

SUPPLEMENT DATED 5 MARCH 2021 TO THE PROSPECTUS DATED 23 JUNE 2020



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 78106540)

€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 Supplement (the “Supplement”) to the Prospectus (the “Prospectus”) dated 23 June 2020 which comprises a base prospectus for the purposes of the UK Prospectus Regulation constitutes a supplement to the prospectus for the purposes of Article 23 of the UK Prospectus Regulation and is prepared in connection with the €15,000,000,000 Debt Issuance Programme (the “Programme”) established by Imperial Brands Finance PLC (“IBF”) and Imperial Brands Finance Netherlands B.V. (“IBFN”) (together, the “Issuers” and each, an “Issuer”) and guaranteed by Imperial Brands PLC (“IB” or the “Guarantor”) and Imperial Tobacco Limited (“ITL”).

Terms defined in the Prospectus have the same meaning when used in this Supplement. When used in this Supplement, “Prospectus Regulation” means Regulation (EU) 2017/1129 and “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”). In this Supplement, 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.

This Supplement is supplemental to, and should be read in conjunction with, the Prospectus and any other supplements to the Prospectus issued by the Issuers. The Issuers, the Guarantor and ITL accept responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuers, the Guarantor and ITL the information contained in this Supplement is in accordance with the facts and this Supplement makes no omission likely to affect the import of such information.

Purpose of the Supplement

The purpose of this Supplement is (a) to incorporate by reference certain sections of the Guarantor’s annual report and audited accounts for the financial year ended 30 September 2020 (the “2020 Annual Report”); (b) to update IBFN’s registered number; (c) to reflect IBF’s and IBFN’s new credit rating; (d) to make certain updates to the section “Imperial Brands PLC - Litigation”; (e) to reflect changes to the Board of Directors and senior management of IB and changes to the Board of Directors of IBF and ITL; (f) to update the section “Imperial Brands PLC - Recent Developments”; (g) to make certain amendments to reflect the United Kingdom’s withdrawal from the European Union (“EU”) and the end of the transition period; and (h) to include a new significant change and material adverse change statement.

Documents Incorporated by Reference

Publication of the Guarantor's 2020 Annual Report

On 22 December 2020 the Guarantor published its 2020 Annual Report:

https://www.imperialbrandsplc.com/content/dam/imperial-brands/corporate/investors/annual-report-and-accounts/2020/Online-Annual-Report/Annual_Report_2020.pdf

The following sections of the Guarantor's 2020 Annual Report shall be incorporated by reference in the Prospectus:

- (a) the sections entitled "Update on Tobacco-Related Litigation" on pages 90 to 93 and "Update on E-Vapour Related Litigation" on page 94 of the 2020 Annual Report;
- (b) the audited consolidated annual financial statements of the Guarantor for the financial year ended 30 September 2020, together with the audit report thereon, on pages 125 to 195 of the 2020 Annual Report; and
- (c) the section entitled "Related Undertakings" on pages 196 to 211 of the 2020 Annual Report.

The 2020 Annual Report has been previously published and has been filed with the Financial Conduct Authority. Such document shall be incorporated in, and form part of, the Prospectus, save that any statement contained in the 2020 Annual Report shall be deemed to be modified or superseded for the purpose of the 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 the Prospectus.

Any document incorporated by reference in the 2020 Annual Report shall not form part of the Prospectus.

Any non-incorporated parts of the 2020 Annual Report are either deemed not relevant for an investor or are otherwise covered elsewhere in the Prospectus. Copies of the 2020 Annual Report are available at the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

Imperial Brands Finance Netherlands B.V.

IBFN's registered number on the cover page of the Prospectus shall be deemed deleted and replaced with "78106540". In addition, on page 78 of the Prospectus, the language "with registered number 861264824" shall be deemed to be deleted.

Credit ratings

The following sentence shall be inserted on the cover page of the Prospectus after the first sentence in the seventh paragraph: "IBF has solicited a long-term debt rating of BBB by S&P and IBFN has solicited a long-term debt rating of BBB by S&P."

Litigation

On page 92 of the Prospectus, in the section "Imperial Brands PLC – Litigation", the following paragraph shall be deemed to be inserted after the paragraph "Litigation in Poland":

"Litigation in the UK

In June 2020, IB 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 High Court against IB, ITL and a number of its subsidiaries, together with British American Tobacco PLC and a subsidiary, by a group of tobacco farm workers. IB and its relevant subsidiaries have acknowledged service and confirmed to the claimants that they intend to defend the claim in full. A directions hearing will take place in March 2021.”

On page 92 of the Prospectus, in the section “Imperial Brands PLC – Litigation”, the paragraph entitled “Recent European Commission proceedings” shall be deemed to be deleted and replaced with the following:

“Recent European Commission proceedings

On 25 April 2019, the European Commission’s final decision regarding its investigation into the UK’s Controlled Foreign Company regime was published. It concludes that the legislation up until December 2018 does partially represent state aid and so the UK government should identify and recover any state aid. In mid-June 2019, the UK government appealed against the European Commission’s decision. On 8 November 2019, the Group filed an application for an annulment of the decision. In response to a request from the General Court, the Group subsequently consented to a stay of proceedings on 12 December 2019. The Group accepted the stay of proceedings on the basis that the General Court has chosen to proceed with the applications made by the UK government. The Group’s appeal is therefore stood behind those cases. In the meantime, the Group has been asked by Her Majesty’s Revenue and Customs of the UK (“HMRC”) to provide certain information in order for HMRC to commence the recovery of the state aid from the Group. On 5 February 2021, HMRC issued a decision letter and charging notice seeking recovery of £101 million of potential State Aid. This sum has been paid in line with the 30 day payment period of the notice. Based upon current advice the Group believes this sum will ultimately be recovered through the appeals process so a corresponding receivable has been recorded in the Group’s financial statements. 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.”

Board of Directors and Senior Management

On page 77 of the Prospectus, in the section “Imperial Brands Finance PLC”, the following footnote shall be added next to Oliver. R Tant’s name in the table which shows the Board of Directors of IBF: “In August 2020, Oliver R. Tant announced he would retire as Group Chief Financial Officer and will step down once a suitable successor is found. On 17 February 2021, it was announced that Lukas Paravicini would be appointed to the Board of Directors as Chief Financial Officer on 5 August 2021 or at an earlier date to be announced.”

On pages 100 to 101 of the Prospectus, in the section “Imperial Brands PLC – Directors and Senior Management”, the following changes shall be made:

- The following additional rows shall be added to the table which shows the Board of Directors of IB:

Board of Director	Title	Other Directorships outside the Group
Alan Johnson	Non-Executive Director	President and Chair of the Board of the International Federation of Accountants and a member of the Board and Chair of the Audit Committee of the International Valuation Standards Council.

Bob Kunze-Concewitz	Non-Executive Director	Chief Executive Officer of Campari Group and a Non-Executive Director of Luigi Lavazza S.p.A.
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- The following additional rows shall be added to the table which shows the Executive Committee of IB:

Executive Committee	Title	Other Directorships outside the Group
Murray McGowan	Group Strategy & Transformation Director	None
Alison Clarke	Chief People & Culture Officer	None
Javier Huerta	Group Manufacturing & Supply Chain Director	None

- Walter Prinz's name and details shall be deleted from the table which shows the Executive Committee of IB.
- The following footnote shall be added next to Oliver R. Tant's name in the tables which show the Board of Directors and the Executive Committee of IB:

“(5) In August 2020, Oliver R. Tant announced he would retire as Chief Financial Officer and will step down once a suitable successor is found. On 17 February 2021, it was announced that Lukas Paravicini would be appointed to the Board of Directors as Chief Financial Officer on 5 August 2021 or at an earlier date to be announced.”

- The following footnote shall be added underneath the table which shows the Executive Committee of IB:

“(6) On 24 February 2021, it was announced that Anindya Dasgupta will be appointed as Chief Consumer Officer with effect as of 1 May 2021.”

- The words “Joint Interim Chief Executive Officer and” shall be deleted in the column headed “Title” for each of Joerg Biebernick and Dominic Brisby in the table which shows the Executive Committee and footnotes (1) and (4) shall be deleted.

On page 104 of the Prospectus, in the section “Imperial Tobacco Limited”, the following footnote shall be added next to Oliver R. Tant's name in the table which shows the Board of Directors of ITL: “In August 2020, Oliver R. Tant announced he would retire as Group Chief Financial Officer and will step down once a suitable successor is found. On 17 February 2021, it was announced that Lukas Paravicini would be appointed to the Board of Directors as Chief Financial Officer on 5 August 2021 or at an earlier date to be announced.”

Recent Developments

On page 103 of the Prospectus, the section entitled “Recent Developments” shall be deemed deleted and replaced with the following:

“Recent Developments

COVID-19

IB continues to respond to the evolving COVID-19 situation. Group net revenue in the twelve months ended 30 September 2020 was not materially affected by COVID-19 although the Group incurred additional COVID-19 related costs of £90 million for stock and debtor provisions and higher manufacturing costs. There is an ongoing evaluation of the risks and mitigation actions by the Group Crisis Committee.

IB recognises there are external factors outside its control at this time including, but not limited to, the severity and duration of the pandemic and how lockdown measures might affect its supply chain, retail channels and consumer behaviour. These are expected to have an impact on the Group going forward, although at this time it is difficult to assess their extent.

Further information surrounding the Group's risks are detailed within the Prospectus (see "Risk Factors" section).

Disposal of Premium Cigars

On 29 October 2020, IB announced the completion of the sale of Premium Cigars for a total consideration of €1,225 million, of which net cash proceeds of €1.1 billion will be used to reduce debt. €88 million of consideration will be deferred for 12 months from the date of the announcement, with a further €69 million deferred and contingent upon the transfer of the Dominican Republic factory, which is expected to complete in 2021. As subsequently announced on 28 September 2020, IB has provided a further six-month deferral of €250 million while the buyers finalise long-term financing arrangements.

New Strategy

On 27 January 2021, IB announced its new strategy to transform Imperial Brands and create long-term value.

Strategic Priorities

The new strategy is founded on three pillars:

- Focus on priority combustible markets: The Group will focus its investment and resources around the five most important markets of USA, Germany, UK, Australia and Spain, which represent c. 72 per cent of the Group's combustible operating profit. The Group has developed highly detailed brand and market plans to support this approach and will increase investment behind a focused set of operational levers to strengthen performance and unlock value.
- Drive 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 whilst realising efficiencies in how it operates these markets. Although these markets are smaller, they benefit from attractive margins and relatively limited investment requirements. It will selectively build those where it has attractive leadership positions, such as Africa and other European markets, and will selectively exit a small number of others where it has a relatively weaker presence.
- Build a targeted NGP business: The Group is resetting its NGP strategy with a significantly different approach, informed by consumer insights and validation. It will focus its investment behind heated tobacco opportunities in Europe, and in selective market opportunities in vapour, particularly in the USA. Its oral nicotine business will remain focused on its existing markets within Europe and investment will be disciplined and based on detailed market testing. The aim is to develop a sustainable NGP business that supports the ESG agenda by making a meaningful contribution to harm reduction.

Improving ways of working

To support the delivery of its strategic priorities, the Group is changing how it operates to embrace new ways of working and to enhance its culture. It has identified three critical enablers to drive these changes:

- **Consumer at the centre of the business:** The Group is investing to support a consistent approach to consumer insight, including better capabilities in brand and trade marketing, portfolio management, innovation and sales excellence. This transformation will be overseen by a new Chief Consumer Officer.
- **Performance-based culture and capabilities:** The Group is embedding a performance-based culture to enhance accountability, improve its agility and support teamwork and collaboration throughout the business. Rewards and incentives will be aligned to reinforce performance and delivery of the Group objectives.
- **Simplified and efficient operations:** The Group will ensure resources and capabilities are focused on its most important combustibles markets. Its NGP operations have been brought together within a unified, entrepreneurial business unit to more effectively leverage capabilities and resources. The Group's global enabling functions, such as Finance and HR, will be aligned to support delivery of the new strategy and ensure efficient allocation of resources.

Sustainability and ESG responsibility

Throughout the 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 Group's sustainability strategy remains focused on tobacco, NGP and behaving responsibly. These three pillars of the strategy are designed to enable growth and create value; they also define the approach the Group takes to managing its ESG priorities.

The Group intends to provide greater transparency on the progress it is making against these priorities and will be making additional KPIs publicly available for climate and energy, farmer livelihoods, human rights and waste. KPIs will be introduced for consumer health at a later stage once the reset of the NGP business has been completed, recognising that the Group can only deliver against this priority if it has a stronger NGP business with products that encourage adult smokers to make the transition to potentially less harmful NGP.

Bad debt and/or asset valuation reductions

Further to the re-setting of the Group's NGP strategy as set out in the sections above, the Group is reviewing the carrying value of its NGP-related assets which may result in additional asset impairments by the Group in its consolidated financial statements. IBF may also make significant provisions against debt owed by Group companies which have suffered operating losses related to NGP activity to date.

IBFN's credit rating

On 1 March 2021, S&P confirmed that it had assigned IBF a long-term debt rating of BBB and IBFN a long-term debt rating of BBB.”

Amendments to reflect the UK's withdrawal from the EU and the end of the transition period

Following the UK's withdrawal from the EU and the end of the transition period, by virtue of this Supplement the following changes shall be made to the Prospectus:

- the first sentence of the third paragraph on the cover page of the Prospectus shall be deemed to be deleted and replaced with:

“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”) (“UK Prospectus Regulation”);

- all references in the Prospectus to “the Prospectus Regulation” shall be deemed to be deleted and replaced with “the UK Prospectus Regulation”;
- the reference to “Regulated Market” in the fourth paragraph on the cover page of the Prospectus shall be deemed to be deleted and replaced with “main market” and the last sentence of that paragraph shall be deemed to be deleted and replaced with: “The Market is a UK 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”)”;
- the fifth paragraph on the cover page of the Prospectus, shall be deemed to be deleted and replaced with:

“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 (“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.”

- the third and fourth sentences in the seventh paragraph on the cover page of the Prospectus and all of the remaining paragraphs on the cover page of the Prospectus shall be deemed to be deleted and replaced with the following:

“S&P is established in the European Union (“EU”). Moody’s and Fitch are established outside of the EU in the UK. S&P is registered under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). Fitch and Moody’s are registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the “UK CRA Regulation”).

In general, EU regulated investors are restricted under the CRA Regulation from using a credit rating for regulatory purposes in the EEA if such a credit rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation or endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the 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). Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation.

Ratings issued by Moody’s have been endorsed by Moody’s Deutschland GmbH (“Moody’s Deutschland”) in accordance with the CRA Regulation. Moody’s Deutschland is established in the European Union and registered under the CRA Regulation.

Ratings issued by Fitch have been endorsed by Fitch Ratings Ireland Limited (“Fitch Ireland”) in accordance with the CRA Regulation and have not been withdrawn. Fitch Ireland is established in the European Union and registered under the CRA Regulation.

Each of S&P, Fitch Ireland and Moody’s Deutschland is included in the list of credit rating agencies published by the European Securities and Markets Authority (“ESMA”) on its website (at www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation.

Ratings issued by S&P have been endorsed by S&P Global Ratings UK Limited in accordance with the UK CRA Regulation and has not been withdrawn.

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 of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Amounts payable on Floating Rate Notes will be calculated by reference to one of LIBOR or EURIBOR as specified in the relevant Final Terms. As at the date of this Prospectus, the administrator of LIBOR 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 ("UK Benchmarks Regulation"). As far as the Issuer is aware, the transitional provisions in Article 51 of the UK Benchmarks Regulation apply such that the administrator of EURIBOR is not currently required to obtain authorisation/registration (or, if located outside the United Kingdom, recognition, endorsement or equivalence).

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Prospectus."

- the paragraph headed "Important – EEA and UK Retail Investors" on pages 3 to 4 of the Prospectus shall be deemed to be deleted and replaced with the following:

"IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", such 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 MiFID II (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 "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 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 Financial Services and Markets Act 2000 (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.”

- the following paragraphs shall be deemed to be inserted immediately after the final paragraph on page 4 of the Prospectus:

“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 such Notes and which channels for distribution of such Notes are appropriate. Any 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.”;

- the second and third paragraphs of the risk factor headed “*The regulation and reform of “benchmarks” may adversely affect the value of Notes linked to or referencing such benchmarks*” on page 34 of the Prospectus shall be deemed to be deleted and replaced with the following:

“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.”

- the second paragraph in the risk factor headed “*Credit ratings assigned to the Issuers, the Guarantor or any Notes may not reflect the risks associated with an investment in those Notes*” on page 38 of the Prospectus shall be deemed to be deleted and replaced with the following:

“In general, European regulated investors are restricted under the 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 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 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 ESMA on its website in accordance with the 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. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre- 2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Notes changes for the purposes of the 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. This may result in relevant regulated investors selling the Notes which may impact the value of the Notes and any secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of the Prospectus.”

- the first paragraph in the form of Final Terms on page 112 of the Prospectus shall be deemed to be deleted and replaced with the following:

[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 (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 the Markets in Financial Instruments Directive (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 “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK 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 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 (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.]”;

- the following paragraph shall be deemed to be inserted in the form of Final Terms on page 112 of the Prospectus immediately following the paragraph headed "MIFID II product governance / Professional investors and ECPs only target market":

"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 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.”;

- the two paragraphs underneath the heading “PART A – CONTRACTUAL TERMS” on page 112 of the form of Final Terms shall be deemed to be deleted and replaced with the following:

“[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [] [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”). This document constitutes the Final Terms of the Notes described herein for the purposes of 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>). For these purposes, “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.]

[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 []. This document constitutes the Final Terms of the Notes described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with the Prospectus dated [], [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>).]”

- item 7(vi) in “Part B – Other Information” of the form of Final Terms on page 120 of the Prospectus shall be deemed to be deleted and replaced with the following:

“(vi) Prohibition of Sales to EEA [Applicable/Not Applicable]
Retail Investors:

(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified)

“(vii) Prohibition of Sales to UK Retail [Applicable/Not Applicable]
Investors:

(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified);

- the selling restrictions under the headings “Prohibition of Sales to EEA and UK Retail Investors”, and “United Kingdom” on pages 108 to 109 of the Prospectus shall be deemed to be deleted and replaced with the following:

“Prohibition of Sales to EEA 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 the Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. 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 European Economic Area, 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 Prospectus Regulation;
- (ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the 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 Prospectus Regulation,

provided that no such offer of Notes referred to in (i) to (a)(a)(iii) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the 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 “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 specify “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 UK.

For the purposes of this provision:

- (a) 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,

the expression an “offer” includes 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.

If the applicable Final Terms specify “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 UK except that it may make an offer of such Notes to the public in the UK:

- (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) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the 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 Issuers 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:

- (i) 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
- (ii) 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 and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) 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 would not, if it was not an authorised person, apply to the Issuers; and
 - (b) 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 United Kingdom.”
- In paragraph 8.3 in the section headed “General Information” on page 121 of the Prospectus, references to the “European Economic Area” shall be deleted and replaced with references to the “United Kingdom”.

Significant Change or Material Adverse Change

- The significant change and material adverse change statements set out in paragraph 3 in the section headed “General Information” on page 121 of the Prospectus shall be deemed deleted and replaced with the following paragraph:

“Save as disclosed in the Prospectus in the section “Imperial Brands PLC – Recent Developments”, there has been no significant change in the financial performance or financial position of the Group since 30 September 2020 and there has been no material adverse change in the prospects of (i) ITL and IBF since 30 September 2019 (ii) the Guarantor since 30 September 2020; or (iii) IBFN since the date of its incorporation.”

General Information

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or material inaccuracy relating to information included in the Prospectus since the publication of the Prospectus.