribution and pharma, and (c) France, which involves tobacco distribution and convenience distribution. Logista has implemented a strategy to accelerate growth in European non-

tobacco-related businesses and completed a series of acquisitions in 2022. See also “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations—Acquisitions, investments and disposals*” for a discussion on the related acquisitions. Logista is listed on the Spanish Stock Exchange.

The Group’s gross profit from its Distribution business was £1,046 million in the year ended 30 September 2022 and £1,466 million in the year ended 30 September 2023.

Manufacturing and Supply Chain

The Group seeks to share technology and expertise across its 30 manufacturing sites (as at 30 September 2023) around the world in order to reduce manufacturing costs and increase efficiency. It focuses on high-quality, low-cost manufacturing and has an ongoing initiative to improve productivity across the business. It aims to ensure that its manufacturing base is structured effectively to provide a fast response to changing market dynamics and consumer requirements.

The Group created its Global Business Services function in 2021, bringing together business partnering functions including Finance, Procurement, IT and People & Culture (formally known as Human Resources) to deliver more streamlined support to its sales, marketing and manufacturing teams in order to provide the flexibility to adapt and respond to changes in the markets. Throughout the fiscal year 2023, over 300 roles moved within this platform, with the opening of a new office in Krakow, Poland. In addition, the Group has implemented changes to its global supply chain that are focused on centralised planning, resourcing and demand-forecasting capabilities, primarily based out of its new hub in Warsaw.

In the last few years, the Group has closed a number of cigarette, fine cut tobacco and cigar factories in the context of an ongoing review of its manufacturing footprint in order to maximise efficiencies. As part of its sale of Premium Cigars, the Group completed the transfer of the related part of its La Romana factory in the Dominican Republic during the year ended 30 September 2022. Additionally, in response to the Russian invasion of Ukraine, the Group transferred its Russian operations, including a sales and marketing business and its Volgograd factory, as a going concern to a local third party. The transaction was successfully completed on 27 April 2022. Consequently, the Group has closed its operations in several Central Asian markets, which had previously been reliant on its Russian supply chain. In the year ended 30 September 2022, Russia represented approximately 0.7 per cent of the Group’s tobacco & NGP net revenue and 0.1 per cent of the Group’s adjusted operating profit. During the year ended 30 September 2023, the Group acquired the rights to sell oral nicotine pouches in the U.S. from TJP Labs and aims to launch its oral nicotine product in the U.S. in the first quarter of 2024. See also “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations—Acquisitions, investments and disposals*”.

Conventional tobacco products

The Group’s main materials are tobacco leaf, paper, acetate tow (for the production of cigarette filters), printed packaging materials and other materials used in the manufacture of tobacco products, which are purchased from a number of suppliers. The Group’s policy is to not be reliant, where practical, on any one supplier, and it has not suffered any significant production losses as a result of an interruption in the supply of raw materials. Where there are only a few major suppliers of a main material, the failure of any one supplier could potentially have an impact on the Group’s business.

With regard to tobacco leaf, the Group seeks to reduce its exposure to individual markets by sourcing tobacco leaf from a number of different countries, including Brazil, India, Spain, China and Malawi. Different regions may experience variations in weather patterns that may affect crop quality or supply, leading to changes in price. Political instability may also affect tobacco crops supply significantly. The Group seeks to offset these risks by purchasing tobacco crops from numerous areas of the world and making purchases for its requirements 12 months in advance to ensure a consistent leaf supply if there is a crop failure.

Tobacco blends and brands

Tobacco comes in a number of varieties, the most common of which are lighter coloured Virginia, Burley, Oriental and dark air cured. The Group produces the main cigarette types, Virginia and American Blend, the latter of which is made from Virginia, Burley and Oriental tobaccos. Dark air cured is mainly used for cigars and pipe tobacco. Virginia products are predominant in the UK, Australia and most Asian markets, including China and India. American blend products are predominant in Western (other than the UK), Central and Eastern Europe, the U.S. and Latin America.

There are significant differences among tobacco markets due to local preferences for tobacco blends and brands, the degree of governmental regulation, excise duty structures and distribution mechanisms in each market. Tobacco products are generally branded products, with different brands preferred in different geographic regions. Consequently, brand ownership and management are important factors. In a number of markets, tobacco distribution arrangements and governmental regulations, including duty and tariff structures, may act as barriers for new entrants into such markets.

NGP

There are three main components of the Group's vaping products: the *blu2.0* device (including the battery), the *blu2.0* pods for flavoured liquids and the *blu bar* disposable vapes which include a combined battery and pod. The Group manufactures its packs, liquid container systems, bulk liquids, batteries and chargers for *blu2.0* and *blu bar* through its third-party manufacturing partners in China and the U.S. The vapour products themselves contain an e-liquid (only applicable to "pre-filled" products) that is made in the U.S., Poland or China with domestic and imported materials. The filling of the liquid containers, either a pod, tank or bottle, is undertaken by the Group's partners in the U.S. and China. For its modern oral nicotine delivery and heated tobacco products that include tobacco, the Group manufactures the tobacco element at its own manufacturing sites. The non-tobacco consumables (iSenzia) are manufactured through a third-party manufacturing partner in Laos and the *Pulze* device for heated tobacco is manufactured through a third-party manufacturing partner in China.

Sales and Distribution

With a number of countries being subject to the EU Directive 2003/33/EC, as amended, regulating the advertising and sponsorship of tobacco products, and with many countries adopting the WHO FCTC, tobacco advertising and sponsorship have been banned or restricted in many of the markets in which the Group operates. As conventional means of communication between manufacturers and consumers, such as advertising and promotion, are progressively withdrawn, clear communication with retailers, such as regarding product features and prices, becomes increasingly important for them to make informed decisions about which products to stock. The Group seeks to ensure the wide availability of its product ranges at competitive prices, and continues to invest in sales communications technology, analysis tools and its relationship with retailers.

The manner in which the Group distributes its products varies by country. In some countries, particularly in Western Europe, the Group distributes its products itself (including through the logistics channels of Logista). In other countries, particularly in emerging markets, the Group distributes its products under agreements with third parties.

Market Background and Environment

Cigarettes

The global tobacco market was estimated at a total value of approximately U.S.\$880 billion in 2023. Cigarettes represented the largest tobacco category, with over 5,195 billion units consumed each year (Source: © *Euromonitor International*). Although the prevalence of tobacco smoking has been declining globally, the global number of tobacco users has not been declining at the same rate, with more than 21 per cent of the world's adult population still choosing to smoke according to the Group's estimates. In Independent Monitoring Boards ("IMB") footprint markets, the current incidence of smoking among legal age adults is 25.1 per cent as per the Group's estimates (Source: Internal Incidence Study across 32 markets covering c.84 per cent of IMB Volumes). The development of potentially less harmful NGP, coupled with social change and regulation, is resulting in some smokers choosing alternative nicotine products such as heated tobacco, vapour and oral nicotine.

In 2023, the world's largest cigarette market, China, accounted for approximately 2,489 billion of the cigarettes sold worldwide. Approximately 427 billion cigarettes were sold in Western Europe, approximately 371 billion in North and Latin America, approximately 989 billion in Asia Pacific, approximately 382 billion in Eastern Europe and approximately 527 billion in the Middle East and Africa. (Source: © *Euromonitor International*)

Cigars and cigarillos

Worldwide cigar and cigarillo consumption reached approximately 38 billion units in 2023, with consumption being concentrated in the U.S., Asia Pacific and Western Europe. There are two major segments, which are clearly differentiated: (a) cigars (large, standard and small cigars), with approximately 18 billion units sold in 2023, and (b) cigarillos, with approximately 20 billion units sold in 2023. In Western Europe, ownership of cigar brands is splintered among a large number of private companies and dominated by local brands. Spain is the largest cigar and cigarillo market in the region with sales of approximately two billion units sold in 2023. In Asia Pacific, cigar and cigarillo sales in the 2023 reached approximately 8 billion units. In the U.S., the biggest cigar and cigarillo market by volume, the annual decline in cigar and cigarillo sales in 2023 was approximately (1.3) per cent with approximately 14 billion units sold in 2023. (Source: © *Euromonitor International*)

NGP

The vapour category has grown considerably during the past years, with approximately 69 million adult consumers worldwide in 2023. The global vapour market was estimated at a total value of approximately £16 billion in 2023 and is expected to reach £17 billion by 2024 (representing four per cent growth). The U.S. was the world's largest vapour market in 2023, with approximately 13 million adult vapers, while Western Europe accounted for over 14 million adult vapers.

Growth of the heated tobacco category has been rapid, with global retail sales having grown from approximately £1 billion in 2016 to approximately £30 billion in 2023, making it the largest NGP category by value. Japan is currently the largest heated tobacco market, worth approximately £9 billion in the calendar year 2023, followed by Italy at approximately £4 billion and Russia at approximately £3 billion. The number of new markets where heated tobacco is sold is expected to continue increasing, with global retail sales expected to reach approximately £47 billion by 2026 (representing 56 per cent growth). This growth is also reflected in the global consumer numbers of existing markets, which are forecast to increase from approximately 32 million consumers in 2023 to approximately 44 million by 2026.

In the modern oral nicotine delivery category, approximately 20 billion pouches were sold in 2023, worth an estimated £8 billion in global retail sales. The main markets where modern oral nicotine delivery products are consumed are the U.S., which was worth approximately £7 billion of category value in the calendar year 2023, and Sweden and Denmark, which combined were worth approximately £0.5 billion of category value, meaning the category is highly concentrated across a few markets. The majority of growth in the modern oral nicotine delivery category over the next five years is expected to come from the U.S. (Source: © *Euromonitor International*)

Competition

In the tobacco cigarette market (excluding China and the U.S.), there are a small number of international companies, of which the Group estimates Imperial Brands is the fourth largest by volume of sales. The four largest international tobacco companies by volume are Philip Morris International, Inc., BAT, Japan Tobacco, Inc. and Imperial Brands. Altria is also a notable competitor of the Group in the U.S. The competitive environment for NGP is fractured as the four largest tobacco companies are each seeking to expand into the NGP market, whether through acquisitions of NGP companies or through the development of new products. Additionally, each of the four largest tobacco companies, including Imperial Brands, compete against smaller NGP-focused companies, such as JUUL Labs, Inc and other manufacturers from China (e.g., Elf Bar).

Illicit Trade

The Group's anti-illicit trade activities seek to protect the legitimate duty-paid, duty-free and travel retail tobacco market. By actively tackling the illicit trade problem, the Group seeks to regain some of the lost volume in legitimate duty-paid cigarettes and tobacco, contributing to its sales growth ambitions and protecting government revenue, the legitimate businesses of tobacco retailers and its consumers. Furthermore, the Group's anti-illicit trade activities cement its standing as a responsible manufacturer and good corporate citizen.

Illicit trade is a significant problem in many markets. There are three elements to illicit trade:

- **Counterfeit:** products which illegally copy existing brands and are manufactured and/or sold in violation of trademark rights, often smuggled into other markets to be sold without any duty being paid;
- **Illicit whites:** tobacco products produced by smaller manufacturers (paying minimum tax at the point of manufacture) which are often smuggled into and sold illegally in other markets; and
- **Contraband:** genuine products purchased on a duty-paid or duty-free basis but smuggled into and sold illegally in other markets in contravention of fiscal or customs laws.

Accurately quantifying the scale of illicit trade is difficult. The Euromonitor International *World Market For Tobacco (August 2023)* report estimates that, excluding China, in 2022, absolute volume growth of illicit volumes contracted by almost 6 per cent to 370 billion sticks. This represents the largest single-year decline in illicit volumes in decades (following the largest single-year growth in 2019), driven by border closures and restrictions on movement due to the COVID-19 pandemic preventing consumer access to the product.

The Group has built on the co-operation agreement signed in 2010 with the European Commission's European Anti-Fraud Office ("OLAF") and Member States to jointly combat illicit trade in cigarettes, which for these purposes includes fine cut tobacco. This has involved co-ordinated anti-illicit trade activity and information sharing with customs authorities and industry partners across the EU and neighbouring states. This agreement includes payments by the Group to the European Commission of U.S.\$300 million (approximately £186 million at the exchange rate fixed by the agreement) over 20 years with the aim of funding anti-illicit trade initiatives. Additionally, under the co-operation agreement, in the event of a seizure of contraband Imperial Brands cigarettes in the EU, the Group is required to pay an additional payment equal to 100 per cent of the taxes and duties that would have been paid on the seized cigarettes if they had been legally sold in the Member State where the seizure occurred, or on a similar legal product if the seized cigarettes are not sold in the Member State. These additional payments must be made regardless of fault but exclude any seizures of less than 50,000 cigarettes and certain other types of seizures set forth in the co-operation agreement. They are intended to compensate the EU and participating Member States for lost taxes, duties and other costs, as well as to provide an additional source of possible funding for anti-illicit tobacco trade initiatives. The Group is also required to make a supplemental payment to OLAF equal to 400 per cent of the corresponding additional payment, but only if the seized number of contraband Imperial Brands cigarettes qualifying for additional payments exceeds a baseline amount of 90 million cigarettes in one calendar year.

In addition, the Group holds more than 20 memoranda of understanding and cooperation agreements with national governments, seeking to tackle and disrupt illicit trade, and continues to seek similar agreements in additional markets.

The Group is also implementing track-and-trace technology across its tobacco portfolio, currently focusing on cigarettes and fine cut tobacco, to enable it to track products through the supply chain from manufacturing to wholesale retailers and partially to points of sale, and trace any product back to source if it is found to have entered the illegal channel. In addition, track-and-trace systems are being rolled out in countries such as Burkina Faso, the United Arab Emirates, Saudi Arabia and others in accordance with national legislation.

In May 2019, all of the Group's manufacturing sites and warehouses supplying EU markets with cigarettes and fine cut tobacco were equipped with track-and-trace technology in accordance with the requirements of the revised EU Tobacco Products Directive (2014/40/EU), as amended (the "EUTPD"). The EUTPD requirements regarding other tobacco products (all tobacco-containing products such as cigars, cigarillos, pipe tobacco, snus and heated tobacco) will apply from May 2024.

With regard to NGP, the leading brands in both the vapour and heated tobacco categories are being counterfeited, although the threat is relatively low for vapour and heated tobacco, and even lower in the disposable categories. The scale and impact of counterfeiting is difficult to gauge, but it is already recognised as a threat to the legitimate market; as the popularity of NGP grows, counterfeiting will almost certainly increase, particularly where excise duties are applied. There is currently no evidence that the Group's NGP are being directly counterfeited, although products described as "*blu* compatible" are advertised on the internet. Excise duty revenue from tobacco is under pressure in many countries and individual governments may seek to recoup an element of any shortfalls through taxes on NGP. At this time, tax policies for NGP are still evolving, but significant variances between countries already exist.

Regulatory Landscape

A variety of regulatory initiatives affecting the tobacco and NGP industries have been proposed, introduced or enacted over many years, including: the levying of substantial and increasing excise duties; restrictions or bans on advertising, marketing and sponsorship; the display of larger health warnings, graphic health warnings and other labelling requirements on tobacco product packaging; restrictions on packaging design, including the use of colours in plain or standardised packaging regulations; restrictions on pack content, including minimum quantity per pack; restrictions or bans on the display of tobacco product packaging at the point of sale and restrictions or bans on cigarette vending machines; restrictions on the type of retail outlets that are permitted to sell tobacco products; requirements regarding testing, verification and maximum limits for tar, nicotine and carbon monoxide; requirements regarding ingredients and emissions reporting, evaluation and possible bans of certain tobacco product ingredients, including menthol; restrictions on flavourings for tobacco products and NGP; requirements that products and changes to products are notified to or approved by regulatory authorities prior to sale; requirements that cigarettes meet safety standards for ignition propensity; increased restrictions on smoking in public and work places and, in some instances, in private places and outdoors; implementation of measures restricting certain descriptive terms (including those which might be argued to create an impression that one brand of cigarettes is less harmful than another); track-and-trace requirements for tobacco products; the annual reporting of ingredients, market research and sales volumes; and, in an increasing number of jurisdictions, the requirement to comply with environmental legislation (including levies on (plastic) packaging waste and the collection and treatment of public cigarette butt litter).

The Group continues to manage these challenges and seeks to engage with governments and other regulatory bodies to find reasonable, proportionate and evidence-based solutions to changing regulations.

The Group as a whole

World Health Organization Framework Convention on Tobacco Control

The WHO FCTC is an all-encompassing instrument for regulating tobacco products on a global level. It has been ratified by 183 countries to date. The original treaty is being supplemented by protocols and guidelines, some of which are currently under development. While the guidelines are not legally binding, they provide a

framework of recommendations for parties to the WHO FCTC. These guidelines influence the regulatory landscape in which the Group operates.

The guideline on advertising, for instance, seeks to broaden the definition of tobacco advertising to include product display and vending, as well as the pack itself. The parties have also adopted a protocol in relation to anti-illicit trade, which places legal obligations on all parties to the protocol, including a track-and-trace regime and a recommendation to introduce a licensing regime for the manufacture, import and export of tobacco products and machinery.

Other areas include the suggestion to introduce plain packaging, the rejection of any industry partnership and the regulation of electronic nicotine and non-nicotine devices.

All parties to the WHO FCTC meet at the Conference of the Parties. The next such meeting will be held in 2025. Future areas of work to be progressed into guidelines include further product regulation, including with regard to NGPs, and the provision of support for economically viable alternatives to tobacco growing.

Almost all of the WHO FCTC provisions entail extra costs for the tobacco industry in one way or another. For instance, the implementation of new regulations or recommendations relating to the use of plant protection products, product testing and the submission of ingredients information to national governments require extensive resources, time and material.

Smoking and use of NGP in public places

All countries in which the Group operates have enacted restrictions on smoking in public places, although the degree and severity of these restrictions vary. Comprehensive smoking bans in hospitality venues are in place in the majority of the markets in which the Group operates.

As tobacco regulation increases in speed, scale, scope and sophistication, some countries are also seeking to regulate public smoking in non-workplace environments such as outdoor dining areas, parks, beaches, balconies and cars carrying children. Some U.S. and Australian states and Canadian provinces have already passed legislation to this end. Others, such as Spain, implemented temporary outdoor smoking bans during the COVID-19 pandemic and are now looking to pass them into law. Similarly, smoking in cars carrying anyone aged below 18 is banned in several jurisdictions, including the UK and Ireland. Experience in many markets has shown that following the introduction of public place smoking restrictions there is usually an initial decline in consumption, the rate of which diminishes over time.

As a relatively recent issue, vaping or the use of heated tobacco in public places is not yet directly regulated in many countries and generally depends on the legal classification of these products. As these categories increase in popularity, it is expected that more and more countries will implement restrictive rules around vaping or the use of heated tobacco products in public places. Those who recognise the role of NGP in population harm reduction are expected to take a more liberal approach while others may seek to include them in public smoking bans with a small number banning vaping and/or other NGP altogether.

Regulation of other flavoured tobacco products and NGP

- Some countries are now seeking to restrict or ban the use of certain flavours in tobacco products, arguing that such products disproportionately appeal to minors and act as a catalyst for young people to take up smoking. In the U.S., the Family Smoking Prevention and Tobacco Control Act of 2009 (“FSPTC Act”) banned characterising flavours other than tobacco and menthol in cigarettes and fine cut tobacco products (including pipes and papers). The Deeming Rule (as defined below) did not include a flavour ban relative to other tobacco products. However, in April 2022, the FDA announced two proposed tobacco product standards: one prohibiting menthol as a characterising flavour in cigarettes and another prohibiting all characterising flavours (other than tobacco) in cigars. The FDA has sent a proposed final rule to the White House Office of Management and Budget (the “OMB”) for review. The OMB is currently holding stakeholder meetings to receive input on the proposed final rule and has announced that it will likely be March 2024 or later before it makes a decision on issuing the new rule. In addition, pursuant to the “Guidance for Industry” issued by the FDA in January 2020 (the “Guidance”), flavoured cartridge-based ENDS products without a marketing order, with the

exception of tobacco and menthol flavours, became subject to enforcement and were withdrawn from the market in February 2020 until such time as a marketing order was received to allow the sale of these products. Although no formal rulemaking pertaining to flavours in ENDS products has taken place, this Guidance has resulted in a ban on sales of flavoured cartridge-based ENDS products in the U.S., with the exception of tobacco and menthol flavours, until pre-market applications are received, reviewed and granted by the FDA. This current sales ban only applies to cartridge-based ENDS, and not disposable or “cig-a-like” products. In addition, local government authorities in cities such as New York City and Boston have taken up the flavouring ban issue. In Canada, the manufacture and sale of cigarettes, little cigars and blunt wraps with characterising flavours are banned. The majority of Australian states have also banned flavours in cigarettes that give an “overtly” fruit-flavoured taste, and the government is currently considering further regulatory options. The issue may also be extended to cigars at some point in the future.

- In the EU, the four-year transitional period for the ban of flavoured cigarettes and fine cut tobacco products with an EU-wide sales volume of three per cent or more in a particular product category ended in May 2020. The EU has adopted a delegated act to extend the characterising flavour ban to heated tobacco consumables, which the Member States had to transpose by 23 June 2023 and apply as of 23 October 2023. While some EU Member States are late in transposing the ban, the Group expects that all EU Member States will do so within the first quarter of 2024.

European Union and European Economic Area

EU Tobacco Products Directive (2014/40/EU)

The EU Tobacco Products Directive (2001/37/EC) (the “EUTPD”) was adopted in May 2001 for introduction into Member States’ laws by September 2002, to set maximum tar, nicotine and carbon monoxide yields for cigarettes, introduce larger health warnings and ban descriptors such as “light” and “mild”.

A revised directive became applicable in the Member States in May 2016. Provisions, as subsequently amended, include: increased pictorial health warnings to 65 per cent of the front and back of packs for cigarettes and fine cut tobacco products; restrictions on pack shape and size, including minimum pack sizes of 20 sticks for cigarettes and 30g for fine cut tobacco; increased ingredients reporting; a ban on characterising flavours for cigarettes and fine cut tobacco products; “tracking and tracing” requirements (from May 2019 for cigarettes and fine cut tobacco and from May 2024 for all other tobacco products); and for vapour products, nicotine limits, pre-market notification, ingredients reporting and advertising bans.

The EUTPD is an important piece of legislation for the Group’s EU markets as well as having an impact on the entire product portfolio. The next review of the EUTPD has now commenced and revisions are expected to significantly strengthen tobacco and nicotine control measures in the EU, resulting in wider alignment between tobacco and NGP regulation. A draft text is expected towards the end of 2024 at the earliest and any new measures are unlikely to take effect before late 2026 or 2027.

EU Tobacco Excise Directive (2011/64/EU)

In the EU, excise duties for tobacco products are regulated principally through the EU Tobacco Excise Directive (2011/64/EU) (the “EUTED”). The EUTED defines the product categories, structure and minimum rates for excise duties on manufactured tobacco. The excise duty on cigarettes must consist of two components: a specific component (i.e., a fixed amount per 1,000 cigarettes) and an *ad valorem* component (i.e., a percentage of the retail-selling price). These two components must be the same for cigarettes of all price categories. Minimum rates are set out in the EUTED, which Member States must respect, although they are free to go above these minima in the taxes they apply. For tobacco other than cigarettes, Member States can choose between a specific duty or an *ad valorem* duty or may apply a mixture of the two. Minimum rates are set out for three different categories of tobacco products, other than cigarettes, in the EUTED. Member States are free to apply national rates above these minima.

The EUTED is currently under review. Topics likely to be covered by the review include: an increase to factory manufactured cigarette (“FMC”) and fine cut tobacco (“FCT”) minimum excise rates; a revised conversion rate of FMC to FCT; narrowing of the gap between FMC and FCT excise; the inclusion of heated

tobacco consumables, e-vapour and nicotine pouches as new categories (with a minimum rate for each) and the inclusion of raw tobacco.

EU Directive on Single-Use Plastics (2019/904/EU)

The EU Directive on Single-Use Plastics (2019/904/EU) (the “EUSUPD”) entered into force in June 2019, allowing two years for Member States to transpose the provisions into national legislations. The implementation of the EUSUPD has resulted in increased operating costs in the EU for the tobacco industry, including the Group. The industry is subject to an extended producers’ responsibility scheme, under which manufacturers and importers of tobacco products are liable for the collection and disposal of publicly littered plastic-containing filters, and have to apply specific marking on all cigarettes, heated tobacco products consumables and filter tips packs. Vapour devices and liquids and tobacco-free oral nicotine delivery products are out of scope of this legislation but, in some instances, are captured by national schemes.

Plain and standardised packaging

The issue of plain packaging is high on the agenda of tobacco control groups. The WHO FCTC recommends the introduction of plain packaging through its guidelines on advertising, promotion and sponsorship and on packaging and labelling. In the EU, a review of plain packaging was initially proposed as part of revisions considered for the current EUTPD but was rejected by most Member States early on in the process. However, Belgium, France, Ireland, the Netherlands, Norway, Slovenia and Hungary have all adopted standardised packaging on a national level and the topic will likely resurface during the current EUTPD review. A number of non-EU countries have also introduced standardised packaging requirements, including Australia, New Zealand, Norway, Israel, Saudi Arabia, Turkey, Singapore and the UK. See also below “—*Africa, Asia, Australasia and Central & Eastern Europe—Plain and standardised packaging*”

Product display bans at point of sale

Product display restrictions at point of sale have been in place in several countries beginning in 2001 and have been implemented both at national and state levels. These include Iceland, Finland and Norway. Ireland was the first Member State to introduce a point-of-sale display ban in 2009.

Product display bans affect the consumer purchasing process and competition between tobacco manufacturers and retailers. Retailers may reduce the number of stock-keeping units that they are likely to stock, which in turn may make it necessary for tobacco products manufacturing companies to review and adapt their product portfolio in certain markets.

Pictorial health warnings

Pictorial health warnings for cigarettes and fine cut tobacco products have been mandated in all 27 Member States through the EUTPD from May 2016 (or such date as stipulated in delayed national transpositions). Some Member States have extended the requirement of pictorial health warnings to additional product categories such as cigars.

Regulation of NGP such as vapour, heated tobacco products and other NGP

The EUTPD includes several provisions regulating vapour products, including a maximum nicotine content of 20 mg/ml and the requirement for on-pack health warnings, pre-market notification and annual submission by manufacturers of a comprehensive data set to the Member State authorities. See “—*EU Tobacco Products Directive (2014/40/EU)*” above for more detail about the EUTPD. It further prohibits cross-border sponsorship or sponsorship of national events that have a cross-border effect, and bans the advertising of nicotine-containing vapour products in print media, and on television, radio and the internet. Nicotine-free vapour products and herbal products for heating (tobacco-free sticks, which may or may not contain nicotine, made using tea leaves and/or herbs and used in heated tobacco devices), are subject to the General Product Safety Directive 2001/95/EC of 3 December 2001, as amended, but such products may be regulated more strictly by Member States.

Vapour products, heated tobacco consumables, herbal products for heating and nicotine pouches are not currently covered by the EUTPD but will be included in the next iteration. All EU Member States have chosen

to apply excise duty to heated tobacco consumables and some also to vapour, oral nicotine delivery products or herbal products for heating through national legislation, although generally at a lower level compared to the excise duty applying to tobacco.

United Kingdom

Tobacco products are extensively regulated in the UK. UK tobacco rules and regulations include requirements for standardised packaging and large graphic health warnings, a display ban at points of sale, comprehensive bans on smoking in public places, track-and-trace requirements and high excise duties.

In the autumn of 2023, the UK government announced its intention to introduce a generational ban on the sale of tobacco products for anyone born on or after 1 January 2009 (i.e., to take effect on 1 January 2027 when this cohort begins to turn 18) as well as additional restrictions on vape products to further limit their appeal and accessibility to young people. A public consultation on the proposed measures ended on 6 December 2023. On 29 January 2024, the UK government published a report summarising the responses to the public consultation. This will be followed by draft legislation which is expected to be published in February 2024.

Notwithstanding the proposal of new vape regulations, the UK government openly acknowledges the difference between tobacco products and tobacco-free alternatives, in particular NGP, and their importance in potentially reducing the harm associated with smoking. Partly as a result of this endorsement by the UK government, UK tobacco smoking rates are at historically low levels, including among young people.

The Group is seeking further differentiation between tobacco-free alternatives according to their tobacco harm reduction potential as part of a drive to advocate for better vape regulations, including improved product standards, improved naming conventions and youth access restrictions, and the introduction of low-level excise and retailer licensing/registration schemes.

Americas

Regulation in the U.S.

The FSPTC Act granted the FDA regulatory authority over all tobacco products, with immediate effect over cigarettes, fine cut tobacco and smokeless products. Key elements of the FSPTC Act regulate the annual registration of tobacco companies, product testing and the submission of ingredient information; require FDA approval for all new products or product modifications; ban all characterising artificial or natural flavours other than tobacco or menthol in cigarettes; establish “user fees” to fund FDA regulation of tobacco products; provide for the increase in health warning sizes on cigarette packs, with the option to introduce pictorial health warnings; provide for implementation of good manufacturing practices; revise the labelling and advertising requirements for smokeless tobacco products; require the investigation of menthol; and allow the FDA to issue regulations deeming other tobacco products to be subject to the FSPTC Act.

One of the provisions of the FSPTC Act required all U.S. cigarette manufacturers to seek a pre-market approval order from the FDA by one of three methods, including by way of “Substantial Equivalence” reports. These reports were required for all products in the marketplace, as of March 2011, which were either introduced or changed since February 2007. All cigarette products have been either converted to their grandfathered (pre-2007) product specifications, thus not requiring a marketing order, or are subject to at least one of the Exempt Orders the FDA has granted that allow for the marketing of the products, using the grandfathered specifications, with minor modifications.

For a discussion of U.S. regulation of NGP, see “—*The Group as a whole—Regulation of other flavoured tobacco products and NGP*” above and “—*Regulation of NGP such as vapour and heated tobacco products*” below.

In 2017, the FDA announced a multi-year plan to lower nicotine levels in combustible cigarettes to “non-addictive” levels. At the same time, the FDA noted that it is committed to encouraging innovations that have the potential to make a public health difference, stating that nicotine is both the problem and the solution to the question of addiction. In 2018, the FDA announced three advance notices of proposed rulemaking (“ANPRMs”) regarding the regulation of premium cigars, the regulation of flavours in tobacco products (including menthol), and a potential standard for nicotine level in cigarettes. The FDA then solicited and

accepted public comments on these various matters for review and consideration in the potential development of a rule or rules. In 2022, the FDA announced two proposed tobacco product standards (on which the public was afforded the opportunity to submit comments): (a) a menthol product standard, prohibiting menthol as a characterising flavour in cigarettes, and (b) a cigar flavour product standard, prohibiting all characterising flavours (other than tobacco) in cigars. For more information on these proposed product standards, see “—*Menthol regulation in the U.S.*” below. In December 2023, the FDA published its Unified Agenda, a semi-annual agenda of upcoming regulations in the Federal Register, indicating that the FDA is targeting publishing a Notice of Proposed Rulemaking to set a maximum nicotine level in cigarettes in April 2024. The FDA’s timeline suggests that publication of a proposed rule is not imminent and, given the complexity of the regulation, a protracted rulemaking timeline is expected to follow any such publication

The Group continues to actively participate in the regulatory process and supports the FDA’s evidence-based approach to regulation.

Menthol regulation in the U.S.

The FSPTC Act required the FDA to establish the Tobacco Products Scientific Advisory Committee (“TPSAC”) to evaluate, among other things, “the impact of the use of menthol in cigarettes on the public health, including such use among children, African-Americans, Hispanics, and other racial and ethnic minorities”. In addition, the FSPTC Act permits the FDA to impose restrictions regarding the use of menthol in cigarettes, including a ban, if those restrictions would be appropriate for the public health. The findings of the TPSAC report, which is not binding on the FDA, included that menthol likely increases experimentation and regular smoking, as well as the likelihood and degree of addiction for youth smokers, non-white menthol smokers (particularly African-Americans) who are less likely to quit smoking and are less responsive to certain cessation medications, in addition to the finding that consumers continue to believe that smoking menthol cigarettes is potentially less harmful than smoking non-menthol cigarettes as a result of the cigarette industry’s historical marketing. TPSAC’s overall recommendation to the FDA was that “removal of menthol cigarettes from the marketplace would benefit public health in the U.S.”.

From 2011 to 2013, the FDA provided a series of progress reports and a preliminary scientific evaluation (“PSE”) related to the use of menthol in cigarettes. In its 2011 progress report, the FDA stated that “experts within the FDA Centre for Tobacco Products are conducting an independent review of the science related to the impact of menthol in cigarettes on public health”. Although the 2013 FDA PSE found that menthol in cigarettes is not associated with increased smoke toxicity, increased levels of biomarkers of exposure or increased disease risk, the evaluation concluded that menthol in cigarettes is likely associated with increased initiation and progression to regular cigarette smoking, increased dependence, reduced success of smoking cessation, especially among African-American menthol smokers, altered physiological responses to tobacco smoke and particular patterns of smoking. In the PSE, the FDA concluded that menthol cigarettes likely pose a public health risk above that seen with non-menthol cigarettes. The FDA also issued an ANPRM seeking comments on the PSE and requesting additional information related to potential regulatory options it might consider for the regulation of menthol. The FDA has sought comments regarding, among other things, information on potential product standards for levels of menthol in cigarettes; the timeframe for compliance with any product standard enacted; whether a stepped approach to lowering or removing menthol from cigarettes would be appropriate; whether sales, distribution, advertising or promotion restrictions are appropriate; and evidence, including public health impact, of any potential illicit market in menthol cigarettes should they no longer be available. In addition, the FDA announced that it is funding new research on, among other things, the differences between menthol and non-menthol cigarettes to obtain information to assist the FDA in making informed decisions related to potential regulation of menthol in cigarettes.

In 2022, the FDA announced two proposed tobacco product standards (on which the public was afforded the opportunity to submit comments) prohibiting menthol as a characterising flavour in cigarettes and all characterising flavours (other than tobacco) in cigars. The FDA has sent a proposed final rule to the White House Office of Management and Budget (OMB) for review. OMB is currently holding stakeholder meetings to receive input on the proposed final rule and has announced that it will likely be March 2024 or later before it makes a decision on issuing the new rule. The exact timing of the FDA’s decision process is unclear although the agency has issued statements indicating its intention to issue such a rule sometime after March 2024.

Pictorial health warnings

In the U.S., the FSPTC Act required the FDA to develop and implement graphic health warning statements. The initial proposal was found to be unconstitutional and the agency worked to develop an alternative that would not violate legal standards. In 2020, the FDA published its final rule requiring 11 graphic warnings to be displayed on packaging and advertisements evenly and randomly with implementation in 2021. In 2020, R.J. Reynolds Tobacco Company (“RJR Tobacco”), ITG Brands and a number of other manufacturers filed a challenge to the final rule in the U.S. District Court for the Eastern District of Texas. The case is ongoing and the court has issued multiple orders postponing the implementation date of the rule. In 2022, the court again postponed the effective date to November 2023. On 8 December 2023, the U.S. District Court for the Eastern District of Texas vacated the rule and blocked its implementation. The FDA has appealed this ruling to the U.S. Court of Appeals for the Federal Circuit, and the rule remains invalid while the appeal is pending.

In contrast, Canada and Brazil have already introduced pictorial health warnings on tobacco products.

Regulation of NGP such as vapour and heated tobacco products

In 2016, the FDA published and effected a final rule deeming certain previously unregulated tobacco products (including cigars and vapour products) to be subject to the regulatory authority of the FDA (the “Deeming Rule”). As part of the regulatory environment, newly deemed products are subject to, among other things, minimum age restrictions, health warning requirements and a requirement to register product and ingredient information with the FDA. In addition, all newly deemed products introduced on the market after February 2007 must obtain FDA pre-market approval. Since most vapour products were placed on the market after that date, the result is that virtually all vapour products need to be submitted to the FDA for review, though certain products that were already on the market as of the effective date of the Deeming Rule were allowed to remain in the market for a continued period provided the manufacturer complied with certain pre-market submission procedures. The FDA prioritises enforcement against products with pending pre-market submission in the following manner: (a) any flavoured, cartridge-based ENDS product (other than a tobacco- or menthol-flavoured ENDS product); (b) all other ENDS products for which the manufacturer has failed to take (or is failing to take) adequate measures to prevent minors’ access; and (c) any ENDS product that is targeted to minors or whose marketing is likely to promote use of ENDS by minors. Additionally, flavoured cartridge-based ENDS products without a marketing order, with the exception of tobacco and menthol, became subject to enforcement and were withdrawn from the market in 2020 and remain so until such time a marketing order is received to allow the sale of these products. In April 2022, the FDA issued marketing denial orders (“MDOs”) for seven *myblu* ENDS products, including one device and six liquid cartridges. Imperial Brands immediately notified the FDA of its intention to request an administrative review of the MDOs, issued a Freedom of Information Act request for the reviewer files, and filed a request for relief in the U.S. Federal Circuit Court of Appeals for the DC Circuit, requesting the court find the MDOs were issued without the requisite procedure as required by law. On 29 August 2023, the United States Court of Appeals for the District of Columbia Circuit vacated the MDOs for the above non-flavoured *myblu* products. These products as well as the menthol *myblu* products have been placed back into scientific review by the agency and the company has filed amendments to the PMTAs for these products. On 5 February 2024, the FDA issued MDOs for the *myblu* menthol 1.2 per cent pod and 2.4 per cent *blu* disposables in menthol, vanilla, polar mint, and cherry variants. The Group intends to challenge these MDOs and expects the affected products to remain for sale while the company exercises its administrative and legal appeal options.

The FDA has also announced new enforcement actions and a Youth Tobacco Prevention Plan to stop youth use of, and access to, vapour products in the U.S. In addition to its proposed product standards regarding menthol-flavoured cigarettes and flavoured cigars (see “—*Regulation in the U.S.*” and “—*Menthol regulation in the U.S.*” above), the FDA also announced plans to pursue further regulatory initiatives on flavoured vapour products, with the aim that only tobacco, mint and menthol vapour products could be sold in traditional retail outlets. Under the proposals, other flavoured vapour products may be sold only at age-restricted locations or through online channels that use age verification checks. This proposal, however, has not been implemented.

Africa, Asia, Australasia and Central & Eastern Europe

Australian excise regime

From 2013, tobacco excise increases in Australia were based on two mechanisms: (i) the Average Weekly Ordinary Time Earnings (“AWOTE”) mechanism applied twice per year in March and September, and (ii) a 12.5 per cent excise accelerator applied in September of each year. In September 2021, the excise accelerator was discontinued, with the AWOTE mechanism remaining in place. However, the newly elected Labour government re-introduced an excise accelerator at a rate of 5 per cent per year for three years, which commenced on 1 September 2023. The move will increase the affordability pressures being experienced by consumers and is likely to lead to further increases in an already booming illicit trade.

Plain and standardised packaging

The Australian government’s tobacco plain packaging legislation took effect in 2012. Other countries including Israel, New Zealand, Saudi Arabia, Turkey and Singapore have also adopted plain packaging legislation. Côte D’Ivoire is the first country in Africa to legislate for plain packaging, but this has not yet come into force due to an absence of secondary regulation.

Product display bans at point of sale

Product display restrictions at point of sale are in place in a number of countries, including Australia, New Zealand and Thailand.

Pictorial health warnings

There is a general trend in AAACE towards the introduction of pictorial health warnings on tobacco products and certain countries, including Australia, New Zealand, Thailand and Singapore, have already implemented them.

Regulation of NGP such as vapour and heated tobacco products

Vapour regulation in AAACE varies, ranging from little or no regulation to complete bans. For example, vapour products and heated tobacco in African markets are largely unregulated. In Taiwan, the same legislation recently legalised heated tobacco while also banning vapour products. In Australia, vape products can be purchased only with a prescription and this is unlikely to change following the publication of a recent public consultation. In Central & Eastern Europe, both vapour and heated tobacco products are generally permitted but there has been some tightening of the applicable regulatory frameworks.

New Zealand has recognised the harm reduction potential of NGP and has legalised vaping, heated tobacco and oral nicotine delivery products. The newly elected Prime Minister also recently announced that vaping would be the government's primary tool to support smoking cessation.

Other Significant Regulatory Developments

In December 2022, the New Zealand government passed legislation to introduce a Smokefree Generation (banning tobacco sales to anyone born after 1 January 2009), a 600 cap on the number of retailers permitted to sell tobacco (reduced from 6000) and a maximum nicotine level of 0.8mg/g (approximately 5 per cent of current levels). However, following the October 2023 elections, the new coalition government has announced the complete repeal of these measures, which is likely to be subject to a parliamentary vote in February 2024.

In Australia, Parliament passed the Health Bill on 6 December 2023. The bill includes a number of tobacco control measures including: restricting ingredients, prohibiting descriptive terms and requirements for health warning inserts, pack size restrictions and health warnings on sticks.

Comprehensive regulation of NGP could increase in the future in certain markets, such as the EU, the UK and the U.S., as well as in markets in AAACE where they can be legally sold.

Intellectual Property

The Group's IP rights relating to its brands are valuable assets and their protection and reputation are critical to the operation of its business. The Group's brands are protected by a variety of IP rights, the predominant form of which is trademarks. Trademarks protect the brand name of a tobacco product, e.g., *blu*, as well as the logos and trade dress associated with that brand, for example, the *blu* triangle device. As trademarks can potentially be infinite in duration, they are of key value to the Group.

IP rights are geographic in scope. For instance, registered trademark protection must be applied for in a particular territory, usually a country. The Group, like many international cigarette manufacturers, does not have exclusive ownership of all of its brands in all territories, due to historical arrangements in the tobacco industry, prior obstacles on the IP register or simply a lack of commercial interest in a specific brand in a specific territory. In particular, in 1973, when the UK joined the EU, an agreement was reached with BAT for the exchange of certain trademarks. As a result of these historical arrangements and subsequent arrangements with BAT and other third parties, the Group does not have exclusive ownership of all its pre-1973 brands in all the territories in which it operates. However, the Group owns, or has the right to use, the trademark rights to all of its brands in all countries where they are used.

Copyright and design rights (both registered and unregistered) play a smaller, supporting role in protecting the Group's brand assets and the shape of product packaging.

Patent protection is not brand-specific, but patents play an important role in protecting the Group's technical innovations, especially within the NGP category. The Group has more than 2,000 granted patents worldwide and over 700 pending patent applications. The Group's patent portfolio, as a whole, is material to its business. However, no one patent, or group of related patents, is material. The Group also has proprietary secrets, technology, know-how, processes and other IP rights that are not registered but are protected by appropriate confidentiality measures.

Litigation

Except for the matters detailed below, there have been no governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened) of which the Issuers or the Guarantor are aware during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuers, the Guarantor or the Group.

In relation to the matters detailed below and any other proceedings brought against any member of the Group in the future, the Group could incur substantial damages and costs. See also "*Risk Factors—Risks Relating to the Group—Litigation resulting in adverse judgments and related costs may cause the Group to incur substantial damages*".

Europe

Litigation in France

In January 2018, the French National Committee against Tobacco (the "CNCT") filed a criminal complaint with the Paris Public Prosecutor against the four main tobacco manufacturers, including a French subsidiary of Imperial Brands named Imperial Brands Finance France S.A.S. ("IBFF"), on the grounds of "reckless life endangerment". Neither IBFF nor any of its employees or managers have been charged or placed under formal investigation in any ongoing proceedings as a result of the complaint. The Group strongly denies the allegations made by the CNCT and is monitoring developments.

In November 2015, the Group received a challenge from the French tax authorities concerning the valuation placed on the shares of Altadis Distribution France S.A.S. (now known as Logista France) following an intra-Group transfer of shares in October 2012 and the tax consequences flowing from a potentially higher value argued for by the tax authorities. In October 2018, the Commission Nationale, an independent adjudication body whose decision is advisory only, issued a report supporting the Group's arguments for no adjustment. In December 2018, the French tax authorities issued their final assessment seeking £240 million of additional tax assessed. In January 2019, the Group appealed against the assessment. In August 2020, the French tax

authorities rejected the Group's appeal and the matter proceeded to litigation. In May 2023, the Administrative Tribunal of Montreuil issued its decision, ruling in favour of the French tax authorities. In July 2023, the Group appealed to the Administrative Court of Appeal of Paris. While the Group has appealed, in light of the Administrative Tribunal of Montreuil's decision, and having subsequently reassessed the probability of a successful appeal, the Group has now determined it is appropriate to increase the provision for uncertain tax positions to £180 million.

In December 2021, the Group received assessments from the French tax authorities which could lead to additional liabilities of £169 million. The challenge concerns the intra-Group financing of the French branch of ITL. In February 2022, the Group appealed against the assessments. In September 2022, French tax authorities opened a further tax audit into this matter. Following discussions with the French tax authorities, a settlement proposal covering all years was made for £48 million including interest and was subsequently settled in 2023.

Litigation in the United Kingdom

In June 2020, the Group responded to a claimant law firm's allegations of human rights issues in the Malawian tobacco supply chain, which included allegations relating to child and forced labour. In December 2020, a claim was filed in the UK High Court against Imperial Brands, ITL and four of its subsidiaries and two entities of the BAT group by a group of tobacco farm workers. The Imperial defendants acknowledged service and confirmed to the claimants that they intend to defend the claim in full. An identical claim was filed in the English High Court against the same Imperial and BAT defendants by a group of additional tobacco farm workers in September 2021. The claimants' disclosure application, which had been scheduled to be heard at the end of November 2021, was adjourned. The deadline for the Imperial defendants and the BAT defendants to file a defence has been postponed pending other case management actions and will be determined at a case management hearing, which will take place after the completion of a matching exercise (that will seek to establish whether the claimants worked for farmers who grew tobacco purchased by either defendant group).

Recent European Commission proceedings

In April 2019, the European Commission's final decision regarding its investigation into the UK's Controlled Foreign Company regime was published. It concluded that the legislation up until December 2018 did partially represent state aid. In mid-June 2019, the UK government appealed to the European Court seeking annulment of the European Commission's decision. In November 2019, the Group, along with a number of UK corporates, made a similar application to the European Court. The UK government was obliged to collect any state aid granted pending the outcome of the European Court process.

In February 2021, a recovery charging notice for £101 million was issued to the Group by HMRC and has been paid. In June 2022, the General Court of the European Union issued its judgment on the UK government's and ITV's (the lead corporate case) annulment applications. The decision was in favour of the European Commission. While this decision has been appealed to the Court of Justice of the European Union and the appeal may be successful, in light of the European General Court's decision the Group has reassessed the recoverability of the £101 million previously recorded as a receivable and has determined that it is appropriate to include a provision against it in full. The assessment of uncertain tax positions is subjective and significant management judgment is required. This judgment is based on current interpretation of legislation, management experience and professional advice. The Court of Justice of the European Union ("CJEU") heard a formal appeal hearing for 10 January 2024. However, any Court of Justice of the European Union appeal decision would not be expected until mid-August 2024 at the earliest and could take up to two years (January 2026) to be published.

If the CJEU were to find in favour of the UK government and ITV Plc, the Group would be due a refund of £109 million. However, certain legislative changes in the UK would be required before such a refund could be issued. It is possible that affected UK tax payers, including the Group, may have to take further legal action in order to prompt the legislative change required to issue the refund.

If the CJEU were to find against the UK government and ITV Plc, the Group could consider further litigation in the UK domestic courts. Any such course of action would be reviewed as a result of any final CJEU decision.

Competition matters

In April 2019, the Spanish National Commission on Markets and Competition (the “CNMC”) announced penalties against Philip Morris Spain, Altadis, JT International Iberia and Logista. Altadis and Logista received fines of €11.4 million and €20.9 million, respectively, from the CNMC. According to the decision, Altadis and Logista are alleged to have infringed competition law by participating in an exchange of sales volume data between 2008 and February 2017. The CNMC considers that this conduct had the effect of restricting competition in the Spanish tobacco market. Both companies believe that the arguments made by the CNMC are flawed. In June 2019, both Altadis and Logista commenced appeals to the CNMC’s decision and the fines imposed in the Spanish High Court where they believe they will be successful, a decision supported by external legal counsel. In September 2019, Altadis and Logista separately arranged bank guarantees for the full amount of the fines with the result that payment of the fines was suspended pending the outcome of the appeals. In both the Altadis and Logista appeals, the parties have concluded their submissions to the Spanish High Court and a judgment is awaited. The judgment of the Court of the First Instance is currently pending, and is expected to be served in 2024. In parallel to the main proceedings against the CNMC decision, on 28 February 2023, the Supreme Court annulled an unannounced inspection carried out by the CNMC on Altadis’ premises on February 2017 for lack of consent by Altadis. The impact of this Court decision on the main proceeding is uncertain.

Americas

U.S. litigation environment and State Settlement Agreements

In the U.S., claims could be brought in federal, state or local courts, or by way of enforcement actions, and by individuals, by a class or by way of group action by a number of parties (whether in actions in which a class has been certified (or in which plaintiffs (claimants) are seeking class certification) or in which individual cases have been grouped for a consolidated trial), by national, state or local regulatory authorities or other public institutions, by corporations, unions, funds or other incorporated entities, or by political or social organisations (such as Native American tribes). The claims (subject to certain provisions in settlements with states) could relate, among others, to personal injury, addiction, death, costs of providing health care (including cost recovery actions), costs of court-supervised health monitoring programmes, settlement/fee payments with regard to cigarettes and business, sales or advertising conduct. Furthermore, in a report entitled “The Health Consequences of Involuntary Exposure to Tobacco Smoke: A Report of the Surgeon General” (2006), the U.S. Surgeon General summarised conclusions from previous U.S. Surgeon Generals’ reports concerning health risks to non-smokers from exposure to environmental tobacco smoke, also called second-hand smoke. The U.S. Surgeon General also addressed health risks to non-smokers from exposure to environmental tobacco smoke in reports published in 2010, 2014 and 2020. These reports could form the basis of, or be used to support, additional litigation against cigarette manufacturers, including against the Group.

Other than as noted below, before 2007 the Group had not sold cigarettes in the U.S., the jurisdiction with the greatest prevalence of smoking- and health-related litigation. However, three subsidiaries, Reemtsma Cigarettenfabriken GmbH, Société Nationale d’ Exploitation Industrielle des Tabacs et Allumettes S.A.S. (“SEITA”) and Altadis, sold relatively small quantities of cigarettes and/or fine cut tobacco in the U.S. domestic market up to 1999, 2004 and 2005, respectively. In 2007 and 2008, respectively, the Group acquired Commonwealth Brands and Altadis Group (and its subsidiary undertakings), both of which were and are manufacturers and sellers of tobacco products in the U.S. The cigarette brands acquired pursuant to the 2015 U.S. Acquisition were acquired without historic product liabilities and an indemnity in respect of any liabilities relating to the period prior to completion of the deal and in certain circumstances within eight years after the deal closed was provided by Reynolds.

With respect to state health care costs, Commonwealth Brands, SEITA, ITG Brands, ITL and several other affiliates of the Group are signatories to the Master Settlement Agreement (the “MSA”) in the U.S., which is an agreement between tobacco manufacturers and 46 U.S. states, the District of Columbia and five U.S. territories, and which imposes substantial payment obligations on those manufacturers. In 1998, Philip Morris USA, RJR Tobacco, Brown & Williamson Tobacco Corporation and Lorillard (the “Original Participating Manufacturers” or “OPMs”) entered into the MSA to settle asserted and unasserted health care cost recovery actions and other claims of those states that were a party to the MSA (the “Settling States”). The OPMs had previously settled similar claims brought by Mississippi, Florida, Texas and Minnesota (the “Initial State Settlements” and, together with the MSA, the “State Settlement Agreements”). The State Settlement Agreements provide that the agreements are not admissions, concessions or evidence of any liability or

wrongdoing on the part of any party, and were entered into by the OPMs to avoid the further expense, inconvenience, burden and uncertainty of litigation.

Smaller companies were also permitted to join the MSA as Subsequent Participating Manufacturers (or “SPMs” and, together with the OPMs, the “PMs”) even though most of them had not been party to the original actions by the states. Commonwealth Brands became an SPM in 1998, with SEITA and ITG Brands becoming SPMs in 1999. In November 2007, the Group received confirmation that the application of Imperial Brands and of several affiliated companies to become SPMs to the MSA had been approved.

In June 2015, ITG Brands joined the Mississippi State Settlement Agreement with respect to certain of ITG Brands’ cigarettes in the U.S. acquired through the 2015 U.S. Acquisition. Subsequently, ITG Brands also joined the Minnesota and Texas State Settlement Agreements. ITG Brands and certain of its affiliates have agreed to make payments under the MSA and the Mississippi, Minnesota and Texas State Settlement Agreements, and payments are being made for certain of their products under the equity fee statutes in Mississippi, Minnesota and Texas.

The State Settlement Agreements require that the PMs make significant annual payments, which in 2021 amounted to approximately U.S.\$7.6 billion before being adjusted for market volume declines and inflation. These payment obligations are several and not joint obligations of each PM. Annual payments are required to be paid in perpetuity and are subject to adjustment for several factors, including inflation, domestic market share and unit volume and (for some manufacturers and brands) industry and individual company operating profits, with respect to the MSA, in the year preceding the year in which payment is due, and, with respect to the other State Settlement Agreements, in the year in which payment is due. The State Settlement Agreements also include provisions relating to significant advertising and marketing restrictions, public disclosure of certain industry documents, limitations on challenges to tobacco control and underage use laws, and other provisions.

NPM Adjustment Disputes: The MSA includes an adjustment mechanism, known as a non-participating manufacturer (“NPM”) adjustment, which potentially reduces PMs’ annual MSA payment obligations. In order for an NPM adjustment to be made, an independent auditor must determine that the PMs have experienced a market share loss to those manufacturers who are not participants, and an independent firm of economic consultants must determine that the MSA was a significant factor contributing to that loss. The adjustment is then allocated among the Settling States according to whether they “diligently enforced” escrow statutes known as “Qualifying Statutes”. Although, for each year from 2004 to 2022 inclusive, the two requirements for application of the adjustment were fulfilled (some through settlement), certain of the relevant Settling States dispute that any adjustment is required on the basis that they “diligently enforced” the “Qualifying Statutes”. This dispute is continuing and recurs annually.

The manufacturers have reached settlements with 39 states comprising about 81 per cent of the MSA payment share. The states and manufacturers have completed arbitration over the 2003 NPM adjustment and state-court challenges to certain of the arbitrators’ decisions have been resolved, reducing the recovery for 2003 by approximately 50 per cent. Arbitration over the 2004 NPM adjustment with the states that have not settled the dispute commenced in 2016 and the arbitration panel has found three states, Washington, Missouri and New Mexico, to be non-diligent in enforcing their escrow statutes and thus subject to allocation of the NPM Adjustment. All three states filed motions to vacate that arbitration determination in their state courts. Washington’s state trial court rejected its state’s challenge to the arbitration panel’s determination, which the state appellate court affirmed in October 2023, causing such determination to remain in effect. In addition, New Mexico’s state trial court granted its challenge and vacated the arbitration panel’s determination that New Mexico did not diligently enforce its escrow statute. That decision is now on appeal. Finally, Missouri’s challenge is still pending before the state court with a hearing set for late February 2024. The arbitration panel hearing the 2004 NPM adjustment dispute also reconsidered and reversed a prior decision regarding how an earlier settlement with other states will be treated, lowering the potential range of recovery. The manufacturers have asked the three state courts in Washington, New Mexico, and Missouri to vacate that determination. The Washington trial court denied that motion, and the decision is now on appeal. The New Mexico trial court also denied that motion, in an order which is not yet final, although Philip Morris USA has filed an appeal. A hearing is set on the challenge in the Missouri trial court in late February 2024. The proceedings regarding 2003 and 2004 in the state of Montana, which was not required by its courts to arbitrate the adjustment, have been resolved. The arbitration from 2005 to 2007 has commenced for the states that have not settled these

issues, with discovery and hearings currently in progress. A hearing on issues common to all states was held in July 2022, with hearings on individual states' diligent enforcement of their escrow statutes having commenced in March 2023 and continuing periodically through 2025. The arbitration panel hearing the dispute over the NPM Adjustment for the period of 2005 to 2007 has issued one determination on an individual state, finding that Maryland diligently enforced its escrow statute during the period of 2005 to 2007 and is thus not subject to the NPM Adjustment for those years. The manufacturers have asked the relevant states to consider beginning an arbitration for 2008 to 2014.

In September 2022, Iowa commenced litigation against ITG Brands and CBI, seeking release of all funds deposited in the Disputed Payments Account for its allocable share of the NPM adjustment. It also sought unquantified penalties pursuant to its False Claims Act, claiming that the manufacturers had no basis on which to dispute MSA payments due Iowa, as well as penalties, punitive damages and attorneys' fees. The manufacturers moved to compel arbitration of Iowa's claim, and the Iowa court granted that motion and ordered Iowa's claim to be decided in arbitration which occurred on 9 February 2023. The dispute has been resolved, and Iowa has joined the multi-state settlement of the NPM Adjustment claims, resolving claims through 2029.

In November 2022, New Mexico commenced litigation against ITG Brands and CBI, seeking release of all funds deposited in the Disputed Payments Account for its allocable share of the NPM adjustment for 2008 to the present. It also seeks unquantified penalties pursuant to its False Claims Act, claiming that the manufacturers had no basis on which to dispute MSA payments due to New Mexico, as well as penalties, punitive damages and attorneys' fees. The companies moved to compel arbitration and to dismiss the claim. The matter has been fully briefed and was argued before the trial court on 30 October 2023. In January 2024, the Court ruled to dismiss the state's claim and held that the matter remained subject to arbitration.

Approximately U.S.\$13 million was recovered on the 2003 NPM adjustment in the form of credits to MSA payments. Approximately U.S.\$2.3 million was recovered on the 2004 NPM adjustment in the form of credits to MSA payments (subject to adjustment given pending court challenges). The potential recovery on the 2005 to 2022 adjustments for states with which the manufacturers have not settled is unquantifiable at present.

The manufacturers have now resolved by settlement the NPM adjustments for the disputed years with 39 states representing approximately 81 per cent of the MSA share. Commonwealth Brands and ITG Brands have received substantial credits under these settlements with additional credits due or possibly due in the future. At this stage in the proceedings, approximately U.S.\$233.5 million has been recovered on the NPM adjustment arbitrations and settlements in the form of credits to MSA payments. The NPM adjustment settlement is an ongoing claim by a number of manufacturers and estimates of future credits on settled claims are subject to change depending upon a number of factors included in the calculation of the credits.

Dispute in relation to the Previously Settled States Reduction: The MSA also includes a downward adjustment mechanism, known as the previously settled states reduction (the "PSS Reduction"), which reduces aggregate payments made by Philip Morris USA, Reynolds and ITG Brands by a specified percentage each year. California, later joined by the remainder of the MSA states and by Philip Morris USA, challenged the application of the PSS Reduction to ITG Brands for every year from 2016 forward, claiming that it cannot apply to ITG Brands since ITG Brands had not been making settlement payments to Florida, Minnesota or Texas under their State Settlement Agreements. The independent auditor to the MSA, which initially addresses disputes related to payments, has rejected that challenge every year. It is possible that one of the parties making the challenge will seek to arbitrate the claim under the MSA. The PSS Reduction provides annual MSA payment reductions of about U.S.\$65 million. The parties have resolved Philip Morris USA's related claim under the MSA, challenging ITG Brands' right to receive the PSS Reduction, as such claim relates to Minnesota and Texas.

State Settlement disputes in relation to the 2015 U.S. Acquisition: As required by the MSA, ITG Brands agreed in the Asset Purchase Agreement relating to the 2015 U.S. Acquisition (the "Asset Purchase Agreement") to assume, and did assume, payment responsibility for the *Winston*, *Salem*, *Kool* and *Maverick* brands under the MSA. As there was no similar requirement in the other State Settlement Agreements with Mississippi, Florida, Texas and Minnesota, ITG Brands agreed in the Asset Purchase Agreement to use its "reasonable best efforts" to reach agreement with those states to become a party to those settlements, subject to certain conditions. ITG Brands became a party to the Mississippi State Settlement Agreement with respect to the acquired brands

effective 12 June 2015 and has been making settlement payments to Mississippi on the acquired brands since that date. Notwithstanding its reasonable best efforts to do so, ITG Brands did not become a party to the Florida, Texas or Minnesota State Settlement Agreements at the closing of the 2015 U.S. Acquisition. In January 2017, Philip Morris USA and Florida filed motions in the court administering the Florida settlement payments to enforce the settlement against Reynolds and/or ITG Brands. They claimed, alternatively, that Reynolds continued to owe settlement payments on the transferred brands and that ITG Brands was a successor or assign to Reynolds' payment obligations under the Florida State Settlement Agreement and, thus, ITG Brands owed settlement payments of approximately U.S.\$30 million per year from 12 June 2015 onwards. Following a trial in December 2017, the Florida court issued an order denying Florida's and Philip Morris USA's motions with respect to ITG Brands, but granting them with respect to Reynolds. The court found that ITG Brands was not a successor or assign to obligations under the Florida State Settlement Agreement and did not owe Florida any payments under it as a result of the transfer of the acquired brands to ITG Brands. It also found that Reynolds continued to be liable for settlement payments on the acquired brands. Florida sought settlement payments on the acquired brands of approximately U.S.\$127 million, plus interest, plus future annual payments based on market share of approximately U.S.\$26 million. Following subsequent appeals, the Florida court's decision that Reynolds, not ITG Brands, must make these settlement payments to Florida is now final and unappealable and Reynolds is making the payments. Reynolds has asked the Delaware court having jurisdiction over disputes under the Asset Purchase Agreement to order the Group to indemnify it for those obligations, in the proceeding described further below.

In March 2018, Minnesota filed a complaint and motion and Philip Morris USA filed a motion in the court administering the Minnesota settlement payments to enforce the Minnesota State Settlement Agreement against Reynolds and/or ITG Brands. Minnesota's and Philip Morris USA's claim, like in Florida above, was that either Reynolds continues to be liable for settlement payments for the acquired brands or that ITG Brands becomes liable for settlement payments as a result of the acquisition of brands under the 2015 U.S. Acquisition. The parties settled the litigation in Minnesota, with the court ordering dismissal of the claims with prejudice on 17 March 2021 and with ITG Brands being a party to the settlement as an assign of Reynolds effective 12 June 2015. Minnesota sought settlement payments on the acquired brands of approximately U.S.\$58 million, plus interest from 12 June 2015 forward, plus future annual payments of approximately U.S.\$13 million, and Philip Morris USA sought additional amounts related to a portion of the payment calculation affecting Philip Morris USA. In the settlement, ITG Brands paid U.S.\$28 million with respect to the claims from 12 June 2015 forward, and Reynolds paid U.S.\$52 million. ITG Brands paid approximately U.S.\$13 million on 31 December 2021 and will continue to make payments under the settlement each year thereafter.

On 28 January 2019, Texas, the other state with a separate State Settlement Agreement that is not part of the MSA, filed a motion to enforce its State Settlement Agreement in the federal district court with continuing jurisdiction over the settlement, claiming that Reynolds and/or ITG Brands must make settlement payments on the acquired brands, along with a motion to join ITG Brands as a party to the settlement litigation. Philip Morris USA filed a similar motion to enforce (also raising its profit adjustment issues) and joined Texas's motion to join ITG Brands as a party. Texas also claimed that if ITG Brands does not make settlement payments, increased fees (along with interest and substantial penalties) are due on the acquired brands for 2015 to 2019 under Texas's equity fee law. A settlement agreement was signed on 21 May 2021, with ITG Brands being a party to the settlement as an assign of Reynolds effective 12 June 2015. Texas sought settlement payments on the acquired brands from and after 12 June 2015 of approximately U.S.\$167 million, plus interest, plus future annual payments based on market share of approximately U.S.\$36 million, and alternatively sought approximately U.S.\$173 million, including penalties and interest, in statutory fees. ITG Brands paid U.S.\$13.5 million in settlement payments (net of amounts accrued and statutory fees already paid) for 12 June 2015 and thereafter and Reynolds paid US\$190 million. ITG Brands paid approximately U.S.\$3 million in addition to amounts already accrued on 31 December 2021 and will continue to make payments under the settlement each year thereafter.

ITG Brands and Reynolds have been also engaged in litigation in Delaware with respect to whether ITG Brands satisfied its obligation under the Asset Purchase Agreement to use its "reasonable best efforts" to join the State Settlement Agreements with Florida, Minnesota and Texas and whether ITG Brands is required to indemnify Reynolds for amounts other courts may request Reynolds to pay. On 30 November 2017, on cross-motions by Reynolds and ITG Brands, the Delaware court held that the "reasonable best efforts" provision did not automatically terminate due to the 2015 U.S. Acquisition closing. It further determined that the duty of "reasonable best efforts" was not perpetual and that whether ITG Brands complied with its relevant

obligation is a question of fact that the court has not decided. On 23 September 2019, the Delaware court denied a motion by Reynolds to hold ITG Brands liable under other indemnity provisions of the Asset Purchase Agreement for Reynolds' liability under the Florida decision, and granted Reynolds' motion that one of the conditions to reaching agreement on joinder related to equity taxes did not apply in Florida. On 31 October 2019, the trial court denied ITG Brands' motion for immediate appeal, with the Delaware Supreme Court denying the same motion on 7 November 2019. The parties engaged in discovery and filed summary judgment motions. A trial was set for 24 October 2022. On 30 September 2022, the trial court granted summary judgment to Reynolds and denied summary judgment to ITG. It held that the Florida court's determination that ITG did not assume payments under the Florida settlement unless it agreed to do so was not binding under principles of issue preclusion under Florida law, and further held that as a matter of law the contract provisions were unambiguous and no evidence was required to determine that ITG had assumed and was required to indemnify Reynolds for Florida settlement payments. The court left open the issues of damages and equitable relief, including whether Reynolds' damages should reflect a reduction in payments Reynolds received in the "profit adjustment" portion of the payment calculations by virtue of ITG not being a party to the Florida settlement. The parties both filed summary judgment motions on damages and equitable relief. On 2 October 2023, the court issued an order on damages and equitable relief. The court rejected ITG's claim that no damages could be assessed but declined to decide the amount of damages, whether RJR was entitled to equitable relief, and other issues including interest and attorney fees until after a trial. Amounts at issue range to \$250 million through 2022, plus future payments of \$19 million to \$32 million annually going forward, alleged accrued interest of up to \$23 million and attorney's fees of up to \$7 million through 2022. On 27 November 2023, ITG and Reynolds entered a stipulation with respect to equitable relief requested by Reynolds, with ITG agreeing to an order of specific performance for any indemnity payment obligations relating to future settlement years and Reynolds agreeing to drop any further claim that ITG should be ordered to join the Florida settlement. On 31 October, 2023, Philip Morris USA filed a motion to intervene in the Delaware case, alleging that liability for the "profit adjustment" component of the settlement payment at issue in the damages dispute between Reynolds and ITG had actually been shifted from Reynolds to Philip Morris USA. Philip Morris USA claimed, accordingly, that if either Reynolds or ITG received a benefit in the damages calculation from the "profit adjustment", they would be "unjustly enriched" at Philip Morris USA's expense and instead Philip Morris USA should recover the profit adjustment benefit. Both ITG and Reynolds have opposed Philip Morris USA's motion to intervene. A hearing is set for 5 March 2024. No trial on damages, or any additional issues raised by Philip Morris USA should it be permitted to intervene, has been set and the Group has not recognised any provisions to date.

Other U.S. litigation

On 12 June 2015, ITG Brands became a party for purposes of remedies and became subject to a remedial order in *United States v. Philip Morris USA, Inc.*, No. 99-2496 (GK) by the U.S. District Court for the District of Columbia. In the suit, the federal government sued certain of the U.S. tobacco companies (not including ITG Brands) alleging violations of the federal Racketeer Influenced and Corrupt Organizations Act. In 2009, the trial court found for the government and imposed remedial remedies on Reynolds and Philip Morris USA, among others. The remedial order, after some alteration on appeal, remains in place. Under the terms of the order, ITG Brands was required to become subject to that order and to the federal court's jurisdiction as a condition of acquiring certain brands from Reynolds. The order imposes certain conduct and disclosure requirements, enforceable by injunctive relief, but no monetary liability. One conduct requirement contained in the order is the publication of "corrective statements" regarding tobacco and smoking on various media. On 18 June 2018, ITG Brands published the corrective statements on its corporate website and two branded websites, for *Winston* and *Kool*. Starting on 21 November 2018 and continuing six times over the next two years, ITG Brands shipped products with "onserts" bearing the corrective statements on the packaging, with onserts being placed on shipments of two weeks' estimated annual volume of product. During 2022 and earlier years, the federal court also considered whether to require the applicability of additional corrective statements in retail stores. An evidentiary hearing on the issue was set for June and July 2022, but it was cancelled when the parties reached a settlement, on the issue requiring the placement of certain corrective statements in retail stores with which the manufacturers have retail merchandising contracts. The court approved that settlement on 6 December 2022, and implementation began on 1 January 2023. The first required set of signs have been placed in retail stores, and an audit by an independent auditor to assess compliance is in process.

On 13 October 2020, a case was filed in the U.S. District Court for the Southern District of New York (Case No. 20cv8517). The case was filed on behalf of Doreen and Albert Toth against Fontem US, ITG Brands and

nine other defendants. On 1 December 2020, the plaintiffs amended their complaint to include parent companies for each of the target manufacturers, including Imperial Brands. On 22 January 2021, the plaintiffs dismissed their claims against Imperial Brands, ITG Brands and several other defendants without prejudice in exchange for a tolling agreement and assurances that Fontem U.S. is the appropriate defendant for claims involving the *blu* brand. The plaintiffs seek recovery of monetary damages, including treble damages and punitive damages, against all defendants based on the claim that Mrs. Toth became addicted to, and was otherwise harmed as a result of her use of, e-cigarettes and other vaping devices, including those manufactured by Fontem U.S. The complaint alleges causes of action including negligence, defective design, failure to warn, false advertising and unjust enrichment.

On 5 February 2021, the case was transferred over Fontem US's objection into a multi-district litigation, *In re: JUUL Labs, Inc., Marketing, Sales Practices, and Products Liability Litigation*, created to manage hundreds of cases filed on behalf of individuals (both individually and as putative class action representatives), states, counties, school districts, and other entities against defendant JUUL Labs, Inc. and others for alleged illegal and improper marketing and sales practices related to e-cigarettes. On 1 March 2021, the plaintiffs filed a short-form complaint, adding additional defendants and causes of action and incorporating by reference the allegations and claims in their amended complaint of 1 December 2020. Pursuant to various case management orders, the deadline for responsive pleadings is stayed indefinitely.

ITG Brands has been named in various product liability claims and lawsuits asserted in the state courts of Massachusetts. This litigation involves claims by individual plaintiffs based upon their personal smoking history. ITG Brands has the benefit of an indemnity from Reynolds in respect of any part of these individual claims and lawsuits relating to the use of *Winston*, *Kool*, and *Maverick* cigarettes. Based upon the indemnity by Reynolds, plaintiffs' counsel in all pending Massachusetts cases and claims involving ITG Brands agreed to refrain from naming ITG Brands as a defendant in smoking-related cases until 13 June 2023, when Reynolds' indemnification obligations to ITG Brands pursuant to the 2015 U.S. Acquisition ended. The obligation of indemnity by Reynolds was extended for an additional two years in June 2023 and ITG Brands is now indemnified through June 2025. As part of the agreement not to sue ITG Brands described above, plaintiffs' counsel have dismissed ITG Brands without prejudice from all pending Massachusetts state court cases or, alternatively, have agreed in cases where the plaintiff has died to omit ITG Brands from the amended complaint when it is filed by the estate administrator.

Imperial Brands was named as a defendant in a civil action filed on 6 August 2020 in federal court in Miami, Florida, under Title III of the Cuban Liberty and Democratic Solidarity Act of 1996 ("Helms-Burton"). Title III provides U.S. nationals with a cause of action and a claim for treble damages against persons who have "trafficked" in property expropriated by the Cuban government. Title III is largely untested because it did not come into effect until May 2019. Treble damages are automatically available under Helms-Burton. Although the filed claim is for unquantified damages, management understands that it could potentially reach approximately U.S.\$365 million, based on the claimants' claim to own 90 per cent of the property, which they value at U.S.\$135 million and then treble. The claim is based on allegations that Imperial Brands, through Corporación Habanos S.A. (a joint venture between one of Imperial Brands' now former subsidiaries and the Cuban government), has "trafficked" in a factory in Havana, Cuba, that the Cuban government confiscated from the claimants' ancestors in the early 1960s, by using the factory to manufacture, market, sell and distribute cigars. At the time the claim was filed against Imperial Brands and up until the conclusion of the Brexit transition period on 31 December 2020, Imperial Brands was subject to an EU law known as the EU Blocking Statute (Regulation (EC) No. 2271/96) (the "EU Blocking Statute"), which conflicts with Helms-Burton, protected Imperial Brands against the impact of Title III and impacted how Imperial Brands might respond to the litigation. The EU Blocking Statute has now been transposed into UK domestic law with only minimal changes. Accordingly, on 10 January 2021, Imperial Brands submitted an application to the UK Department for International Trade for authorisation from the UK Secretary of State for International Trade to defend the action or, at a minimum, to file and litigate a motion to dismiss the action, which was authorised in February 2021. Between February 2021 and March 2023, the claimants filed a series of amended claims in response to Imperial Brands' successive motions to dismiss, which ultimately culminated in a recommendation by the magistrate in November 2022 that the claim be dismissed without prejudice to the claimants re-filing the action in a proper venue, to which the claimants objected. On 31 March 2023, the district judge issued an order addressing the magistrate's recommended ruling and adopting the recommended ruling in part. In respect of Habanos, the motion to dismiss was granted, without objection from the claimants on the basis of improper venue without prejudice to the claimants. The district judge remanded the motion to dismiss back to the same

magistrate for, among addressing other issues (including Imperial Brands' other arguments for dismissal), a further review and analysis and a report and recommendation on whether the ruling regarding Habanos should result in dismissal for all defendants. The hearing with the magistrate on further arguments on the motion to dismiss took place on 28 September 2023. On 28 November 2023, the magistrate issued her recommended ruling, and recommended dismissal of the case in its entirety as against Imperial Brands as well as several public relations firms on the bases that (i) the court lacks jurisdiction over Imperial Brands and the public relations firm, (ii) the claims are time-barred, and (iii) the claimants fail to allege that the defendants acted with the requisite level of intent. On 12 December 2023, the claimants filed objections to the magistrate's recommended ruling with the judge. On 5 January 2024, Imperial Brands and the public relations firms responded to the claimants' objections, requesting that the judge adopt the magistrate's recommended outcome and issue an order dismissing the case. As Imperial Brands' present authorisation from the UK Secretary of State for International Trade is limited to filing and litigating a motion to dismiss, in April 2022, Imperial Brands renewed its application for authorisation from the UK Secretary of State for International Trade to defend itself fully in the action. At the same time, in April 2022, Imperial Brands sought a stay of discovery while its motion to dismiss the complaint is pending, which was granted on 25 May 2022. The Court has granted a motion filed by IMB to further stay the proceedings until the motion to dismiss is decided. This stay continues pending a final ruling by the judge on the recommended disposition the magistrate has issued.

Separately, two other groups of prospective claimants have indicated that they intend to file a lawsuit against Imperial Brands in federal court in Miami, Florida. Neither claim has been filed. The threatened claims relate to other properties in Cuba, which the prospective claimants claim were confiscated from their ancestors by the Cuban government in the 1960s and which they claim are now used by Corporación Habanos S.A. for commercial activities. The prospective claimants claim to be entitled to treble damages from Imperial Brands.

Litigation in Argentina

In January 2016, SEITA was notified of a claim filed with a civil court of Buenos Aires against British American Tobacco Argentina S.A.I.C.y F., formerly known as Nobleza Piccardo S.A., a subsidiary of BAT, by an individual seeking redress for damages suffered as a consequence of smoking. SEITA is not a party to the claim and BAT has denied liability. Historically, BAT manufactured and distributed two brands of cigarettes owned by SEITA in Argentina under the terms of a licence agreement. BAT has sought to invoke an indemnity contained in the licence agreement, pursuant to which SEITA is responsible for any product liability to third parties. The amount claimed is ARS8,980,200, plus interest, costs and legal expenses. An adverse first instance judgment was received in December 2020 awarding the claimant ARS3,185,976 (approximately £7,000) in damages, plus interest and costs. Both parties appealed the first instance judgment. After various procedural delays, on 19 September 2023, the Court of Appeal handed down its judgment overturning the first instance judgment and dismissing the claimant's claim in full.

The claimant requested permission to make an extraordinary appeal to the Supreme Court of Argentina in early October 2023. On 29 November 2023, the Court of Appeal denied leave to appeal to the Supreme Court of Argentina. The claimant has filed a complaint in respect of the rejection of the extraordinary appeal at the Supreme Court of Argentina (known as a Queja). If the Supreme Court of Argentina admits the Queja, it may issue a final judgment on the substantive appeal, to refer the appeal back to the Court of Appeal of Argentina for final judgment. A decision is not expected from the Supreme Court of Argentina until May 2024 at the earliest.

Product liability litigation relating to the assets acquired pursuant to the 2015 U.S. Acquisition

Certain members of the Reynolds group of companies and certain members of the Lorillard group of companies were or are, in respect of the cigarette brands acquired as part of the 2015 U.S. Acquisition, subject to ongoing, pending and threatened product liability proceedings in the U.S., including: individual claims alleging personal injury or death; class actions alleging personal injury or requesting court-supervised programmes for ongoing medical supervision and monitoring; claims brought to recover the costs of providing health care; and claims in relation to the labelling of products as "light" or "ultra-light". However, as these brands were acquired without historic product liabilities, these proceedings and the respective quantum of such claims are not described in further detail in this Prospectus. Litigation related to the State Settlement Agreements and the 2015 U.S. Acquisition are described above. Other Litigation

Litigation in Morocco

A number of cases have been raised against Société Marocaine des Tabacs S.A. (“SMT”), a Group subsidiary, disputing a reduction to retirees’ pensions. These cases have been in the courts for many years.

The Cour de Cassation (the Supreme Court level) has ruled against SMT in 266 claims. Although the court has not provided its written judgments to SMT, these 266 claims cannot be appealed further.

SMT is in the process of concluding settlements with former employees. With the agreement of the parties, the court has postponed hearings while it supports the parties to resolve the matter amicably. The court and the parties signed a Protocol of Understanding on 2 November 2023, which sets out a court mediated procedure for enforcement of the Moroccan Court of Appeal level judgments which require SMT to “regularise the situation” with each claimant required to sign a “reconciliation agreement” (akin to an amicable settlement agreement). Settlement offers are based on a percentage of the figures included in valuation certificates obtained from the Moroccan State Pensions Administration body depending on the departure dates of each claimant.

Insurance

The Group maintains the types and amounts of insurance that are customary for businesses in the sectors and geographic regions in which it operates, including insurance for property damage and business interruption, transit, public and products liability, cyber liability and directors and officers liability. The Group considers its insurance coverage to be adequate, given the financial strength and business contingency plans of the Group.

Property

As at 30 September 2023, the Group owned 30 manufacturing sites on a freehold or long leasehold basis to source, cut, blend and warehouse tobacco and to produce and manufacture its cigarettes, fine cut tobacco, cigars, snus, rolling papers and other products. In addition, the Group occupies several rented factories and dedicated warehousing sites, which may be owned, leased or rented. Management believes that the Group’s principal manufacturing sites are adequate for their purpose and are at present substantially utilised in line with their nature and function. In most instances, the Group’s facilities are operating below their estimated maximum capacity output.

In the context of an ongoing review of its manufacturing footprint in order to maximise efficiencies, in the last few years, the Group has closed a number of cigarette, fine cut tobacco and cigar factories, including its factories in Trossingen, Germany, and Wellington, New Zealand. In August 2022, the Group finalised the transfer of the La Romana factory in the Dominican Republic as part of its sale of Premium Cigars and received a sales consideration of £46 million and recognised a loss of £13 million on completion. Additionally, in response to the Russian invasion of Ukraine, the Group transferred its Russian operations, including a sales and marketing business and its Volgograd factory, as a going concern to a local third party. The transaction was successfully completed on 27 April 2022. See also “—*Manufacturing and Supply Chain*” above.

Details of certain of the largest manufacturing sites of the Group supplying its five most profitable markets (the U.S., Germany, the UK, Australia and Spain) are set out below:

<i>Location</i>	<i>Principal use</i>	<i>Manufacturing capacity</i>
<i>Langenhagen, Germany</i>	Factory – Cigarettes, fine cut tobacco, expanded tobacco, heated tobacco	35,600 million sticks/pouches per year
<i>Miaoli, Taiwan</i>	Factory – Cigarettes	14,500 million sticks per year
<i>Greensboro, U.S.</i>	Factory – Cigarettes	16,000 million sticks per year
<i>Tarnowo, Poland</i>	Factory – Cigarettes, fine cut tobacco, expanded tobacco	48,000 million sticks/pouches per year

<i>Location</i>	<i>Principal use</i>	<i>Manufacturing capacity</i>
<i>Radom, Poland</i>	Factory – Cigarettes	35,000 million sticks per year

Key Subsidiaries and Associated Undertakings

A full list of the Group’s key subsidiaries and associated undertakings is included in “*Related Undertakings*” in the 2023 Financial Statements.

Joint Ventures

A full list of the Group’s key joint ventures is included in “*Related Undertakings—Joint Ventures: Incorporated Overseas*” in the 2023 Financial Statements.

Sustainability and ESG

The Group’s sustainability strategy is central to the long-term success of its business and underpins its drive to create shared value for its stakeholders. The Group remains committed to reducing its environmental footprint, collaborating with stakeholders to make a positive social impact and maintaining high standards of governance. To underscore the Group’s continuous ESG focus and ensure alignment of its ESG priorities to the new business strategy, the Group has also strengthened its ESG team. In 2021, the Group appointed a Global ESG Director (a newly created role) who had more than 30 years’ experience in directing end-to-end supply chain and manufacturing sustainability.

Aligned with those United Nations Sustainable Development Goals that are most relevant to its new strategy, the Group has identified the following priority ESG issues:

- Consumer health:** The Group aims to strengthen its NGP performance and, in doing so, to make a more meaningful contribution to harm reduction by offering adult smokers a range of potentially less harmful products. The Group has launched its heated tobacco offering *Pulze* in Greece and the Czech Republic. Its vaping product *myblu* now benefits from an enhanced route to market and communication plan in the U.S. The Group also has a growing oral nicotine business in the Nordics with brands like *Skruf* and has launched a new bamboo fibre-based oral nicotine product under its *ZoneX* brand. The Group’s scientific substantiation to date continues to indicate that *Pulze*, *myblu*, *Skruf* and *ZoneX* may be potentially less harmful than continued combustible cigarette smoking and provide potentially reduced risk alternatives to combustible products for adult consumers. The Group also refrains from testing its products on animals and uses cutting-edge in-vitro technologies to test its offerings.
- Climate change:** The Group aims to reduce its climate and energy impact across its value chain, from crop production to manufacturing and distribution. From the Group’s 2017 baseline year, based on the Group’s internal estimates, it has reduced its absolute energy consumption (GWh) by 26 per cent and reduced its absolute Scope 1 and Scope 2 market-based carbon emissions (CO₂e tonnes) by 65 per cent. The Group also aims to achieve net zero by 2040 in line with the United Nations aim to limit climate warming to 1.5°C. As of 30 September 2023, more than 96 per cent of the Group’s grid electricity was supplied by traceable renewable sources. Also, in March 2022, the Group certified its first carbon neutral factory to the PAS2060 standard with *Skruf* in Sweden. In 2022, CDP awarded the Group an A rating for its Climate Change submission for a fourth consecutive year. The Group awaits the results of its 2023 submissions to CDP for Climate, Water and Forests. The Group continues to participate in the CDP Supply Chain Programme, which gathers information from its key suppliers on how they are managing their climate risks and opportunities, and the Group was recognised as a Supplier Engagement Leader by CDP in 2022 for a fourth consecutive year. In 2023, the Group was also listed by the Financial Times as a climate leader for the third consecutive year.
- Farmer livelihoods and welfare:** The Group aims to help support farmers to diversify income streams in order to enhance farming community livelihoods and welfare. By investing in industry-wide collaboration through the Sustainable Tobacco Programme (“STP”), the industry-wide sustainability initiative between manufacturers and suppliers launched in 2016, and by engaging with

subject matter experts and local implementing partners, the Group strives to ensure it provides the maximum impact for the tobacco farming communities within which its suppliers operate. In this context, the Group has established externally reported key performance indicators to monitor farmer livelihoods. According to the Group's strategic suppliers, in 2023, 99 per cent of the suppliers' directly contracted farmers in prioritised countries have access to initiatives to improve agricultural productivity and 89 per cent of the farmers in those communities are diversifying their income by growing complementary crops. A third indicator highlights the impact of projects the Group funded with its suppliers in Africa, Asia, Europe and South America aimed at improving livelihoods. In 2023, there were 101,410 direct farmer beneficiaries of such projects.

- **Health, safety and wellbeing:** The Group aims to achieve high occupational health, safety and wellbeing standards for all of its employees. It has global procedures in place covering hazard identification, risk assessment and incident investigation. These are applicable to all locations in which the Group operates and are audited as part of the Group's internal and external audit programmes. The Group strives to continually improve safety culture to ensure workers feel empowered to always remove themselves from perceived danger. Acting promptly on near-miss reporting and providing feedback to employees is a key part of this process. Within the Group's supply chain, health and safety forms a key element of the STP, the Group's Supplier Code of Conduct as well as the non-tobacco materials and NGP Supplier Qualification Programme where the Group seeks to promote the management of health and safety practices. The Group's continued focus on health, safety and risk management has resulted in a 25 per cent decline in its lost time accident rate (per 200,000 hours) in the year ended 30 September 2023 compared to the 2019 baseline year.
- **Human rights:** The Group aims to raise awareness and improve processes for identifying modern slavery in its business and supply chains. It has introduced tailored and in-depth training to its managers on modern slavery and continues to develop its approach to undertaking due diligence in relation to human rights issues. At the same time, the Group has strengthened its STP activities to better respond to and measure the work its suppliers do as part of a continuing process to manage human rights. In addition, the Group has established a cross-functional human rights compliance working group and also developed a modern slavery audit module in collaboration with Slave Free Alliance, which has already been used to conduct a test pilot audit of its UK and EU facilities management provider.
- **Packaging and waste:** The Group aims to minimise the waste associated with its products, packaging and production processes. The Group seeks to minimise the waste and waste to landfill associated with its production processes through a combined approach of reduce, reuse and recycle. During 2023, the Group trialled take-back recycling schemes in Germany and France for *myblu* pods, diverting consumer waste away from landfill. At the same time, the Group is improving packaging recyclability for its combustible brands by replacing the aluminium inner liner with paper. Since the baseline year of 2017, the Group has reduced its absolute waste across its operations by 27 per cent as of 30 June 2023. The Group is targeting to achieve zero landfill from its operations by 2025.
- **Sustainable and responsible sourcing:** The Group aims to source products and services in a sustainable and socially conscious way by working closely with its suppliers across its business. Sustainability strategies are integrated into the management of the Group's supply chains, through comprehensive supplier management programmes and standards. The Group expects suppliers to conduct their business in an ethical and responsible manner and comply with all applicable laws and regulations. The Group seeks to ensure that it only selects and does business with suppliers who can demonstrate that they operate in a manner consistent with the Group's standards and Code of Conduct, which was updated in September 2023. The Group's new Supplier Code of Conduct sets out the Group's expectations for its suppliers and reflects its commitment to be a socially responsible, compliant, value-driven and sustainable business. It also provides the minimum standards of behaviour the Group expects from its partners in the following areas: Business Integrity, Human Rights & Diversity, Equity and Inclusion (DEI) and Environmental Sustainability. All suppliers are expected to adhere to the updated version of the Group's Supplier Code of Conduct. The Group has adopted a rollout approach; the Group's new Supplier Code of Conduct can be found on the Group's website and a link is included in the purchase order T&Cs, contracts, and tendering documents. The Group's existing Supplier Code of Conduct will be "phased out" as the new Supplier Code of Conduct

is communicated to new suppliers and existing suppliers as and when procurement teams engage with them, prioritising key partners. Performance against expectations forms part of the regular cycle of business reviews. The Group also expects suppliers to ensure that their own business partners meet similar standards.

- **Diversity, equity and inclusion:** The Group aims to create a diverse and inclusive working environment that reflects its consumer base and the communities in which it operates by supporting equal opportunities within the organisation. The promotion of diversity within the business through awareness campaigns, career talks, unconscious bias training and diversity celebrations highlights the importance of diversity, equality and non-discrimination to the Group, as also reflected in its Supplier Code of Conduct. The four global employee resource groups (representing gender, ethnicity, LGBTQ+ and disability) continue to raise awareness and to drive the co-creation of solutions. The Group is committed to building on a series of customised “Raising Awareness” learning modules in inclusion across its business. It has already provided bespoke e-learning courses in 11 languages to help its people leaders understand the issues of unconscious bias and microaggressions and intends to roll out these courses across all layers of management.

Finally, the Group continues to report in line with the requirements of the Task Force on Climate-related Financial Disclosures and to provide additional visibility to its stakeholders on ESG progress. The Task Force on Climate-related Financial Disclosures section in the 2023 Annual Report relates to the Group’s assessment in line with the LSE Listing Rule 9.8.6(8)R for the year ended 30 September 2023.

Employees

Driving its new strategy is the new and diverse executive leadership team of the Group. Stefan Bomhard was appointed as Chief Executive Officer in 2020, bringing significant experience across multiple consumer sectors and within large multinational organisations, particularly in brand building and consumer-led sales and marketing. His appointment was followed by those of Javier Huerta, who joined the Group as Chief Supply Chain Officer in 2021, and Lukas Paravicini, who joined as Chief Financial Officer in 2021. Paola Pucci succeeded Anindya (Andy) Dasgupta in the role of Chief Consumer Officer in 2023. A reorganisation of the Group’s reporting regions led to the appointment of Kim Reed, as President and CEO of the Group’s Americas region, and Paola Pucci, as President of AAACE, in 2021. This regional structure enables a sharper focus both on the Group’s largest market, the U.S., and the portfolio of emerging markets that have the potential to become an important future growth engine. Aleš Struminský was appointed as President of Europe in 2022. Alison Clarke was appointed as Chief People and Culture Officer in 2020 and Murray McGowan as Chief Strategy and Development Officer in 2020 to further support the Group’s transformation and cultural change agenda. Finally, Sean Roberts was appointed as Chief Legal and Corporate Affairs Officer in 2022. A strengthened executive leadership team, collaborating closely with the Group’s experienced functional and market leaders, means the Group now has the right blend of deep expertise of the tobacco industry and fresh ideas and perspectives from blue chip consumer goods companies, such as Nestlé, Unilever, P&G and Pepsi. See “*Directors and Senior Management*” for more information on the Group’s leadership team.

The Group recognises its corporate responsibilities towards all of its employees, with the health and safety of its employees being the Group’s first priority.

The following table sets out the average number of persons employed by the Group for each of the financial years indicated, by location and business segment (rounded to the nearest 100):

	Average number of employees for the year ended 30 September		
	2021	2022	2023
UK and EU.....	14,700	14,200	11,900
Americas	8,000	7,800	5,100
Rest of the world.....	7,500	6,600	8,500
Total Group	30,200¹	28,600	25,500
Tobacco & NGP.....	24,000	22,600	19,100
Distribution	6,200	6,000	6,400

	Average number of employees for the year ended 30 September		
	2021	2022	2023
Total Group	30,200¹	28,600	25,500

As at 30 September 2023, the total number of employees in the Group was 25,200.

DIRECTORS AND SENIOR MANAGEMENT

Board of Directors and Executive Leadership Team

The following table sets forth the members of the Board and the Company Secretary of Imperial Brands as at the date of this Prospectus:

Name	Title
Thérèse Esperdy.....	Chair
Stefan Bomhard	Chief Executive Officer and Executive Director
Lukas Paravicini ⁽¹⁾	Chief Financial Officer and Executive Director
Sue Clark.....	Senior Independent Non-Executive Director
Diane de Saint Victor.....	Non-Executive Director
Julie Hamilton.....	Non-Executive Director
Ngozi Edozien.....	Non-Executive Director
Andrew Gilchrist.....	Non-Executive Director
Alan Johnson.....	Non-Executive Director
Robert (Bob) Kunze-Concewitz.....	Non-Executive Director
Jon Stanton.....	Non-Executive Director
Emily Carey ⁽²⁾	Company Secretary

Notes:

- (1) Also a board member of IBF.
- (2) Also the Company Secretary of IBF.

The following table sets forth the members of the executive leadership team of the Group as at the date of this Prospectus:

Name	Title
Stefan Bomhard	Chief Executive Officer
Lukas Paravicini.....	Chief Financial Officer
Javier Huerta	Chief Supply Chain Officer
Murray McGowan.....	Chief Strategy and Development Officer
Paola Pocci.....	Chief Consumer Officer and President of Africa, Asia, Australasia and Central & Eastern Europe Region
Kim Reed	President and CEO of Americas Region
Alison Clarke	Chief People and Culture Officer
Sean Roberts	Chief Legal and Corporate Affairs Officer
Aleš Struminský.....	President of Europe Region

The business address of the Directors and members of the executive leadership team of Imperial Brands is 121 Winterstoke Road, Bristol BS3 2LL, United Kingdom.

Except as otherwise indicated in the footnotes to the first table above and elsewhere in this “*Directors and Senior Management*” section, there are no existing or potential conflicts of interest between any duties of its Directors and members of executive leadership team to Imperial Brands and/or their respective private interests and other duties.

Board of Directors

Thérèse Esperdy, BA, MPPM, Chair, appointed Chair in January 2020, having previously served as Senior Independent Non-Executive Director since May 2019. Thérèse originally joined the Board in July 2016.

Committee membership: Chair of the People & Governance Committee.

Skills and experience: Thérèse has significant international investment banking experience having held a number of roles at JP Morgan, including Global Chair of JP Morgan’s Financial Institutions Group, Co-Head of Asia-Pacific Corporate & Investment Banking, Global Head of Debt Capital Markets and Head of U.S.

Debt Capital Markets. She began her career at Lehman Brothers and joined Chase Securities in 1997 prior to the firm's merger with JP Morgan in 2000.

External appointments: Non-executive director of Moody's Corporation.

Stefan Bomhard, PhD, Chief Executive Officer and Executive Director, appointed Chief Executive Officer and Executive Director in July 2020.

Committee membership: No committee memberships.

Skills and experience: Stefan joined Imperial Brands in July 2020 from Inchcape plc, a global distribution and retail leader in the premium and luxury automotive sectors, where he delivered successful transformational change during a five-year tenure as Chief Executive Officer. Prior to his role at Inchcape plc, Stefan was President of Bacardi Limited's European region and was also responsible for Bacardi's Global commercial organisation and Global Travel Retail. Stefan has a PhD in marketing and has accrued significant experience in the consumer and retail sectors during his career. Previous roles have included Chief Commercial Officer of Cadbury plc and Chief Operating Officer of Unilever Food Solutions Europe. This followed senior management and sales and marketing positions at Diageo (Burger King) and Procter & Gamble.

External appointments: Non-executive director of Compass Group PLC.

Lukas Paravicini, Chief Financial Officer and Executive Director, appointed to the Board and as Chief Financial Officer in May 2021.

Committee membership: No committee memberships.

Skills and experience: Lukas has a proven track record in international consumer goods companies. Beyond his finance credentials, he has considerable operational experience as well as expertise in driving transformational change, including in global shared services in large international organisations. Lukas joined Imperial Brands from the agricultural commodities and brokerage group ED&F Man Holdings, where he was Chief Financial Officer. He has also held senior positions at Fonterra, a New Zealand and Australia listed co-operative and the world's largest dairy exporter with sales in 130 countries. He was Chief Financial Officer from 2013 to 2017 and Chief Operating Officer, Global Consumer and Foodservice Business from 2017 to 2018. Prior to that, he spent 22 years with Nestlé in various senior finance and general management roles.

External appointments: No external director appointments.

Sue Clark, BSc (Hon), MBA, Senior Independent Non-Executive Director, appointed Non-Executive Director in December 2018, Chair of the Remuneration Committee in February 2019 and Senior Independent Non-Executive Director in January 2020.

Committee membership: Chair of the Remuneration Committee and member of the Audit Committee and the People & Governance Committee.

Skills and experience: Sue has strong international business credentials with over 20 years' executive committee and board level experience in the fast-moving consumer goods ("FMCG"), regulated transport and utility sectors. She held the role of Managing Director of SABMiller Europe and was an Executive Committee member of SABMiller plc. She joined SABMiller in 2003 as Corporate Affairs Director and was part of the executive team that built the business into a top five FTSE company.

External appointments: Non-executive director and Chair of the Remuneration Committee of Britvic plc and Mondi plc, senior independent director of easyJet plc.

Diane de Saint Victor, Non-Executive Director, appointed Non-Executive Director in November 2021.

Committee membership: Member of the Remuneration Committee and the People & Governance Committee.

Skills and experience: Diane has strong legal, regulatory and ESG experience, having held a number of General Counsel, Company Secretary and other key roles in an international career. Her 13-year tenure as

General Counsel and Company Secretary for ABB, the global technology company based in Switzerland, and her General Counsel role at Airbus before that are reinforced by her prior listed UK board experience as a Non-Executive Director at Barclays plc. Diane also previously served as Vice President Government Relations, Europe at Honeywell International Inc. and as part of the U.S. Government Relations Team in Washington for the General Electric Company.

External appointments: Non-executive director of WNS (Holdings) Limited and C&A AG.

Julie Hamilton, Non-Executive Director, appointed Non-Executive Director in January 2024.

Committee membership: member of the People and Governance Committee.

Skills and experience: Julie has over 30 years of experience in marketing, strategy and digital transformation. She was Chief Commercial and Global Sales Officer at Diageo. Prior to Diageo, Julie spent 25 years at the Coca-Cola Company where she held a range of leadership positions, including Chief Customer and Commercial Leadership Officer.

External appointments: no external director appointments.

Ngozi Edozien, Non-Executive Director, appointed Non-Executive Director in November 2021.

Committee membership: Member of the Remuneration Committee and the People & Governance Committee.

Skills and experience: Ngozi has over 30 years' experience in general management, finance, consultancy, business development and transformation gained at multinational companies, including in the consumer goods sector, in Europe, the U.S. and Africa. She spent six years on the board of PZ Cussons and four years on the board of Vlisco PLC. During a nine-year career with Pfizer Inc., she led strategy and planning for pharmaceuticals, based in New York, before taking up a Regional Director role in Africa.

External appointments: Non-executive director of Guinness Nigeria, a listed subsidiary of Diageo, and Bank of Africa – BMCE Group.

Alan Johnson, Non-Executive Director, appointed Non-Executive Director in January 2021.

Committee membership: Member of the Audit Committee and the People & Governance Committee.

Skills and experience: Alan has a strong financial background in the consumer goods and retail sectors, having held a number of senior finance positions at Unilever during a 30-year career, including Chief Audit Executive and Chief Financial Officer of the Global Foods Division. He was previously Chief Financial Officer and then a Non-Executive Director at food retailer Jerónimo Martins, SGPS, SA until April 2016.

External appointments: Inaugural chair of the Stakeholder Advisory Council to the Audit and Ethics Standards Setting Boards and Chair of the Good Governance Academy. Alan is also a non-executive director of William Grant & Sons Ltd and DS Smith plc.

Robert (Bob) Kunze-Concewitz, Non-Executive Director, appointed Non-Executive Director in November 2020.

Committee membership: Member of the Remuneration Committee and the People & Governance Committee.

Skills and experience: Bob is an experienced marketing professional and has held a number of senior roles at leading FMCG companies. He has been Chief Executive Officer at Campari Group, a leading company in the global spirits industry, since May 2007, having joined the business in 2005 as Group Marketing Director. Prior to his time at Campari Group, he held positions of increasing responsibility at Procter & Gamble, including Global Prestige Products Corporate Marketing Director.

External appointments: Chief Executive Officer of Campari Group and a non-executive director of Luigi Lavazza S.p.A. Bob is also a fellow at the Elis Institute in Rome and the Vice Chairman of Altagamma, an Italian luxury goods association.

Andrew Gilchrist, Non-Executive Director, appointed Non-Executive Director in March 2023.

Committee membership: Member of the Audit Committee and the People & Governance Committee.

Skills and experience: Andrew has significant international experience in business development, strategic planning and business integration. He was Chief Financial Officer of Reynolds American Inc until its acquisition by British American Tobacco in 2017. He also held a range of leadership positions at Reynolds, including Chief Information Officer, Chief Commercial Officer and Business Development Director.

External appointments: No external director appointments.

Jon Stanton, ACA, Non-Executive Director, appointed Non-Executive Director in May 2019 and Chairman of the Audit Committee in June 2020.

Committee membership: Chairman of the Audit Committee and member of the Remuneration Committee and the People & Governance Committee.

Skills and experience: Jon has a wide range of international leadership experience, encompassing transformation, M&A and all aspects of finance, principally in the B2B sector. In 2016, he was appointed Chief Executive Officer of The Weir Group PLC, one of the world's leading engineering businesses, having previously been Chief Financial Officer from 2010. Prior to that, he spent 22 years at Ernst & Young LLP, the last nine years of which were as a partner in its London office. Jon is a Chartered Accountant and member of the Institute of Chartered Accountants in England and Wales.

External appointments: Chief Executive Officer of The Weir Group PLC.

Emily Carey, Company Secretary, appointed Company Secretary in May 2023.

Skills and experience: Emily, a chartered management accountant and company secretary, has 25 years of experience in finance, regulatory affairs, compliance, governance and company secretarial matters. She has considerable experience in the oil and gas and sports betting and gaming industries. Prior to joining Imperial Brands, Emily held a number of roles including 14 years at BP plc and three years at Entain plc where she served as Group Company Secretary.

Executive leadership team

Stefan Bomhard, PhD, Chief Executive Officer, appointed Chief Executive Officer in July 2020. See “—Board of Directors—Stefan Bomhard” above.

Lukas Paravicini, Chief Financial Officer, appointed Chief Financial Officer on 19 May 2021. See “—Board of Directors—Lukas Paravicini” above.

Paola Pocci, Chief Consumer Officer and President of Africa, Asia, Australasia and Central & Eastern Europe Region, appointed President of the AAACE Region in September 2021 and appointed Chief Consumer Officer in November 2023. It is expected that Paola will step down as President of AAACE once a successor has been appointed.

Skills and experience: Paola has strong experience in geographically diverse consumers and operations management across traditional and modern retail channels. In her 22 years at Procter & Gamble, she held leadership positions across developed and developing territories, including Europe, the Middle East, the U.S. and China, and across multiple FMCG categories.

Javier Huerta, Chief Supply Chain Officer, appointed Chief Supply Chain Officer in February 2021.

Skills and experience: Javier has extensive experience in supply chain, operations and consumer goods having held a number of senior roles in an 11-year career at Unilever, most latterly as Executive Vice President Supply Chain for Foods and Refreshment. His strong consumer goods background also includes a 14-year career in various roles at Nestlé.

Murray McGowan, Chief Strategy and Development Officer, appointed Chief Strategy and Development Officer in July 2020.

Skills and experience: Murray has a strong background in strategy through a number of strategic and operational leadership roles for several high-profile businesses, including Costa Coffee, Yum! Brands, Cadbury and The Restaurant Group. He also worked with a range of leading global FMCG and retail businesses during his time at McKinsey & Company.

Aleš Struminský, President of Europe Region, appointed as President of Europe Region in October 2022.

Skills and experience: Aleš has extensive experience serving in a number of international roles for Imperial for more than 20 years. Prior to his current role, he served as General Manager of the UK & Ireland business. Aleš has also led market cluster teams in Eastern and Central Europe as well as running the Group's travel retail business in Spain.

Kim Reed, President and CEO of Americas Region, appointed President and CEO of Americas Region in September 2021.

Skills and experience: Kim has extensive experience in the consumer goods sector and a track record of more than 30 years in sales and executive leadership roles. She originally joined the Group's U.S. business as Executive Vice President, Sales in 2019 to successfully design and oversee a comprehensive sales transformation strategy. Prior to joining the Group, Kim was General Manager of U.S. Sales at The Kellogg Company.

Alison Clarke, Chief People and Culture Officer, appointed Chief People and Culture Officer in September 2020.

Skills and experience: Alison is a highly experienced global business leader having held senior positions at Whitbread, Hutchison, United Utilities as well as Inchcape, where she acted as Chief Human Resources Officer with responsibility for all aspects of people and culture strategies. She has led a number of large human resources functions as well as teams responsible for business transformation, communications and ESG.

Sean Roberts, Chief Legal and Corporate Affairs Officer, appointed Chief Legal and Corporate Affairs Officer in April 2022.

Skills and experience: Sean has significant experience in the tobacco, pharmaceuticals and consumer goods sectors and a successful track record of more than 30 years in legal, compliance and executive leadership roles. Sean held a range of senior positions at GlaxoSmithKline over his 23 years with the group, including Senior Vice President and General Counsel of GlaxoSmithKline Consumer Healthcare, a global joint venture between GlaxoSmithKline and Pfizer. Earlier in his career, Sean was a commercial lawyer at the international law firm Simmons & Simmons, where he served a diverse client base including the Gallaher Group, now part of JTI.

Board Practices

The Board remains committed to maintaining high standards of corporate governance, which it sees as a cornerstone in managing the business affairs of the Group and a fundamental part of discharging its stewardship responsibilities. Accordingly, Imperial Brands has complied with the corporate governance rules and best practice provisions applying to UK listed companies contained in the UK Corporate Governance Code 2018 (the "UKCG Code") since its entry into effect for Imperial Brands.

Board structure

The Board of Imperial Brands currently comprises a Non-Executive Chair, eight Non-Executive Directors and two Executive Directors. The Chair and Chief Executive Officer have clearly defined and separate responsibilities divided between the leadership and effectiveness of the Board and the management of the Group's business, respectively. The Board is supported in its functions by the Company Secretary. Sue Clark is the recognised Senior Independent Non-Executive Director with whom Imperial Brands encourages shareholders and Directors to raise any concerns they may have.

The Board has satisfied itself that there is no compromise to the independence of those Directors who have appointments on boards of, or relationships with, companies outside the Group. The Board requires Directors to declare all appointments and other situations that could result in any possible conflict of interest and has adopted appropriate processes to manage and, if appropriate, approve any such conflicts.

The Directors' biographies, appearing in "*—Board of Directors and Executive Leadership Team—Board of Directors*" above, demonstrate a detailed knowledge of the tobacco industry and the wider FMCG section, together with a range of business and financial experience that is vital to the management of an international company. The biographies also include details of any other major directorships and positions outside the Group.

Board operations

The Board is the principal decision-making forum of the Group and manages overall control of the Group's affairs. Key to this control is the schedule of matters that are reserved for consideration by the Board and on which any final decision must be made by the Board. These include, among others, approving the Group's strategy, business plans, financial statements and other major financial announcements, the payment of dividends, changes to the Group's principal policies, acquisitions or disposals exceeding defined thresholds and the appointment and removal of Directors and the Company Secretary.

The Company Secretary is responsible for advising the Board, through the Chair, on all matters of corporate governance and for ensuring Board procedures are followed and applicable rules and regulations are complied with. All Directors have access to the advice of the Company Secretary and, where appropriate, the services of other Group employees for all corporate governance and regulatory matters. Independent professional advice is also available to the Directors, in appropriate circumstances, at the Group's expense.

All Directors are equally accountable in law for the proper stewardship of the Group's affairs, with the Non-Executive Directors having a particular responsibility for ensuring that strategies proposed for the development of the business, resources and standards of conduct are critically reviewed using their independent judgment and experience. This seeks to ensure that the Board acts in the best long-term interests of all shareholders, takes account of the wider community of interests represented by employees, customers and suppliers, and that environmental, community, ethical and reputational issues are fully integrated into the Group's decision-making and risk assessment processes.

The Non-Executive Directors also play a leading role in corporate accountability and governance through their membership in the Remuneration Committee, the People & Governance Committee and the Audit Committee (collectively, the "Committees", and each, a "Committee").

The Board delegates responsibility for developing and implementing the Group's strategy and for the day-to-day management of the Group's business to its Chief Executive Officer, who is supported by the Chief Financial Officer and by the Group's executive leadership team, which he chairs. The Group's executive leadership team comprises senior executives from across the business and oversees the operational execution and implementation of the Group's strategic and financial plans. For biographies of the members of the Group's executive leadership team, see "*—Board of Directors and Executive Leadership Team—Executive leadership team*".

Board Committees

Each of the Board Committees has specific written terms of reference issued by the Board in accordance with the requirements of the UKCG Code, as applicable, adopted by the relevant Committee and published on the Group's website at <https://www.imperialbrandsplc.com/healthier-futures/governance/board-committees>. All Committee Chairs report on the proceedings of their Committee at the next meeting of the Board and make recommendations to the Board where appropriate. In addition, minutes of Committee meetings are circulated to all Board members. To ensure Directors are kept up-to-date on developing issues and to enhance the overall effectiveness of the Board and its Committees, the Board Chair and Committee Chairs communicate regularly with the Chief Executive Officer and Chief Financial Officer. Where appropriate, the Board convenes virtually outside of scheduled meetings to consider time-sensitive matters.

Remuneration Committee

The Remuneration Committee sets and implements the Group's remuneration policy aimed at aligning the interests of Executive Directors and senior management with those of Imperial Brands' shareholders, ensuring that the Group's ability to attract and retain high-performing executives whilst incentivising the delivery of its strategic objectives and sustained returns for investors. The Remuneration Committee sets the remuneration package for each Executive Director and the Group's senior executives after taking advice principally from external resources, including from Deloitte LLP ("Deloitte"), Willis Towers Watson and Alithos Limited, which are engaged by the Remuneration Committee as required. FIT also reviews the Group's remuneration principles and practices against corporate governance best practice.

The members of the Remuneration Committee are: Sue Clark (Chair), Diane de Saint Victor, Ngozi Edozien, Robert (Bob) Kunze-Concewitz and Jon Stanton.

People & Governance Committee (formerly known as Succession & Nominations Committee)

The People & Governance Committee reviews and evaluates the composition and succession plans of the Board, its Committees and the Group's senior management to maintain an appropriate balance of skills, knowledge, experience, independence and diversity. The People & Governance Committee also nominates candidates for appointment to the Board and retains oversight of the development plans for members of the Group's executive leadership team together with the Group's wider organisational structure and talent management processes. Unless dealing with the succession of the Chair, Executive Directors are invited to attend the meetings of the People & Governance Committee when appropriate.

The members of the People & Governance Committee are: Thérèse Esperdy (Chair), Sue Clark, Diane de Saint Victor, Ngozi Edozien, Alan Johnson, Robert (Bob) Kunze-Concewitz, Andrew Gilchrist, Julie Hamilton and Jon Stanton.

Audit Committee

The Audit Committee assists the Board in fulfilling its corporate governance responsibilities. This includes oversight of the Group's external audit, internal control systems, risk management framework and process and internal audit department. The Audit Committee's responsibilities also include ensuring the integrity of the Group's financial statements and related announcements as well as the independence of the Group's external auditors. For the year ended 30 September 2023, the Audit Committee's responsibilities included, among others, evaluating the impact of the Group's strategic review process on critical judgments, estimates and disclosures, in particular on adjusted performance measures and NGP asset carrying values, reviewing the Group's tax strategy and strengthening the Group's internal control systems.

The members of the Audit Committee are: Jon Stanton (Chairman), Sue Clark, Andrew Gilchrist and Alan Johnson.

IMPERIAL BRANDS FINANCE PLC

IBF (formerly named Imperial Tobacco Finance PLC) was incorporated as a private company with limited liability under the laws of England and Wales on 14 June 1996. It was re-registered on 21 October 1997 as a public company limited by shares within the meaning of the Companies Act 1985 following a special resolution of its members on 20 October 1997. On 19 February 2016, IBF's name changed to Imperial Brands Finance PLC.

Its registered office is at 121 Winterstoke Road, Bristol BS3 2LL, United Kingdom (telephone number: +44 (0) 117 963 6636). It is registered with the Registrar of Companies in England and Wales with company number 03214426.

IBF is an indirect wholly-owned subsidiary of Imperial Brands. As at the date of this Prospectus, it has an issued share capital of £2,100,000,000 comprising 2,100,000,000 ordinary shares of £1 each.

IBF's principal activity is to provide treasury services to the Group. IBF, as the main financing and financial risk management company for the Group, undertakes transactions to manage the Group's financial risks, together with its financing and liquidity requirements. IBF has no subsidiaries of its own.

The following table sets forth the members of the board of directors and the company secretary of IBF as at the date of this Prospectus:

Name	Title
Lukas Paravicini ⁽¹⁾	Director
Mathew Slade ⁽²⁾	Director
David Tillekeratne.....	Director
Emily Carey ⁽³⁾	Company Secretary

Notes:

- (1) Also a board member of Imperial Brands.
- (2) Also a Director of IBFN.
- (3) Also Company Secretary of Imperial Brands.

The business address of IBF's directors is 121 Winterstoke Road, Bristol BS3 2LL, United Kingdom. None of the directors of IBF holds external positions outside the Group.

Except as otherwise indicated in the footnotes to the table above, there are no existing or potential conflicts of interest between any duties of its directors to IBF and/or their respective private interests and other duties.

IMPERIAL BRANDS FINANCE NETHERLANDS B.V.

IBFN was incorporated as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands on 22 May 2020 with registered number 861264824.

Its registered office is Slachtedyk 28a, 8501 ZA, Joure, Netherlands (telephone number: +31 (0) 513 480 228). It is registered with the commercial register in the Netherlands with company number 78106540.

IBFN is an indirect wholly-owned subsidiary of Imperial Brands. As at the date of this Prospectus, it has an issued share capital of €100 comprising 100 ordinary shares of €1 each.

IBFN is a finance company that conducts no business operations. IBFN has no subsidiaries of its own.

The following table sets forth the members of the board of directors of IBFN as at the date of this Prospectus:

<u>Board of Directors</u>	<u>Title</u>	<u>Other Directorships outside the Group</u>
Bartholomeus F.T. Alkemade	Director	Director of BaRo MarkITing B.V.
Mathew Slade ⁽¹⁾	Director	None
Jeroen van Zomeren	Director	None

Notes:

(1) Also a Director of IBF.

The business address of IBFN's directors is Slachtedyk 28a, 8501 ZA, Joure, Netherlands. Other than as stated in the table above, none of the directors of IBFN holds external positions outside the Group.

There are no existing or potential conflicts of interest between any duties of its directors to IBFN and/or their respective private interests and other duties.

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the “Clearing Systems”) currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuers, the Guarantor nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Information in this section has been derived from the Clearing Systems.

BOOK-ENTRY SYSTEMS

DTC

DTC has advised the Issuers that it is a limited purpose trust company organised under the New York Banking Law, a member of the Federal Reserve System, a “banking organisation” within the meaning of the New York Banking Law, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (“Direct Participants”) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and, together with Direct Participants, “Participants”). More information about DTC can be found at www.dtcc.com and www.dtc.org but such information is not incorporated by reference in and does not form part of this Prospectus.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the “DTC Rules”), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system (“DTC Notes”) as described below and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (“Owners”) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note (“Beneficial Owner”) is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the relevant Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the relevant Issuer or the relevant agent (or such other nominee as may be requested by an authorised representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not of DTC or the relevant Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the relevant Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

A Beneficial Owner shall give notice to elect to have its DTC Notes purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Notes by causing the Direct Participant to transfer the Participant's interest in the DTC Notes, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Notes to the relevant agent's DTC account.

DTC may discontinue providing its services as depositary with respect to the DTC Notes at any time by giving reasonable notice to the relevant Issuer or the relevant agent. Under such circumstances, in the event that a successor depositary is not obtained, DTC Note certificates are required to be printed and delivered.

The relevant Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depositary). In that event, DTC Note certificates will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

BOOK-ENTRY OWNERSHIP OF AND PAYMENTS IN RESPECT OF DTC NOTES

The relevant Issuer may apply to DTC in order to have any Tranche of Notes represented by a Global Certificate accepted in its book-entry settlement system. Upon the issue of any such Global Certificate, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Global Certificate to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Global Certificate will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Certificate, the respective depositories of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Global Certificate accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Global Certificate accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Global Certificate in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

Each Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. Each Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Issuing and Paying Agent, the Registrar or the relevant Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the relevant Issuer.

TRANSFERS OF NOTES REPRESENTED BY GLOBAL CERTIFICATES

Transfers of any interests in Notes represented by a Global Certificate within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some states within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Global Certificate to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Global Certificate accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Global Certificate

accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under “*Subscription and Sale and Transfer and Selling Restrictions*”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant Clearing System in accordance with its rules and through action taken by the Registrar, the Issuing and Paying Agent and any custodian (“Custodian”) with whom the relevant Global Certificate has been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Global Certificate will be effected through the Registrar, the Issuing and Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Certificates among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuers, the Guarantor, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their direct or indirect participants or accountholders of their obligations under the rules and procedures governing their operations nor will the Issuers, the Guarantor, any Agent or any Dealer have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

UK Taxation

The comments below are of a general nature based on the Issuers' understanding of current UK law as applied in England and Wales and published His Majesty's Revenue and Customs ("HMRC") practice (which may not be binding on HMRC), in each case as at the date of this Prospectus, relating only to the UK withholding tax treatment of interest (as that term is understood for UK tax purposes) in respect of the Notes. They do not deal with any other UK taxation implications of acquiring, holding or disposing of Notes or Coupons. They do not necessarily apply where the income is deemed for tax purposes to be the income of any person other than the Holder of the Note or Coupon. They relate only to the position of persons who are the absolute beneficial owners of the Notes and Coupons and may not apply to certain classes of persons such as dealers or certain professional investors. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes may affect the tax treatment. The UK tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. The following is a general guide. It is not intended to be exhaustive and should be treated with appropriate caution. ***Any Noteholders who may be subject to tax in a jurisdiction other than the UK or who are in doubt as to their personal tax position should consult their professional advisers. In particular, Noteholders should be aware that the tax legislation of any jurisdiction where a Noteholder is resident or otherwise subject to taxation (as well as the jurisdictions discussed below) may have an impact on the tax consequences of an investment in the Notes including in respect of any income received from the Notes.***

While the Notes carry a right to interest and are and continue to be listed on a recognised stock exchange within the meaning of Section 1005 of the Income Tax Act 2007, payments of interest that have a source in the UK may be made without withholding or deduction for or on account of UK income tax. The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the London Stock Exchange. HMRC guidance provides that securities admitted to trading on the Main Market (excluding the High Growth Segment) of the London Stock Exchange satisfy this test. Provided, therefore, that the Notes carry a right to interest and are and remain so listed, interest on the Notes will be payable without withholding or deduction for or on account of UK income tax.

If the Notes carry a right to interest and have a maturity date less than one year from the date of issue (and do not form part of any arrangement, the effect of which is to render such Notes part of a borrowing intended to be capable of remaining outstanding for one year or more), payments of interest that have a source in the UK may be made without withholding or deduction for or on account of UK income tax irrespective of whether or not the Notes are listed.

In all other cases, an amount must generally be withheld from payments of interest on the Notes that has a UK source for or on account of UK income tax at the basic rate (currently 20 per cent) subject to the availability of other exemptions and reliefs under domestic law including an exemption for certain payments of interest to which a company within the charge to UK corporation tax is beneficially entitled, or to any direction from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty (HMRC can issue a notice to the relevant Issuer to pay interest to the Noteholder without deduction of tax (or interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty)).

Payments of interest on the Notes that do not have a UK source may be made without withholding or deduction for or on account of UK income tax.

The UK withholding tax treatment of payments by the Guarantor under the terms of the Guarantee in respect of the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes) is uncertain. If the Guarantor makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes), such payments may be subject to withholding for or on account of UK income tax at the basic rate (currently 20 per cent) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other

exemption which may apply. Such payments by the Guarantor may not be eligible for the exemptions from the obligation to withhold tax described above.

Netherlands Taxation

The comments below are of a general nature based on the Issuers' understanding of current Dutch law as applied in the Netherlands relating only to the Dutch withholding tax treatment of interest payments in respect of the Notes. They do not deal with any other Dutch taxation implications of acquiring, holding or disposing of Notes or Coupons. The comments below do not purport to be a comprehensive description of all Dutch tax considerations that may be relevant. The comments are intended as general information only and are not intended to be exhaustive. They assume that there will be no substitution of the Issuers or further issues of securities that will form a single Series with the Notes, and do not address the consequences of any such substitution or further issue (notwithstanding that such substitution or further issue may be permitted by the terms and conditions of the Notes). Each prospective investor should consult a professional tax adviser with respect to the tax consequences of the acquisition, holding, redemption and disposal of Notes.

The comments in this part are based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Prospectus, and they do not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

Where the comments refer to the 'Netherlands' or 'Dutch', such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law.

All payments made by the Issuers under the Notes may – except in certain very specific cases as described below - be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, provided that the Notes do not in fact function as equity of the relevant Issuer within the meaning of article 10, paragraph 1, under d of the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

Dutch withholding tax may apply on certain (deemed) interest due and payable to an affiliated (*gelieerde*) entity of IBFN if such entity (i) is considered to be resident (*gevestigd*) in a jurisdiction that is listed in the yearly updated Dutch Regulation on low-taxing states and non-cooperative jurisdictions for tax purposes (*Regeling laagbelastende staten en niet-coöperatieve rechtsgebieden voor belastingdoeleinden*), or (ii) has a permanent establishment located in such jurisdiction to which the interest is attributable, or (iii) is entitled to the interest payable for the main purpose or one of the main purposes to avoid taxation of another person, or (iv) is not considered to be the recipient of the interest in its jurisdiction of residence because such jurisdiction treats another (lower-tier) entity as the recipient of the interest (hybrid mismatch), or (v) is not treated as resident anywhere (also a hybrid mismatch), or (vi) is a reverse hybrid whereby the jurisdiction of residence of a higher-tier beneficial owner (*achterliggende participant*) that has a qualifying interest (*kwalificerend belang*) in the reverse hybrid treats the reverse hybrid as tax transparent and that higher-tier beneficial owner (*achterliggende participant*) would have been taxable based on one (or more) of the items in (i)-(v) above had the interest been due to him directly, all within the meaning of the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*).

United States Federal Income Taxation

The following summary discusses the principal U.S. federal income tax consequences of the ownership and disposition of the Notes. Except as specifically noted below, this discussion applies only to:

- Notes purchased on original issuance at their “issue price” (as defined below);
- Notes held as capital assets; and
- U.S. Holders (as defined below).

This discussion assumes that the Notes will be treated as debt for U.S. federal income tax purposes.

Prospective investors should note, however, that the classification of an instrument as debt or equity is highly factual, and it is possible that Notes might be issued that might be classified as equity for U.S. federal income tax purposes. No rulings have been or will be sought from the U.S. Internal Revenue Service (the “IRS”) with respect to the classification of the Notes in general or with respect to any particular Notes. Prospective investors should consult their own advisors with respect to the proper classification of the Notes and the consequences of investing in any Notes that are not classified as debt for U.S. federal income tax purposes, including whether any such Notes might be considered to be interests in a passive foreign investment company for U.S. federal income tax purposes, which could have materially adverse consequences for U.S. taxable investors. This disclosure does not cover the U.S. federal income tax consequences of every Note that may be issued under the Programme. Additional U.S. federal income tax consequences may be described in an applicable supplement.

This discussion does not describe all of the tax consequences that may be relevant in light of a holder's particular circumstances or to Noteholders subject to special rules, such as:

- financial institutions;
- insurance companies;
- dealers in securities or currencies;
- persons holding Notes as part of a hedging transaction, “straddle”, conversion transaction or other integrated transaction;
- U.S. Holders holding Notes in connection with a trade or business outside the United States;
- former citizens or residents of the United States;
- U.S. Holders whose functional currency is not the U.S. dollar; or
- partnerships or entities or arrangements classified as partnerships for U.S. federal income tax purposes.

This summary is based on the Internal Revenue Code of 1986, as amended to the date hereof (the “Code”), administrative pronouncements, judicial decisions and final, temporary and proposed U.S. Treasury Regulations, as of the day hereof, changes to any of which subsequent to the date of this Prospectus may affect the tax consequences described below. Persons considering the purchase of the Notes should consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations (including the application of the alternative minimum tax, special tax accounting rules that apply to accrual basis taxpayers under Section 451(b) of the Code and the Medicare tax on net investment income) as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

This summary does not discuss Bearer Notes or Exchangeable Bearer Notes. In general, U.S. federal income tax law imposes significant limitations on U.S. Holders of Bearer Notes or Exchangeable Bearer Notes. U.S.

Holders should consult their tax advisors regarding the U.S. federal income and other tax consequences of the acquisition, ownership and disposition of Bearer Notes or Exchangeable Bearer Notes.

As used herein, the term “U.S. Holder” means a beneficial owner of a Note that is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation created or organised in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source;
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust; or

A “Non-U.S. Holder” is a beneficial owner of Notes that is neither a U.S. Holder nor an entity or arrangement treated as a partnership for U.S. federal income tax purposes.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds Notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Partners of such entities or arrangements holding Notes should consult with their tax advisors regarding the tax consequences of an investment in the Notes.

Payments of Stated Interest

Interest paid on a Note will generally be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the Holders of a Note's method of accounting for U.S. federal income tax purposes, **provided that** the interest is “qualified stated interest” (as defined below).

Interest income (including original issue discount, as discussed below) earned by a U.S. Holder with respect to a Note will constitute foreign source income for U.S. federal income tax purposes, which may be relevant in calculating the U.S. Holder's foreign tax credit limitation. The rules regarding foreign tax credits are complex and prospective investors should consult their tax advisors about the application of such rules to them in their particular circumstances. Special rules governing the treatment of interest paid with respect to original issue discount notes and foreign currency notes are described under “*Taxation – United States Federal Income Taxation – Original Issue Discount*”, “*Taxation – United States Federal Income Taxation – Contingent Payment Debt Instruments*” and “*Taxation – United States Federal Income Taxation – Foreign Currency Notes*”.

Pre-Issuance Accrued Interest

If a portion of the price paid for a Note is attributable to an amount of interest accrued prior to the date the Note is issued (the “pre-issuance accrued interest”), the Issuer intends to treat a portion of the first interest payment on the Notes equal to the amount of the pre-issuance accrued interest as a non-taxable return of the pre-issuance accrued interest. This discussion assumes that the first interest payment on Notes with pre-issuance accrued interest will be so treated, and references to interest in the remainder of this discussion exclude pre-issuance accrued interest. This discussion assumes that in determining the issue price of a Note, there will be excluded an amount equal to the pre-issuance accrued interest. Pre-issuance accrued interest not included in income should not form part of any amortisable bond premium (as described below under “*Taxation – United States Federal Income Taxation – Acquisition Premium and Amortisable Bond Premium*”). A U.S. Holder's tax basis in a Note will be reduced by any non-taxable return of pre-issuance accrued interest. This discussion does not otherwise address the treatment of pre-issuance accrued interest, and U.S. Holders should consult their tax advisors concerning the U.S. federal income tax treatment of pre-issuance accrued interest.

Original Issue Discount

A Note that has an “issue price” that is less than its “stated redemption price at maturity” will be considered to have been issued with original issue discount for U.S. federal income tax purposes (and will be referred to as an “original issue discount Note”) unless the Note satisfies a *de minimis* threshold (as described below) or is a short-term Note (as defined below). The “issue price” of a Note generally will be the first price at which a substantial amount of the Notes are sold to the public (which does not include sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers). The “stated redemption price at maturity” of a Note generally will equal the sum of all payments required to be made under the Note other than payments of “qualified stated interest”. “Qualified stated interest” is stated interest unconditionally payable (other than in debt instruments of the relevant Issuer) at least annually during the entire term of the Note and equal to the outstanding principal balance of the Note multiplied by a single fixed rate of interest. In addition, qualified stated interest includes, among other things, stated interest on a variable rate debt instrument (as described below under *Taxation – United States Federal Income Taxation – Variable Rate Debt Instruments*) that is unconditionally payable (other than in debt instruments of the relevant Issuer) at least annually at a single qualified floating rate of interest or at a rate that is determined at a single fixed formula that is based on objective financial or economic information. A rate is a qualified floating rate if variations in the rate can reasonably be expected to measure contemporaneous fluctuations in the cost of newly borrowed funds in the currency in which the Note is denominated.

If the difference between a Note's stated redemption price at maturity and its issue price is less than a *de minimis* amount, i.e., $\frac{1}{4}$ of 1 per cent of the stated redemption price at maturity multiplied by the number of complete years to maturity, the Note will not be considered to have original issue discount. An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an “instalment obligation”) will be treated as issued with more than a *de minimis* discount if the excess of the Note's stated redemption price at maturity over its issue price is equal to or greater than 0.25 per cent of the Note's stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. U.S. Holders of Notes with a *de minimis* amount of original issue discount will include this original issue discount in income, as capital gain, on a *pro rata* basis as principal payments are made on the Note.

A U.S. Holder of original discount Notes will be required to include any qualified stated interest payments in income in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes. U.S. Holders of original issue discount Notes that mature more than one year from their date of issuance will be required to include original issue discount in income for U.S. federal tax purposes as it accrues in accordance with a constant yield method based on a compounding of interest, regardless of whether cash attributable to this income is received.

A U.S. Holder may make an election to include in gross income all interest that accrues on any Note (including stated interest, original issue discount, *de minimis* original issue discount, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium or acquisition premium) in accordance with a constant yield method based on the compounding of interest, and may revoke such election only with the permission of the IRS (a “constant yield election”).

A Note that matures one year or less from its date of issuance (a “short-term Note”) will be treated as being issued at a discount and none of the interest paid on the Note will be treated as qualified stated interest. In general, a cash method U.S. Holder of a short-term Note is not required to accrue the discount for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). U.S. Holders who so elect and certain other U.S. Holders, including those who report income on the accrual method of accounting for U.S. federal income tax purposes, are required to include the discount in income as it accrues on a straight-line basis, unless another election is made to accrue the discount according to a constant yield method based on daily compounding. In the case of a U.S. Holder who is not required and who does not elect to include the discount in income currently, any gain realised on the sale, exchange, or retirement of the short-term Note will be ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant yield method based on daily compounding).

through the date of sale, exchange or retirement. In addition, those U.S. Holders will be required to defer deductions for any interest paid on indebtedness incurred to purchase or carry short-term Notes in an amount not exceeding the accrued discount until the accrued discount is included in income.

The relevant Issuer may have an unconditional option to redeem, or U.S. Holders may have an unconditional option to require the relevant Issuer to redeem, a Note prior to its stated maturity date. Under applicable regulations, if the relevant Issuer has an unconditional option to redeem a Note prior to its stated maturity date, this option will be presumed to be exercised if, by utilising any date on which the Note may be redeemed as the maturity date and the amount payable on that date in accordance with the terms of the Note as the stated redemption price at maturity, the yield on the Note would be lower than its yield to maturity. If the U.S. Holders have an unconditional option to require the relevant Issuer to redeem a Note prior to its stated maturity date, this option will be presumed to be exercised if making the same assumptions as those set forth in the previous sentence, the yield on the Note would be higher than its yield to maturity. If this option is not in fact exercised, the Note would be treated solely for purposes of calculating original issue discount as if it were redeemed, and a new Note were issued, on the presumed exercise date for an amount equal to the Note's adjusted issue price on that date. The adjusted issue price of a Note is defined as the sum of the issue price of the Note and the aggregate amount of previously accrued original issue discount, less any prior payments other than payments of qualified stated interest.

Variable Rate Debt Instruments

A Note that provides for interest at variable rates (a "Variable Interest Rate Note") will qualify as a variable rate debt instrument if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount and (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate.

A qualified floating rate is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Note.

An objective rate is a rate that is not itself a qualified floating rate but one which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the relevant Issuer (or a related party) or that is unique to the circumstances of the relevant Issuer (or a related party), such as dividends, profits or the value of the relevant Issuer's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the relevant Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note's term. A qualified inverse floating rate is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate

Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a current value of that rate. A current value of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a variable rate debt instrument, then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the relevant Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a variable rate debt instrument generally will not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a true discount (i.e., at a price below the Note's stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from a true discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a variable rate debt instrument will be converted into an equivalent fixed rate debt instrument for purposes of determining the amount and accrual of OID and the qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an equivalent fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a variable rate debt instrument and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an equivalent fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an equivalent fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the equivalent fixed rate debt instrument by applying the general OID rules to the equivalent fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the equivalent fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the equivalent fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

Market Discount

If a U.S. Holder purchases a Note (other than a short-term Note) for an amount that is less than its stated redemption price at maturity or, in the case of an original issue discount Note, its adjusted issue price, the amount of the difference will be treated as market discount for U.S. federal income tax purposes, unless this difference is less than a specified *de minimis* amount.

A U.S. Holder will be required to treat any principal payment (or, in the case of an original issue discount Note, any payment that does not constitute qualified stated interest) on, or any gain on the sale, exchange, retirement or other disposition of a Note, including disposition in certain non-recognition transactions, as foreign source ordinary income to the extent of the market discount accrued on the Note at the time of the payment or disposition unless this market discount has been previously included in income by the U.S. Holder pursuant to an election by the U.S. Holder to include market discount in income as it accrues, or pursuant to a constant yield election by the U.S. Holder (as described under “*Taxation – United States Federal Income Taxation – Original Issue Discount*”). In addition, the U.S. Holder may be required to defer, until the maturity of the Note or its earlier disposition (including certain non-taxable transactions), the deduction of all or a portion of the interest expense on any indebtedness incurred or maintained to purchase or carry such Note.

If a U.S. Holder makes a constant yield election (as described under “*Taxation – United States Federal Income Taxation – Original Issue Discount*”) for a Note with market discount, such election will result in a deemed election for all market discount bonds acquired by the U.S. Holder on or after the first day of the first taxable year to which such election applies.

Acquisition Premium and Amortisable Bond Premium

A U.S. Holder who purchases a Note for an amount that is greater than the Note's adjusted issue price but less than or equal to the sum of all amounts payable on the Note after the purchase date other than payments of qualified stated interest will be considered to have purchased the Note at an acquisition premium. Under the acquisition premium rules, the amount of original issue discount that the U.S. Holder must include in its gross income with respect to the Note for any taxable year will be reduced by the portion of acquisition premium properly allocable to that year.

If a U.S. Holder purchases a Note for an amount that is greater than the amount payable at maturity, or on the earlier call date, in the case of a Note that is redeemable at the relevant Issuer's option, the U.S. Holder will be considered to have purchased the Note with amortisable bond premium equal in amount to the excess of the purchase price over the amount payable at maturity. The U.S. Holder may elect to amortise this premium, using a constant yield method, over the remaining term of the Note (where the Note is not optionally redeemable prior to its maturity date). If the Note may be optionally redeemed prior to maturity after the U.S. Holder has acquired it, the amount of amortisable bond premium is determined by substituting the call date for the maturity date and the call price for the amount payable at maturity only if the substitution results in a smaller amount of premium attributable to the period before the redemption date. A U.S. Holder who elects to amortise bond premium must reduce his tax basis in the Note by the amount of the premium amortised in any year. An election to amortise bond premium applies to all taxable debt obligations then owned and thereafter acquired by the U.S. Holder and may be revoked only with the consent of the IRS.

If a U.S. Holder makes a constant yield election (as described under “*Taxation – United States Federal Income Taxation – Original Issue Discount*”) for a Note with amortisable bond premium, such election will result in a deemed election to amortise bond premium for all of the U.S. Holder's debt instruments with amortisable bond premium.

Sale, Exchange or Retirement of the Notes

Upon the sale, exchange or retirement of a Note, a U.S. Holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will equal the acquisition cost of the Note increased by the amount of OID and market discount included in the U.S. Holder's gross income and decreased by any bond premium or acquisition premium previously amortised and the amount of any payment received from the relevant Issuer other than a payment of qualified stated interest. Except to the extent attributable to market discount or to fluctuation in exchange rates, gain or loss, if any, will generally be U.S. source income for purposes of computing a U.S. Holder's foreign tax credit limitation. For these purposes, the amount realised does not include any amount attributable to accrued but unpaid interest on the Note. Amounts attributable to accrued but unpaid interest are treated as interest as described under “*Taxation – United States Federal Income Taxation – Payments of Interest*”.

Except as described below, gain or loss realised on the sale, exchange or retirement of a Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the Note has been held for more than one year. Exceptions to this general rule apply to the extent of any accrued market discount or, in the case of a short-term Note, to the extent of any accrued discount not previously included in the U.S. Holder's taxable income. See "*Taxation – United States Federal Income Taxation – Original Issue Discount*" and "*Taxation – United States Federal Income Taxation – Market Discount*". In addition, other exceptions to this general rule apply in the case of foreign currency Notes, and contingent payment debt instruments. See "*Taxation – United States Federal Income Taxation – Foreign Currency Notes*" and "*Taxation – United States Federal Income Taxation – Contingent Payment Debt Instruments*". The deductibility of capital losses is subject to limitations.

Contingent Payment Debt Instruments

If the terms of the Notes provide for certain contingencies that affect the timing and amount of payments (including Notes with a variable rate or rates that do not qualify as "variable rate debt instruments" for purposes of the original issue discount rules) they will be "contingent payment debt instruments" for U.S. federal income tax purposes. Under the rules that govern the treatment of contingent payment debt instruments, no payment on such Notes qualifies as qualified stated interest. Rather, a U.S. Holder must account for interest for U.S. federal income tax purposes based on a "comparable yield" and the differences between actual payments on the Note and the Note's "projected payment schedule" as described below. The comparable yield is determined by the relevant Issuer at the time of issuance of the Notes. The comparable yield may be greater than or less than the stated interest, if any, with respect to the Notes. Solely for the purpose of determining the amount of interest income that a U.S. Holder will be required to accrue on a contingent payment debt instrument, the Group will be required to construct a "projected payment schedule" that represents a series of payments the amount and timing of which would produce a yield to maturity on the contingent payment debt instrument equal to the comparable yield.

Neither the comparable yield nor the projected payment schedule constitutes a representation by the relevant Issuer regarding the actual amount, if any, that the contingent payment debt instrument will pay.

For U.S. federal income tax purposes, a U.S. Holder will be required to use the comparable yield and the projected payment schedule established by the relevant Issuer in determining interest accruals and adjustments in respect of an optionally exchangeable Note, unless the U.S. Holder timely discloses and justifies the use of a different comparable yield and projected payment schedule to the IRS.

A U.S. Holder, regardless of the U.S. Holder's method of accounting for U.S. federal income tax purposes, will be required to accrue interest income on a contingent payment debt instrument at the comparable yield, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of any contingent payments on the contingent payment instrument (as set forth below).

A U.S. Holder will be required to recognise interest income equal to the amount of any net positive adjustment, i.e., the excess of actual payments over projected payments, in respect of a contingent payment debt instrument for a taxable year. A net negative adjustment, i.e., the excess of projected payments over actual payments, in respect of a contingent payment debt instrument for a taxable year:

- will first reduce the amount of interest in respect of the contingent payment debt instrument that a Noteholder would otherwise be required to include in income in the taxable year; and
- to the extent of any excess, will give rise to an ordinary loss equal to so much of this excess as does not exceed the excess of:
 - the amount of all previous interest inclusions under the contingent payment debt instrument, over
 - the total amount of the U.S. Holder's net negative adjustments treated as ordinary loss on the contingent payment debt instrument in prior taxable years.

Any net negative adjustment in excess of the amounts described above will be carried forward to offset future interest income in respect of the contingent payment debt instrument or to reduce the amount realised on a sale, exchange or retirement of the contingent payment debt instrument. Where a U.S. Holder purchases a contingent payment debt instrument for a price other than its adjusted issue price, the difference between the purchase price and the adjusted issue price must be reasonably allocated to the daily portions of interest or projected payments with respect to the contingent payment debt instrument over its remaining term and treated as a positive or negative adjustment, as the case may be, with respect to each period to which it is allocated.

Upon a sale, exchange or retirement of a contingent payment debt instrument, a U.S. Holder generally will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the U.S. Holder's adjusted basis in the contingent payment debt instrument. A U.S. Holder's adjusted basis in a Note that is a contingent payment debt instrument generally will be the acquisition cost of the Note, increased by the interest previously accrued by the U.S. Holder on the Note under these rules, disregarding any net positive and net negative adjustments, and decreased by the amount of any non-contingent payments and the projected amount of any contingent payments previously made on the Note. A U.S. Holder generally will treat any gain as foreign source interest income, and any loss as ordinary loss to the extent of the excess of previous interest inclusions in excess of the total net negative adjustments previously taken into account as ordinary losses, and the balance as capital loss. The deductibility of capital losses is subject to limitations.

A U.S. Holder will have a tax basis in any property, other than cash, received upon the retirement of a contingent payment debt instrument including in satisfaction of a conversion right or a call right equal to the fair market value of the property, determined at the time of retirement. The U.S. Holder's holding period for the property will commence on the day immediately following its receipt.

Special rules apply to contingent payment debt instruments that are denominated, or provide for payments, in a currency other than the U.S. dollar ("Foreign Currency Contingent Debt Instruments"). Very generally, these instruments are accounted for like a contingent debt instrument, as described above, but in the currency of the Foreign Currency Contingent Debt Instruments. The relevant amounts must then be translated into U.S. dollar equivalents. The rules applicable to Foreign Currency Contingent Debt Instruments are complex and U.S. Holders are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of the ownership and disposition of such instruments.

Foreign Currency Notes

The following discussion summarises the principal U.S. federal income tax consequences to a U.S. Holder of the ownership and disposition of Notes that are denominated in a specified single currency other than the U.S. dollar or the payments of interest or principal on which are payable in a single currency other than the U.S. dollar ("foreign currency Notes").

The rules applicable to foreign currency Notes could require some or all gain or loss on the sale, exchange or other disposition of a foreign currency Note to be re-characterised as ordinary income or loss. The rules applicable to foreign currency Notes are complex and may depend on the U.S. Holder's particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a U.S. Holder should make any of these elections may depend on the U.S. Holder's particular U.S. federal income tax situation. U.S. Holders are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of the ownership and disposition of foreign currency Notes.

A U.S. Holder who uses the cash method of accounting and who receives a payment of qualified stated interest in a foreign currency with respect to a foreign currency Note will be required to include in income the U.S. dollar value of the foreign currency payment (determined on the date the payment is received) regardless of whether the payment is in fact converted to U.S. dollars at the time, and this U.S. dollar value will be the U.S. Holder's tax basis in the foreign currency. A cash method U.S. Holder who receives a payment of qualified stated interest in U.S. dollars pursuant to an option available under such Note will be required to include the amount of this payment in income upon receipt.

An accrual method U.S. Holder will be required to include in income the U.S. dollar value of the amount of interest income (including original issue discount or market discount, but reduced by acquisition premium and

amortisable bond premium, to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a foreign currency Note during an accrual period. The U.S. dollar value of the accrued income will be determined by translating the income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. The U.S. Holder will recognise ordinary income or loss with respect to accrued interest income on the date the income is actually received. The amount of ordinary income or loss recognised will equal the difference between the U.S. dollar value of the foreign currency payment received (determined on the date the payment is received) in respect of the accrual period (or, where a U.S. Holder receives U.S. dollars, the amount of the payment in respect of the accrual period) and the U.S. dollar value of interest income that has accrued during the accrual period (as determined above). Rules similar to these rules apply in the case of a cash method taxpayer required to currently accrue original issue discount or market discount.

An accrual method U.S. Holder may elect to translate interest income (including original issue discount) into U.S. dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

Original issue discount, market discount, acquisition premium and amortisable bond premium on a foreign currency Note are to be determined in the relevant foreign currency. Where the taxpayer elects to include market discount in income currently, the amount of market discount will be determined for any accrual period in the relevant foreign currency and then translated into U.S. dollars on the basis of the average rate in effect during the accrual period. Exchange gain or loss realised with respect to such accrued market discount shall be determined in accordance with the rules relating to accrued interest described above.

If an election to amortise bond premium is made, amortisable bond premium taken into account on a current basis shall reduce interest income in units of the relevant foreign currency. Exchange gain or loss is realised on amortised bond premium with respect to any period by treating the bond premium amortised in the period in the same manner as on the sale, exchange or retirement of the foreign currency Note. Any exchange gain or loss will be ordinary income or loss as described below.

If the election is not made, any loss realised on the sale, exchange or retirement of a foreign currency Note with amortisable bond premium by a U.S. Holder who has not elected to amortise the premium will be a capital loss to the extent of the bond premium.

A U.S. Holder's tax basis in a foreign currency Note, and the amount of any subsequent adjustment to the U.S. Holder's tax basis, will be the U.S. dollar value amount of the foreign currency amount paid for such foreign currency Note, or of the foreign currency amount of the adjustment, determined on the date of the purchase or adjustment. A U.S. Holder who purchases a foreign currency Note with previously owned foreign currency will recognise ordinary income or loss in an amount equal to the difference, if any, between such U.S. Holder's tax basis in the foreign currency and the U.S. dollar fair market value of the foreign currency Note on the date of purchase.

Gain or loss realised upon the sale, exchange or retirement of a foreign currency Note that is attributable to fluctuation in currency exchange rates will be ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between: (i) the U.S. dollar value of the foreign currency purchase price of the Note, determined on the date the payment is received or the Note is disposed of; and (ii) the U.S. dollar value of the foreign currency purchase price of the Note, determined on the date the U.S. Holder acquired the Note. Payments received attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest on foreign currency Notes described above. The foreign currency gain or loss will be recognised only to the extent of the total gain or loss realised by the U.S. Holder on the sale, exchange or retirement of the foreign currency Note. The source of the foreign currency gain or loss will be determined by reference to the residence of the U.S. Holder or the "qualified business unit" of the U.S. Holder on whose books the Note is properly reflected. Any gain or loss realised by these U.S. Holders in excess of the foreign currency gain or loss will be capital gain or loss except to the extent of any accrued market discount or, in the case of short-term Note, to the extent of any discount not previously included in the U.S. Holder's income. U.S. Holders should consult

their own tax advisor with respect to the tax consequences of receiving payments in a currency different from the currency in which payments with respect to such Note accrue.

A U.S. Holder will have a tax basis in any foreign currency received on the sale, exchange or retirement of a foreign currency Note equal to the U.S. dollar value of the foreign currency, determined at the time of sale, exchange or retirement. A cash method taxpayer who buys or sells a foreign currency Note is required to translate units of foreign currency paid or received into U.S. dollars at the spot rate on the settlement date of the purchase or sale. Accordingly, no exchange gain or loss will result from currency fluctuations between the trade date and the settlement date of the purchase or sale. An accrual method taxpayer may elect the same treatment for all purchases and sales of foreign currency obligations, **provided that** the Notes are traded on an established securities market. This election cannot be changed without the consent of the IRS. Any gain or loss realised by a U.S. Holder on a sale or other disposition of foreign currency (including its exchange for U.S. dollars or its use to purchase foreign currency Notes) will be ordinary income or loss.

Benchmark Amendments

Under the terms and conditions of the Notes, the relevant Issuer may in certain cases change the reference rate in respect of the Floating Rate Notes to a Successor Reference Rate or Alternative Reference Rate (such change, a “Benchmark Amendment”). It is possible that a Benchmark Amendment will be treated as a deemed exchange of old notes for new notes, which may be taxable to U.S. Holders, or may affect the calculation of OID. U.S. Holders should consult with their own tax advisors regarding the potential consequences of a Benchmark Amendment.

Taxation of Non-U.S. Holders

Subject to the backup withholding and FATCA rules described below, a Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any payments on the Notes and gain from the sale, redemption or other disposition of the Notes unless: (i) that payment and/or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business in the U.S.; (ii) in the case of any gain realised on the sale or exchange of a Note by an individual Non-U.S. Holder, that holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met; or (iii) the Non-U.S. Holder is subject to tax pursuant to provisions of the Code applicable to certain expatriates.

Backup Withholding and Information Reporting

Information returns may be filed with the IRS in connection with payments on the Notes and the proceeds from a sale or other disposition of the Notes. A U.S. Holder may be subject to U.S. backup withholding on these payments if it fails to provide its tax identification number to the paying agent and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle them to a refund, **provided that** the required information is timely furnished to the IRS. Non-U.S. Holders may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding.

Reportable Transactions

A U.S. taxpayer that participates in a “reportable transaction” will be required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if the loss exceeds U.S.\$50,000 in a single taxable year if the U.S. Holder is an individual or trust, or higher amounts for other U.S. Holders. In the event the acquisition, ownership or disposition of Notes constitutes participation in a “reportable transaction” for purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form 8886 with the IRS. Prospective purchasers should consult their tax advisors regarding the application of these rules to the acquisition, ownership or disposition of Notes.

Foreign Financial Asset Reporting

Certain U.S. Holders that own “specified foreign financial assets” that meet certain U.S. dollar value thresholds generally are required to file an information report with respect to such assets with their tax returns. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements unless the Notes are held in an account at certain financial institutions. U.S. Holders are urged to consult their tax advisers regarding the application of these disclosure requirements to their ownership of the Notes.

The U.S. federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a U.S. Holder's particular situation. U.S. Holders should consult their own tax advisers with respect to the tax consequences to them of the ownership and disposition of the Notes, including the tax consequences under state, local, foreign and other tax laws and the possible effects of changes in U.S. federal or other tax laws.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the Code, commonly known as FATCA, a “foreign financial institution” (as defined by FATCA, and including an intermediary through which Notes are held) may be required to withhold at a rate of 30 per cent on certain payments it makes (“foreign passthru payments”) to persons that fail to meet certain certification, reporting, or related requirements. The term “foreign passthru payment” is not yet defined. A number of jurisdictions (including the UK) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. A foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply to foreign passthru payments prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the relevant issuer). However, if additional Notes (as described in Condition 15) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

The proposed financial transactions tax (“FTT”)

On 14 February 2013, the European Commission published a proposal (the “Commission’s Proposal”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “participating Member States”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5I of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad

range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the Commission's Proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional European Union Member States may decide to participate.

Prospective Holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

Summary of Programme Agreement

Subject to the terms and on the conditions contained in an amended and restated programme agreement dated 16 February 2024 (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the “Programme Agreement”) between the Issuers, the Guarantor, the Dealers and the Arranger, the Notes will be offered on a continuous basis by an Issuer to the Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by an Issuer through the Dealers, acting as agents of the relevant Issuer. The Programme Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The relevant Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuers have agreed to reimburse the Dealers for certain of their activities in connection with the Programme.

The Issuers have agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Programme Agreement provides that the obligations of the Dealers to subscribe for Notes may be subject to certain conditions precedent and entitles the Dealers to terminate any agreement that they make to subscribe for Notes in certain circumstances prior to payment for such Notes being made to the relevant Issuer.

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Registered Notes (other than a person purchasing an interest in a Global Certificate with a view to holding it in the form of an interest in the same Global Certificate) or person wishing to transfer an interest from one Global Certificate to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Global Certificate with a view to holding it in the form of an interest in the same Global Certificate will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (a) that either: (a) it is a QIB, purchasing (or holding) the Notes and the Guarantee for its own account or for the account of one or more QIBs and it is aware, and each beneficial owner of such Notes and Guarantee has been advised, that any sale to it is being made in reliance on Rule 144A or (b) it is located outside the United States and is not a U.S. person (within the meaning of Regulation S), and it is not an affiliate of the relevant Issuer or a person acting on behalf of such an affiliate;
- (b) that it, and each account for which it is purchasing, will hold and transfer at least the minimum denomination of the Notes;
- (c) that it understands that the relevant Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositories;
- (d) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes and the guarantee relating to the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and neither the Issuers nor the Guarantor has registered or intends to register as an investment company under the Investment Company Act and, accordingly, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (e) that, unless it holds an interest in a Regulation S Global Certificate and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise

transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the expiration of the applicable required holding period determined pursuant to Rule 144 of the Securities Act from the later of the last Issue Date for the Series and the last date on which the relevant Issuer or an affiliate of the relevant Issuer was the owner of such Notes, only (a) to the relevant Issuer or any affiliate thereof, (b) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

- (f) that it will, and will require each subsequent holder to, notify any purchaser or transferee, as applicable, of the Notes from it of the resale and transfer restrictions referred to in paragraph (e) above, if then applicable;
- (g) that Notes initially offered in the United States to QIBs will be represented by one or more DTC Restricted Global Certificate and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Certificates;
- (h) that it understands that the relevant Issuer has the power to compel any beneficial owner of Notes represented by a DTC Restricted Global Certificate that is a U.S. person and is not a QIB to sell its interest in such Notes, or may sell such interest on behalf of such owner. The relevant Issuer has the right to refuse to honour the transfer of an interest in any DTC Restricted Global Certificate to a U.S. person who is not a QIB. Any purported transfer of an interest in a DTC Restricted Global Certificate to a purchaser that does not comply with the requirements of the transfer restrictions herein will be of no force and effect and will be void; that except as otherwise provided in any supplement to this Prospectus, either (1) it is not, and is not acting on behalf of, a Plan or a governmental, church or non-U.S. plan which is subject to any Similar Law or (2) its acquisition, holding and disposition of such Notes (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any Similar Law; if it is, or is acting on behalf of, a Plan, (i) none of the relevant Issuer, the Guarantor, the Arranger, the Dealers, the Trustee, any Agent or any other party to the transactions referred to in this Prospectus or any of their respective affiliates has provided any investment recommendation or investment advice on which it, or any Plan Fiduciary, has relied as a primary basis in connection with its decision to invest in the Notes, and they are not otherwise undertaking to act as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Plan or the Plan Fiduciary in connection with the Plan's acquisition of the Notes and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the Notes;
- (i) that the Notes in registered form, other than the Regulation S Global Certificates, will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

“NEITHER THIS SECURITY NOR THE GUARANTEE THEREOF HAVE BEEN NOR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND NEITHER THE ISSUER NOR THE GUARANTOR HAS REGISTERED OR INTENDS TO REGISTER AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**INVESTMENT COMPANY ACT**”), AND, ACCORDINGLY, THE SECURITIES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A “**QUALIFIED INSTITUTIONAL BUYER**” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (“**QIB**”), PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBs IN A MINIMUM PRINCIPAL AMOUNT OF U.S.\$200,000 (OR THE EQUIVALENT AMOUNT IN A FOREIGN CURRENCY) THAT IS NOT A PLAN OR TRUST FUND REFERRED TO IN PARAGRAPH (a)(1)(i)(D), (E) OR (F) OF RULE 144A IF INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE BY THE

BENEFICIARIES OF THE PLAN; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO EXPIRATION OF THE APPLICABLE REQUIRED HOLDING PERIOD DETERMINED PURSUANT TO RULE 144 OF THE SECURITIES ACT FROM THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QIB WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR REALES OF THE SECURITY. ”;

- (j) that the Notes in registered form which are registered in the name of a nominee of DTC will bear an additional legend to the following effect unless otherwise agreed to by the relevant Issuer:

“UNLESS THIS GLOBAL CERTIFICATE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION, (DTC), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY REGISTERED NOTE ISSUED IN EXCHANGE FOR THIS GLOBAL CERTIFICATE OR ANY PORTION HEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORISED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL SECURITY MAY NOT BE EXCHANGED, IN WHOLE OR IN PART, FOR A SECURITY REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY TRUST COMPANY OR A NOMINEE THEREOF EXCEPT IN THE LIMITED CIRCUMSTANCES SET FORTH IN THIS GLOBAL SECURITY, AND MAY NOT BE TRANSFERRED, IN WHOLE OR IN PART, EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THIS LEGEND. BENEFICIAL INTERESTS IN THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH THIS LEGEND.”;

- (k) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering of any Series of Notes and the closing date with respect to the original issuance of the Notes), it will do so only (a) (i) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Certificates will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

“THE NOTES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE

“SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF ANY SERIES OF NOTES AND THE CLOSING DATE; and

- (l) that the relevant Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the relevant Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.\$200,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$200,000 (or its foreign currency equivalent).

Prospective purchasers are hereby notified that sellers of the Notes and Guarantee may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Selling Restrictions

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S (“Regulation S Notes”), each Dealer has represented, warranted, undertaken and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant, undertake and agree, that it will not offer, sell or deliver such Regulation S Notes and the Guarantee (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of any Series of Notes and the closing date, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes and the Guarantee within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the two preceding paragraphs have the meanings given to them by Regulation S under the Securities Act.

The Bearer Notes and Exchangeable Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury Regulations promulgated thereunder (the “Code”).

In respect of Bearer Notes and Exchangeable Bearer Notes where TEFRA D is specified in the applicable Final Terms each Dealer will be required to represent, undertake and agree (and each additional Dealer appointed under the Programme will be required to represent, undertake and agree) that:

- (a) except to the extent permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (or any substantially identical successor United States Treasury regulation section, including without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the “D Rules”), (i) that it has not offered or sold, and during the 40 day restricted period it will not offer or sell, Bearer Notes or Exchangeable Bearer Notes to a person who is within the United States or its possessions or to a United States person, and (ii) that it has not delivered and agrees that it will not deliver within the United States or its possessions Definitive Notes that are sold during the restricted period;
- (b) it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes or Exchangeable Bearer Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, it is acquiring Bearer Notes or Exchangeable Bearer Notes for purposes of resale in connection with their original issuance and if it retains Bearer Notes or Exchangeable Bearer Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6) (or any substantially identical successor United States Treasury regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010);
- (d) with respect to each affiliate that acquires Bearer Notes or Exchangeable Bearer Notes for the purpose of offering or selling such Notes during the restricted period, such Dealer repeats and confirms the representations and agreements contained in subparagraphs (a), (b) and (c) on such affiliate’s behalf; and
- (e) it will obtain from any distributor (within the meaning of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(4)(ii)) (or any substantially identical successor United States Treasury regulation section, including without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) that purchases any Bearer Notes or Exchangeable Bearer Notes from it pursuant to a written contract with such Dealer (except a distributor that is one of its affiliates or is another Dealer), for the benefit of the relevant Issuer and each other Dealer, the representations contained in, and such distributor’s agreement to comply with, the provisions of subparagraphs (a), (b), (c) and (d) of this paragraph insofar as they relate to the D Rules, as if such distributor were a Dealer hereunder.

Terms used in this paragraph have the meanings given to them by the Code and Treasury regulations thereunder, including the D Rules.

Until 40 days after the later of commencement of the offering of any Series of Notes and the closing date, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each Dealer represents, warrants and undertakes that neither it, its affiliates (as defined in Rule 501 under the Securities Act), nor any persons acting on its or their behalf has engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

If the Final Terms in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the EEA, each Dealer has represented, warranted and undertaken that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

- (i) at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;
- (ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or
- (iii) at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Notes referred to in (i) to (iii) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision:

- the expression an “offer of Notes to the public” in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and
- the expression “EU Prospectus Regulation” means Regulation (EU) 2017/1129.

United Kingdom

Prohibition of Sales to UK Retail Investors

Unless the Final Terms in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a

professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

If the Final Terms in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (A) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or
- (C) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (A) to (C) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision:

- the expression “an offer of Notes to the public” in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and
- the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (i) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantor; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

Singapore

Unless the Final Terms in respect of any Notes specifies “Singapore Sales to Institutional Investors and Accredited Investors only” as “Not Applicable”, each Dealer has acknowledged, and each further Dealer

appointed under the Programme will be required to acknowledge, that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore (“MAS”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of any Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

If the Final Terms in respect of any Notes specifies “Singapore Sales to Institutional Investors and Accredited Investors only” as “Not Applicable”, each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Prospectus has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of any Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Product Classification Pursuant to Section 309B of the SFA: The Final Terms in respect of any Notes may include a legend entitled “Singapore Securities and Futures Act Product Classification” which will state the product classification of the Notes pursuant to section 309B(1) of the SFA. The relevant Issuer will make a determination in relation to each issue about the classification of the Notes being offered for the purposes of section 309B(1)(a) of the SFA. Any such legend included on the applicable Final Terms will constitute notice

to “relevant persons” (as defined in section 309A(1) of the SFA) for purposes of section 309B(1)(c) of the SFA.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “FIEA”). Accordingly each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not, directly or indirectly, offered or sold and shall not, directly or indirectly, offer or sell Notes in Japan or to, or for the benefit of, any resident of Japan, or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended) except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, “resident of Japan” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Republic of Italy

The offering of the Notes has not been and will not be registered with the *Commissione Nazionale per le Società e la Borsa* (“CONSOB”) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to any Notes be distributed in Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes or distribute any copy of this Prospectus or any other document relating to the Notes in Italy except:

- (a) to qualified investors (*investitori qualificati*), as referred to in Article 100 of Legislative Decree no. 58 of 24 February 1998 (the “Financial Services Act”) and Article 34-*ter*, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the “Issuers Regulation”), all as amended from time to time; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Issuers Regulation.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in Italy under paragraphs (a) or (b) above must:

- (i) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the “Banking Act”) and CONSOB Regulation No. 20307 of 15 February 2018, all as amended from time to time; and
- (ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

France

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it undertakes to comply with applicable French laws and regulations in force regarding the offer, the placement or the sale of the Notes and the distribution in France of the Prospectus or any other offering material relating to the Notes.

Belgium

Other than in respect of Notes for which “Prohibition of Sales to Belgian Consumers” is specified as “Not Applicable” in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a “Belgian Consumer”) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

The Netherlands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Zero Coupon Notes (as defined below) in definitive form of an Issuer may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either such Issuer or a member of Euronext Amsterdam with due observance of the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required in respect of (a) the transfer and acceptance of rights representing an interest in a Zero Coupon Note in global form, or (b) the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (c) the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (d) the issue and trading of such Zero Coupon Notes within, from or into the Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in the Zero Coupon Note in global form) of any particular Series are issued outside the Netherlands and are not distributed into the Netherlands in the course of their initial distribution or immediately thereafter. In the event that the Dutch Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with and, in addition thereto, if such Zero Coupon Notes in definitive form do not qualify as commercial paper traded between professional borrowers and lenders within the meaning of the agreement of 2 February 1987, attached to the Royal Decree of 11 March 1987, (*Staatsblad 129*) (as amended), each transfer and acceptance should be recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such Notes. For purposes of this paragraph “Zero Coupon Notes” means Notes that are in bearer form and that constitute a claim for a fixed sum against the relevant Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

If applicable, pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of NI 33-105, the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering of any Notes.

Hong Kong

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than: (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances that do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or that do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) and any rules made under that Ordinance.

South Korea

The Notes have not been, and will not be, registered under the Financial Investment Services and Capital Markets Act of Korea (the “FSCMA”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes have not been, and will not be, offered, sold or delivered, directly or indirectly, in Korea or to or for the account or benefit of any Korean resident (as such term is defined in the Foreign Exchange Transaction Law of Korea and its Enforcement Decree), except as otherwise permitted under applicable Korean laws and regulations. Furthermore, a Holder of Notes will be prohibited from offering, delivering or selling any Notes, directly or indirectly, in Korea or to any Korean resident for a period of one year from the Issue Date of such Notes, except (i) in the case where the Notes are issued as bonds other than equity-linked bonds, such as convertible bonds, bonds with warrants and exchangeable bonds, and where the other relevant requirements are further satisfied, the Notes may be offered, sold or delivered to, or for the account or benefit of, a Korean resident which falls within certain categories of qualified institutional investors as specified in the FSCMA, its Enforcement Decree and the Regulation on Securities Issuance and Disclosure, or (ii) as otherwise permitted under applicable Korean laws and regulations. Each Dealer has undertaken, and each further Dealer appointed under the Programme will be required to undertake, to use commercially reasonable best measures as a Dealer in the ordinary course of its business so that any securities dealer to which it sells the Notes confirms that it is purchasing such Notes as principal and agrees with such Dealer that it will comply with the restrictions described above.

Switzerland

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that this Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (the FinSA) and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Taiwan

The Notes have not been, and will not be, registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan and/or any other regulatory authority of Taiwan pursuant to relevant securities laws and regulations and each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes may not be sold, issued or offered within

Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or relevant laws and regulations that require a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or any other regulatory authority of Taiwan. No person or entity in Taiwan has been authorised to offer or sell the Notes in Taiwan.

General

Each Dealer has acknowledged that no representation is made by the relevant Issuer, the Guarantor or any Dealer that any action has been or will be taken in any jurisdiction by the relevant Issuer, the Guarantor or any Dealer that would permit a public offering of the Notes, or possession or distribution of the Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Each Dealer will comply with all applicable securities laws and regulations (to the best of its knowledge after due and careful enquiry) in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus or any other offering material, in all cases at its own expense.

CERTAIN ERISA CONSIDERATIONS

Unless otherwise provided in any supplement to this Prospectus, the Notes (or any interests therein) may not be purchased or held by any “employee benefit plan” as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), that is subject to the fiduciary responsibility provisions of Title I of ERISA, any “plan, as defined in Section 4975(E)(1) of the Code, subject to Section 4975 of the Code, or any entity whose underlying assets could be deemed to include “plan assets” by reason of such employee benefit plan’s or plan’s investment in the entity (within the meaning of 29 C.F.R. SECTION 2510.3-101, as modified by Section 3(42) of ERISA), or by any governmental, church and non-U.S. plan that is subject to any federal, state, local or non-U.S. law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA and/or Section 4975 of the Code (“Similar Law”).

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts and entities whose underlying assets include the assets of such plans (together with ERISA Plans, “Plans”)) and certain persons (referred to as “parties in interest” under ERISA or “disqualified persons” under Section 4975 of the Code) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person, including a Plan fiduciary, who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The relevant Issuer, the Guarantor, the Trustee, the Arranger, the Dealers, any Agent or any other party to the transactions referred to in this Prospectus may be parties in interest or disqualified persons with respect to many Plans. Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any of the Notes is acquired or held by a Plan, including but not limited to where the relevant Issuer, the Guarantor, the Trustee, the Arranger, the Dealers, any Agent or any other party to such transactions is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire any Notes and the circumstances under which such decision is made. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to transactions between a person that is a party in interest (other than a fiduciary or an affiliate that has or exercises discretionary authority or control or renders investment advice with respect to assets involved in the transaction) solely by reason of providing services to the plan, provided that there is adequate consideration for the transaction), Prohibited Transaction Class Exemption (“PTCE”) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a qualified professional asset manager), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by in-house asset managers). Prospective investors should consult with their advisors regarding the prohibited transaction rules and these exceptions. There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving any Notes.

Governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA), while not subject to the fiduciary responsibility provisions of Title I of ERISA or the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code, may nevertheless be subject to Similar Law. Fiduciaries of any such plans should consult with their counsel before purchasing the Notes to determine the need for, if necessary, and the availability of, any exemptive relief under any Similar Law.

In addition, the U.S. Department of Labor has promulgated a regulation, 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (the “Plan Asset Regulation”), describing what constitutes the assets of a Plan with respect to the Plan’s investment in an entity for purposes of certain provisions of ERISA, including the fiduciary responsibility provisions of Title I of ERISA and the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code. Under the Plan Asset Regulation, if a Plan invests in an equity interest of an entity that is neither a publicly-offered security nor a security issued by an investment company registered under the United States Investment Company Act of 1940, the Plan’s assets include both the equity interest and an undivided interest in each of the entity’s underlying assets, unless one of the exceptions to such treatment described in the Plan Asset Regulation applies. Under the Plan Asset Regulation, a security which

is in the form of debt may be considered an equity interest if it has substantial equity features. If the relevant Issuer was deemed under the Plan Asset Regulation to hold plan assets by reason of a Plan's investment in any of the Notes, such plan assets would include an undivided interest in the assets held by the relevant Issuer and transactions by the relevant Issuer would be subject to the fiduciary responsibility provisions of Title I of ERISA and the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code. The Plan Asset Regulation provides, however, that if equity participation in any entity by "Benefit Plan Investors" is not significant, then the "look-through" rule will not apply to such entity. The term "Benefit Plan Investors" is defined in the Plan Asset Regulation to include (1) any "employee benefit plan" (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA, (2) any "plan" (as defined in Section 4975(e)(1) of the Code) that is subject to Section 4975 of the Code, and (3) any entity whose underlying assets include "plan assets" by reason of any such employee benefit plan's or plan's investment in the entity. Equity participation by Benefit Plan Investors in any entity is significant if, immediately after the most recent acquisition of any equity interest in the entity, 25 per cent or more of the total value of any class of equity interests in the entity (excluding the value of any interests held by certain persons, other than Benefit Plan Investors, having or exercising control over the assets of the entity or providing investment advice to the entity for a fee (direct or indirect) or any affiliates of such persons) is held by Benefit Plan Investors. If, as a result of any investment, 25 per cent or more of the total value of any class of equity interests in the relevant Issuer is being held by Benefit Plan Investors, the applicable Notes may be redeemed by the relevant Issuer. While there is little pertinent authority in this area and no assurance can be given, the relevant Issuer believes that the Notes should not be treated as equity interests for the purposes of the Plan Asset Regulation and, therefore, the Plan Asset Regulation should not apply and any such redemptions would not be necessary.

Accordingly, except as otherwise provided in any supplement to this Prospectus, each purchaser and subsequent transferee of any Notes (or any interest therein) will be deemed to represent and warrant, on each day from the date on which the purchaser or transferee acquires such Notes (or any interest therein) through and including the date on which the purchaser or transferee disposes of such Notes (or its interests therein), either that (a) it is not, and is not acting on behalf of, a Plan or a governmental, church or non-U.S. plan which is subject to any Similar Law or (b) its acquisition, holding and disposition of such Notes (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any Similar Law.

In addition, a purchaser or transferee that is, or is acting on behalf of, a Benefit Plan Investor, will be further deemed to represent, warrant and agree that (i) none of the Transaction Parties or any of their respective affiliates has provided any investment recommendation or investment advice on which it, or any fiduciary or other person investing the assets of the Benefit Plan Investor ("Plan Fiduciary"), has relied as a primary basis in connection with its decision to invest in the Notes, and they are not otherwise undertaking to act as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Benefit Plan Investor or the Plan Fiduciary in connection with the Benefit Plan Investor's acquisition of the Notes and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the Notes.

Each Plan Fiduciary who is responsible for making the investment decisions whether to purchase or commit to purchase and to hold any of the Notes should determine whether, under the documents and instruments governing the Plan, an investment in such Notes is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio. Any Plan proposing to invest in such Notes (including any governmental, church or non-U.S. plan) should consult with its counsel to confirm that such investment will not constitute or result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA and the Code (or, in the case of a governmental, church or non-U.S. plan, any Similar Law).

The sale of any Notes to a Plan is in no respect a representation by the relevant Issuer, the Guarantor, the Trustee, the Arranger, the Dealers, any Agent or any other party to the transactions that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

FORM OF FINAL TERMS

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “EU PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, “MiFID II”)] [MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“COBS”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the [European Union (Withdrawal) Act 2018 (“EUWA”)] [EUWA] (“UK MiFIR”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Notes are [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the CMP

Regulations 2018) and [are] [Excluded]/[Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]¹

[IMPERIAL BRANDS FINANCE PLC / IMPERIAL BRANDS FINANCE NETHERLANDS B.V.]

Legal Entity Identifier: [2138008L3B3MCG1DFS50 / 724500GIEFJOBWGD0272]

issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Guaranteed by Imperial Brands PLC
irrevocably and unconditionally
under the €15,000,000,000 Debt Issuance Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 16 February 2024 [and the supplement[s] to it dated [] [and []] which [together] constitute[s] a base prospectus for the purposes of the UK Prospectus Regulation (as defined below) (the “Prospectus”). This document constitutes the Final Terms of the Notes described herein for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the [European Union (Withdrawal) Act 2018 (“EUWA”)] [EUWA] (the “UK Prospectus Regulation”) and must be read in conjunction with the Prospectus in order to obtain all the relevant information. The Prospectus has been published via the regulatory news service maintained by the London Stock Exchange (<http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>).]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Prospectus dated [] [and the supplement to it dated []] which are incorporated by reference in the Prospectus dated 16 February 2024. This document constitutes the Final Terms of the Notes described herein for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the [European Union (Withdrawal) Act 2018 (“EUWA”)] [EUWA] (the “UK Prospectus Regulation”) and must be read in conjunction with the Prospectus dated 16 February 2024, [and the supplement[s] to it dated [] [and []] which [together] constitute[s] a base prospectus for the purposes of the UK Prospectus Regulation (the “Prospectus”), including the Conditions incorporated by reference in the Prospectus, in order to obtain all the relevant information. The Prospectus has been published via the regulatory news service maintained by the London Stock Exchange (<http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>).]

- | | | | |
|----|-----|--|--|
| 1. | (a) | Issuer: | [Imperial Brands Finance PLC/Imperial Brands Finance Netherlands B.V.] |
| | (b) | Guarantor: | Imperial Brands PLC |
| 2. | (a) | Series Number: | [] |
| | (b) | Tranche Number: | [] |
| | (c) | Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and form a single Series with [] on the [Issue Date/exchange of temporary Global Note for interests in the permanent Global Note, as referred to in paragraph [] below, which is expected to occur on or on about []] [Not Applicable] |
| 3. | | Specified Currency or Currencies: | [] |
| 4. | | Aggregate Nominal Amount: | |

¹ Delete where the Notes are not offered to Singapore investors. Relevant Dealer(s) to consider whether it / they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

- (a) Series: []
- (b) Tranche: []
5. Issue Price: [] per cent of the Aggregate Nominal Amount
[plus accrued interest from []]
6. (a) Specified Denominations: []
- (b) Calculation Amount: []
7. (a) Issue Date: []
- (b) Interest Commencement Date: []/Issue Date/Not Applicable]
8. Maturity Date: [] [Interest Payment Date falling in or nearest to
[]]
9. Interest Basis: [[] per cent Fixed Rate]
[[] +/- [] per cent Floating Rate]
[Zero Coupon]
(see paragraph [14/15/16] below)
10. Redemption Basis: Subject to any purchase or cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent of their nominal amount
11. Change of Interest Basis: [] /Not Applicable]
12. Put/Call Options: [Issuer Call]
[Issuer Make-Whole Call]
[Issuer Par Call]
[Issuer Residual Call]
[General Investor Put]
[Change of Control Investor Put]
[(see paragraph[s] [18/19/21/21/22/23 below])]
13. Date [Board] approval for issuance of Notes [] [and [] , respectively]]
[and Guarantee] obtained.

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (a) Rate(s) of Interest: [] per cent per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [] in each year from and including [] up to and including the Maturity Date
- (c) Fixed Coupon Amount(s): [] per Calculation Amount
- (d) Broken Amount(s): [[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []]/[Not Applicable]
- (e) Day Count Fraction: [30/360][Actual/Actual (ICMA)]

- (f) Determination Dates: [] in each year [Not Applicable]
- (g) Step Up Rating Change and Step Down Rating Change: [Applicable/Not Applicable]
- Step Up Margin []
15. Floating Rate Note Provisions [Applicable/Not Applicable]
- (a) Specified Interest Period(s)/Specified Interest Payment Dates: [] [, subject to adjustment in accordance with the Business Day Convention specified in paragraph 15(c) below/, not subject to any adjustment[, as the Business Day Convention in paragraph 15(c) below is specified to be Not Applicable]]
- (b) Interest Period Date: [Not Applicable/[] in each year[, subject to adjustment in accordance with the Business Day Convention specified in paragraph 15(c) below/, not subject to any adjustment[, as the Business Day Convention in paragraph 15(c) below is specified to be Not Applicable]]]
- (c) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
- (d) Additional Business Centre(s): []
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Issuing and Paying Agent): []
- (f) Screen Rate Determination:
- Reference Rate: Reference Rate: [] month EURIBOR
- Interest Determination Date(s): []
- Relevant Screen Page: []
- (g) Margin(s): [+/-][] per cent per annum
- (h) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (i) Minimum Rate of Interest: [] per cent per annum/Not Applicable]
- (j) Maximum Rate of Interest: [] per cent per annum/Not Applicable]
- (k) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]
[Actual/365 (Fixed)]
[Actual/360]
[30/360] [360/360] [Bond Basis]
[30E/360] [Eurobond Basis]
[30E/360 (ISDA)]

- [Actual/Actual (ICMA)]
- (l) Step Up Rating Change and Step Down Rating Change: [Applicable/Not Applicable]
- Step Up Margin []
16. Zero Coupon Note Provisions [Applicable/Not Applicable]
- (a) Amortisation Yield: [] per cent per annum
- (b) Day Count Fraction [in relation to Early Redemption Amounts]: [30/360]
[Actual/360]
[Actual/365]

PROVISIONS RELATING TO REDEMPTION

17. Notice periods for Condition 6(c) (Redemption for Taxation Reasons): Minimum period: [] [30] days
Maximum period: [] [60] days
18. Issuer Call: [Applicable/Not Applicable]
- (a) Optional Redemption Date(s): []/[Any date from and including [] to but excluding []]/[Not Applicable]
- (b) Optional Redemption Amount: [[] per Calculation Amount]/[Amortised Face Amount]]
- (c) If redeemable in part:
- (A) Minimum Redemption Amount: []
- (B) Maximum Redemption Amount: []
- (d) Notice periods: Minimum period: [] [15] days
Maximum period: [] [30] days
19. Issuer Make-Whole Call: [Applicable/Not Applicable]
- (a) Spens Redemption: [Applicable/Applicable from and including [] to but excluding []/Not Applicable]
- (A) Reference Bond: [] [FA Selected Bond]
- (B) Quotation Time: []
- (C) Redemption Margin: [[] per cent/Not Applicable]
- (D) If redeemable in part:
- Minimum Redemption Amount: []
- Maximum Redemption Amount: []

- (E) Notice Periods: Minimum period: [] [15] days
Maximum period: [] [30] days
- (b) Make-Whole Redemption: [Applicable/Applicable from and including [] to but excluding []/Not Applicable]
- (A) Make-Whole Redemption Rate: [Treasury Rate/Reference Bond Rate]
- (B) Reference Bond: [] [FA Selected Bond][Not Applicable]²
- (C) Quotation Time: [[]/Not Applicable]³
- (D) Treasury Rate Reference Date: [] [As set out in Condition 6(e)][Not Applicable]⁴
- (E) Redemption Margin: [[] per cent/Not Applicable]
- (F) If redeemable in part:
- Minimum Redemption Amount: []
 - Maximum Redemption Amount: []
- (G) Notice Periods: Minimum period: [] [15] days
Maximum period: [] [30] days
20. Issuer Par Call: [Applicable/Not Applicable]
- (a) Par Call Period: From (and including) [] (the “Par Call Period Commencement Date”) to (but excluding) the Maturity Date
- (a) Notice periods: Minimum period: [] [15] days
Maximum period: [] [30] days
21. Issuer Residual Call: [Applicable/Not Applicable]
- Residual Call Early Redemption Amount: [] per Calculation Amount
22. General Investor Put: [Applicable/Not Applicable]
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount: [[] per Calculation Amount]/[Amortised Face Amount]
- (c) Notice periods: Minimum period: [] [15] days
Maximum period: [] [30] days

² Reference Bond should be specified as “Not Applicable” where Treasury Rate is specified for the Make-Whole Redemption Rate.

³ Quotation Time should be specified as “Not Applicable” where Treasury Rate is specified for the Make-Whole Redemption Rate.

⁴ Treasury Rate Reference Date should be specified as “Not Applicable” where Reference Bond Rate is specified for the Make-Whole Redemption Rate.

23. Change of Control Investor Put: [Applicable/Not Applicable]
- Optional Redemption Amount: [[] per Calculation Amount]/[Amortised Face Amount]
24. Final Redemption Amount: [] per Calculation Amount
25. Early Redemption Amount:
- Early Redemption Amount payable on redemption for taxation reasons or on event of default: [[] per Calculation Amount]/[Amortised Face Amount]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26. Form of Notes: [Bearer Notes/Exchangeable Bearer Notes:
- [Temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on [] days' notice]
- [Permanent Global Note exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the permanent Global Note]]
- [Registered Notes:
- [Regulation S Global Certificate ([] nominal amount) registered in the name of a nominee for a common [depository/safekeeper] for Euroclear and Clearstream, Luxembourg]
- [DTC Restricted Global Certificate ([] nominal amount) registered in the name of a nominee for DTC]
27. New Global Notes: [Yes] / [No]
28. Additional Financial Centre(s): [Not Applicable/[]]
29. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

THIRD PARTY INFORMATION

[[] has been extracted from []. Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [], no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of [Imperial Brands Finance PLC / Imperial Brands Finance Netherlands B.V.]:

By:
Duly authorised

Signed on behalf of Imperial Brands PLC:

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (a) Listing and admission to trading: Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the London Stock Exchange’s main market] and to be listed on the Official List of the FCA with effect from []
- (b) Estimate of total expenses related [] to admission to trading:

2. RATINGS

Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated [] by [] [and [] by []]./[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

[]

[The Notes are not rated]

[[Each of] *[insert rating agencies]* is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the “EU CRA Regulation”).]/[[Each of] *[insert rating agencies]* is established in the United Kingdom and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “UK CRA Regulation”).]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for the fees [of *[insert relevant fee disclosure]*] payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions (including the provision of loan facilities) with, and may perform other services for, the Issuer and the Guarantor and their affiliates in the ordinary course of business.] [So far as the Issuer is aware, the following persons have an interest material to the issue/offer: []]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (a) Reasons for the offer: [See “*Use of Proceeds*” in the Prospectus/give details]

(See “Use of Proceeds” wording in the Prospectus – if reasons for offer different from what is disclosed in the Prospectus, give details)

(b) Estimated net proceeds: []

5. YIELD (*Fixed Rate Notes only*)

Indication of yield: []

The yield is calculated as at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. OPERATIONAL INFORMATION

(a) ISIN: []

(b) Common Code: []

(c) CUSIP: [][Not Applicable]⁵

(d) CFI Code: [See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

(e) FISN: [See as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

(f) Any clearing system(s) other than the Depository Trust Company, Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/[]]

(g) Delivery: Delivery [against/free of] payment

(h) Names and addresses of additional Paying Agent(s) (if any): [Not Applicable/[]]

(i) Name and address of Calculation Agent: [Not Applicable/[]]

(j) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/[No. Whilst the designation is

⁵ CUSIP is only applicable for 144A issuances.

specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

7. DISTRIBUTION

- (a) Method of distribution: [Syndicated/Non-syndicated]
- (b) If syndicated, names of Managers: [Not Applicable/[]]
- (c) Stabilisation Manager(s) (if any): [Not Applicable/[]]
- (d) If non-syndicated, name of relevant Dealer: [Not Applicable/[]]
- (e) U.S. Selling Restrictions: [Reg S Compliance Category 2, [Rule 144A,] [TEFRA D/TEFRA C/TEFRA not applicable]]
- (f) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]
- (If the Notes clearly do not constitute “packaged” products, or the Notes do constitute “packaged” products and a key information document will be prepared in the EEA, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared in the EEA, “Applicable” should be specified.)*
- (g) Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]
- (If the Notes clearly do not constitute “packaged” products, or the Notes do constitute “packaged” products and a key information document will be prepared in the UK, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared in the UK, “Applicable” should be specified.)*
- (h) Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]
- (N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)*
- (i) Singapore Sales to Institutional Investors and Accredited Investors only: [Applicable/Not Applicable]

GENERAL INFORMATION

1. The listing of the Notes on the Official List will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that listing of the Programme on the Official List and admission of the Notes to trading on the Market will be granted on or around 21 February 2024. It is further expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the Market will be admitted separately, subject only to the issue of a temporary Global Note or permanent Global Note (or one or more Certificates) in respect of each Tranche. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions on the London Stock Exchange will normally be effected for delivery on the third working day after the day of the transaction.
2. The Issuers and the Guarantor have obtained all necessary consents, approvals and authorisations in the UK or the Netherlands (as applicable) in connection with the issue and performance of the Notes and the Guarantee. The giving of the guarantee relating to Notes issued under the Programme by the Guarantor and the update of the Programme was authorised by a resolution of the Board of Directors of the Guarantor passed on 1 February 2024. The update of the Programme and the issue of Notes under the Programme was authorised by a resolution of the Board of Directors of IBF passed on 18 January 2024. The update of the Programme was authorised by a resolution of IBFN passed on 17 January 2023. The issue of the Notes is permitted under the objects clause contained in the articles of association of IBFN.
3. There has been no significant change in the financial performance or financial position of the Group since 30 September 2023 and there has been no material adverse change in the prospects of the Issuers or the Guarantor since 30 September 2023.
4. Each permanent Global Note and Definitive Note having a maturity of more than one year, Coupon and Talon will bear the following legend: “Any U.S. person who holds this obligation will be subject to limitations under the U.S. income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.
5. Bearer Notes, Exchangeable Bearer Notes and Regulation S Registered Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code, the International Securities Identification Number (ISIN) (and any other relevant financial instrument codes, such as CFI and FISN) and (where applicable) the CUSIP number for each Tranche of Notes allocated by Euroclear and Clearstream Luxembourg will be set out in the applicable Final Terms. In addition, the relevant Issuer will make an application with respect to any DTC Registered Notes to be accepted for trading in book entry form by DTC. Acceptance by DTC of DTC Registered Notes of each Tranche of a Series of DTC Registered Notes will be confirmed in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms.
6. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States of America. The address of any alternative clearing system will be specified in the applicable Final Terms.
7. The issue price and the amount of the relevant Notes will be determined, before filing of the applicable Final Terms of each Tranche, based on then prevailing market conditions.
8. For so long as Notes may be issued pursuant to this Prospectus, the following documents will, when published, be available for inspection from the Group Website:
 - 8.1 the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons and the Talons);
 - 8.2 the Articles of Association of each Issuer and the Guarantor; and
 - 8.3 a copy of this Prospectus together with any Supplement to this Prospectus.

In addition, this Prospectus is also available at the website of the Regulatory News Service operated by the London Stock Exchange (<http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>).

9. Ernst & Young LLP of 1 More London Place, London SE1 2AF, UK has audited, and rendered unqualified audit reports on:
 - 9.1 the 2022 IBF Financial Statements and the 2023 IBF Financial Statements; and
 - 9.2 the 2022 Financial Statements and the 2023 Financial Statements.
10. Ernst & Young Accountants LLP of Cross Towers, Antonio Vivaldistraat 150, 1083 HP Amsterdam, The Netherlands has audited, and issued unqualified independent auditor's reports on the 2022 IBFN Financial Statements and the 2023 IBFN Financial Statements.
11. The 2022 IBF Financial Statements and the 2023 IBF Financial Statements were prepared in accordance with UK Generally Accepted Accounting Practice (UK Accounting standards, comprising FRS 101 "Reduced Disclosure Framework") and the Companies Act 2006.
12. The 2022 IBFN Financial Statements and the 2023 IBFN Financial Statements were prepared in accordance with the legal requirements of Part 9 of Book 2 of the Dutch Civil Code and the authoritative statements in the Dutch Accounting standards for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board (the "Dutch Accounting Standards").

Consequently, the 2022 IBFN Financial Statements and the 2023 IBFN Financial Statements have not been prepared in accordance with UK-adopted international accounting standards and there may be material differences in the financial information presented herein had they been prepared in accordance with UK-adopted international accounting standards.

A narrative description of the differences between UK-adopted international accounting principles and the accounting principles adopted by IBFN in preparing the 2022 IBFN Financial Statements and the 2023 IBFN Financial Statements referred to above, has been included in Appendix 1 "Overview of differences between UK-adopted International Accounting Standards and the Dutch Accounting Standards" to this Prospectus.

13. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in financing, in investment banking and/or commercial banking transactions (including the provision of loan facilities) with, and may perform services for, any Issuer, the Guarantor and their affiliates in the ordinary course of business. They have received, or may in the future receive customary fees and commissions for these transactions.

Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuers, the Guarantor and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuers or their respective affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuers routinely hedge their credit exposure to the Issuers consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of positions in securities, including potentially the Notes issued under the Programme. Any such credit default swaps or positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities

or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

For the purposes of this paragraph, the term “affiliates” also includes parent companies.

APPENDIX 1 - OVERVIEW OF DIFFERENCES BETWEEN UK-ADOPTED INTERNATIONAL ACCOUNTING STANDARDS AND THE DUTCH ACCOUNTING STANDARDS

Summary of Dutch Accounting Standards accounting policy as applied	Summary of equivalent UK-adopted international accounting standards (UK-adopted IFRS) requirements
<p>Financial Assets</p> <p>Basic financial assets comprise cash at bank and in hand and amounts owed by group undertakings.</p> <p>Financial assets are initially measured at fair value. Financial assets are subsequently carried at amortised cost using the effective interest rate method.</p> <p>If there is objective evidence of impairment, the amount of the impairment loss is determined and recognised in the profit and loss account for all categories of assets. The amount of impairment losses on financial assets stated at amortised cost is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate (i.e. the effective interest rate computed at initial recognition).</p> <p>If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised in the profit and loss account.</p>	<p>Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”).</p> <p>The classification of financial assets is determined by the contractual cash flows and, where applicable, the business model for managing the financial assets.</p> <p>A financial asset is measured at amortised cost if the objective of the business model is to hold the financial asset in order to collect contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest.</p> <p>Financial assets at amortised cost are initially recognised at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently the financial asset is measured using the effective interest method less any impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.</p> <p>All equity instruments and other debt instruments are recognised at fair value. For equity instruments, on initial recognition, an irrevocable election (on an instrument-by-instrument basis) can be made to designate these as at FVOCI (without recycling to profit and loss) instead of FVTPL. Dividends received on equity instruments are recognised as other income in profit or loss when the right of payment has been established, except when the company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income.</p> <p>The impairment requirements for expected credit losses (“ECLs”) are applied to financial assets measured at amortised cost, financial assets measured at FVOCI and financial guarantees contracts to which UK-adopted IFRS 9 is applied and that are not accounted for at FVTPL. If the</p>

	<p>credit risk on the financial asset has increased significantly since initial recognition, the loss allowance for the financial asset is measured at an amount equal to the lifetime ECLs. In other instances, the loss allowance for the financial asset is measured at an amount equal to the twelve month ECLs.</p> <p>ECL is only in UK-adopted IFRS and is hence different to Dutch Accounting Standards.</p> <p>Changes in loss allowances are recognised in profit and loss account. For trade debtors that do not contain a significant financing component, the simplified approach is applied recognising expected lifetime credit losses from initial recognition.</p> <p>Therefore, only significant difference in methodology relates to ECL, and this is not determined to be material for IBFN.</p>
Financial Liabilities	
<p>Basic financial liabilities comprise trade and other creditors, bonds and amounts owed to group undertakings. Financial liabilities are measured initially at fair value. Financial liabilities are subsequently carried at amortised cost using the effective interest rate method. Financial liabilities are derecognised when the liability is extinguished.</p>	<p>Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL, such as instruments held for trading, or opted to measure them at FVTPL. Debt is recognised initially at fair value based on amounts exchanged, net of transaction costs, and subsequently at amortised cost.</p> <p>IBFN believes the requirements of Dutch Accounting Standards are materially consistent to UK-adopted IFRS.</p>
Interest expense	
<p>Interest expense is allocated to successive financial reporting periods in proportion to the outstanding principal. Premiums and discounts are treated as annual interest charges so that the effective interest rate, together with the interest payable on the loan, is recognised in the profit and loss account, with the amortised cost of the liabilities being recognised in the balance sheet. Period interest charges and similar charges are recognised in the year in which they fall due.</p>	<p>Interest expense on debt is accounted for using the effective interest method and is recognised in income.</p> <p>IBFN believes the requirements of Dutch Accounting Standards are materially consistent to UK-adopted IFRS.</p>
Interest income	
<p>Interest income is recognised <i>pro rata</i> in the profit and loss account. The effective interest rate for the asset concerned is taken into account, provided the income can be measured and the income is probable to be received.</p>	<p>Interest income is recognised <i>pro rata</i> in the profit and loss account. The effective interest rate for the asset concerned is taken into account, provided the income can be measured and the income is probable to be received.</p>

	IBFN believes the requirements of Dutch Accounting Standards are materially consistent to UK-adopted IFRS.
Effective interest method	
Linear amortisation is allowed if that does not lead to significant differences with the application of the effective interest method.	<p>Linear amortisation is allowed if that does not lead to significant differences with the application of the effective interest method.</p> <p>IBFN believes the requirements of Dutch Accounting Standards are materially consistent to UK-adopted IFRS.</p>

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