Annual Report and Accounts 2025

# A STRONGER CHALLENGER BUSINESS

IMPERIAL BRANDS

# A STRONGER CHALLENGER BUSINESS

Imperial Brands is a global consumer business with a distinctive challenger role in the transformation of the tobacco and nicotine industry.

Our evolved strategy is building a more consumer-centric, focused, and agile enterprise, delivering consistent, sustainable growth.

Building on our strong foundations, we are getting even closer to our consumers, creating differentiated combustible and next generation products (NGP), and evolving into a simpler, data-led organisation which enables our people to do their best work, every day.

## AN INTERNATIONAL MARKET PORTFOLIO WITH FOCUS

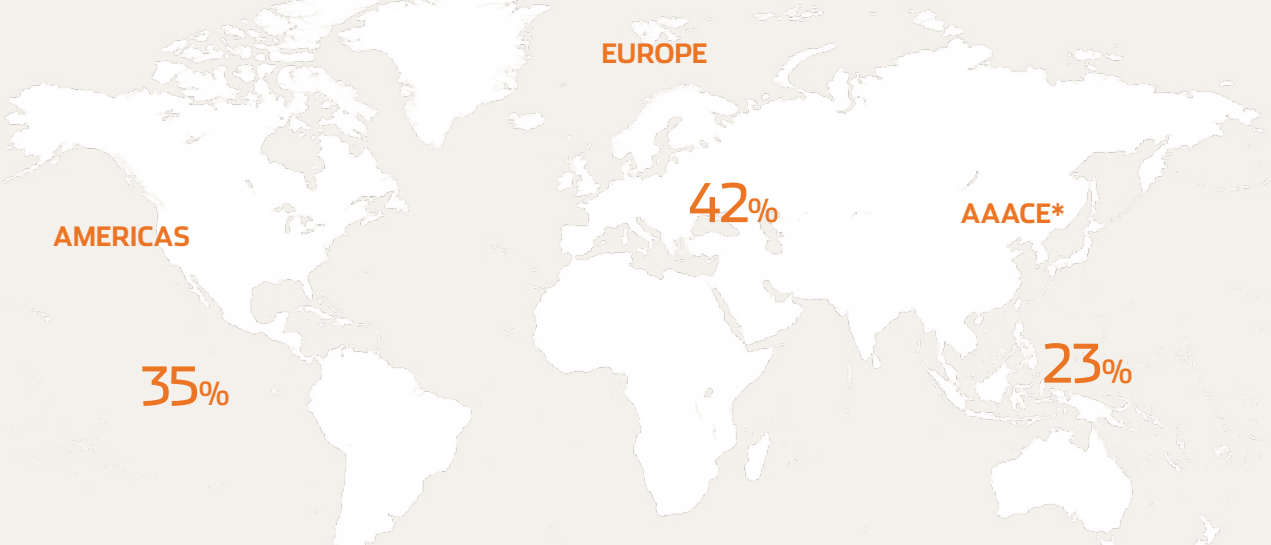


Chart illustrating regional split of FY25 Tobacco & NGP net revenue of £8.3 billion. Reported revenue £32.2 billion.

* Africa, Asia, Australasia and Central & Eastern Europe.

## BRANDS REFLECTING OUR CONSUMER PREFERENCES

### INTERNATIONAL AND LOCAL COMBUSTIBLE BRANDS

### BRANDS IN EACH NGP CATEGORY

## PRIORITISING OUR HIGHEST VALUE COMBUSTIBLE MARKETS

- USA
- Spain
- Germany
- Australia
- UK

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For more information visit
**www.imperialbrandsplc.com**

BUSINESS MODEL

# UNLOCKING THE VALUE OF 'CHALLENGER'

Our position as the smallest of the major international companies in the industry enables us to get closer to consumers, innovate fast, and spot value that larger competitors overlook.

## A CHALLENGER BUSINESS...

Our challenger mindset drives our success. It promotes agility and high performance, and is integral to fulfilling our purpose and achieving our vision.

See more on **page 3**

## WITH AN EVOLVED STRATEGY...

See more on **page 4**

## RESULTING IN A COMPELLING INVESTMENT PROPOSITION...

Our transformation into a stronger challenger business is delivering consistent financial and non-financial performance.

See more on **page 14**

## CONSISTENTLY DRIVING GROWTH.

We deliver enhanced capital returns by playing to our natural strengths as a challenger business.

See more on **page 15**

**BUSINESS MODEL** CONTINUED

# HOW OUR CHALLENGER APPROACH CREATES VALUE

## WE START WITH THE CONSUMER

We get closer to our consumers by developing deep insights which inform our focused approach to brand building and innovation.

## AMBITIOUS PURPOSE AND VISION

Our purpose is to forge a path to a healthier future for moments of relaxation and pleasure. Our vision is to build a strong challenger business powered by responsibility, focus and choice.

## OUR DISTINCTIVE STRATEGY

Our strategy is consumer-centric and focused, building differentiated brands and making investments to create a more agile, data-led organisation.

## A HIGH-PERFORMANCE CULTURE

We are committed to excellence in our consumer capabilities, sales execution and manufacturing. We want our people to be able to do their best work every day.

## SUSTAINABLE VALUE CREATION

This approach has led to a more consistent and sustainable performance, enabling reinvestment in growth and returns for shareholders.

**BUSINESS MODEL** CONTINUED

## THE VALUE OF 'CHALLENGER'

# A REFRESHED STRATEGY

### Our 2030 plan will make us more consumer-centric, focused and agile.

In March 2025, we laid out a five-year strategy which is both a confident evolution and a step-up in our ambitions.

This plan is aligned to our well-established long-term purpose of forging a path to a healthier future for moments of relaxation and pleasure.

Our strategy is built around the simple idea that, as the smallest of the global tobacco and nicotine businesses, we are at our best when we behave as a challenger.

For us, being a challenger is, above all, about getting closer to our consumers, staying focused on the biggest opportunities for growth, and investing to enable our people to act with greater agility.

## STRATEGIC PILLARS →

Our 2030 strategy has two focused objectives:

### DRIVE SUSTAINABLE VALUE IN COMBUSTIBLES

We focus on the five markets that are our largest profit contributors. The United States, Germany, United Kingdom, Spain and Australia represent c.70% of adjusted tobacco operating profit. Within these markets, we have identified specific areas for investment by category, brand and sales channel. We aim to maintain our aggregate market share across these five markets to drive sustainable growth and cash delivery. We apply the same performance-driven, consumer-led approach to our wider portfolio of markets.

Read about **our priority combustible markets** on page 6

### BUILD SCALE IN NEXT GENERATION PRODUCTS

Our fast-growing NGP business is founded on deep insights into our consumers, attractive propositions across all categories, and products available in markets where the category has been created and we have existing distribution. We are further developing our understanding of consumers, creating more differentiated brands and enhancing our sales capabilities. We are committed to annual double-digit net revenue growth in NGP, building a more significant NGP business which contributes profit and cash.

Read about our **targeted approach to NGP** on page 7

**BUSINESS MODEL** CONTINUED

## STRATEGIC ENABLERS

Successful delivery of these objectives will be underpinned by three strategic enablers – our key capabilities and ways of working:

### DIFFERENTIATED CONSUMER AND BRAND CAPABILITIES

Through blending global FMCG experience with deep tobacco knowledge, we have built a distinctive consumer team, who have developed our capabilities in insights, brand building and innovation. We see opportunities to create further value by refining and focusing our approach. This includes deeper insights into specific target groups, the development of more differentiated, 'challenger' brands, and innovation targeted to address the most important needs of our consumers.

Read about how we **understand our consumers** on pages 8-9

### HIGH-PERFORMANCE CULTURE

Responding to a legacy of global acquisitions which had been loosely integrated, we have been creating a culture where accountabilities are clear, deep collaboration across geographies is fostered and long-term thinking is enabled. Our data shows this emerging performance culture has been a driver of commercial success. We see opportunities to unlock higher performance by investing selectively in leadership skills, improving business planning and introducing more connected ways of working.

Read about how we are **unlocking higher performance** on page 12

### SIMPLIFIED, EFFICIENT AND DATA-LED ORGANISATION

We have begun major data programmes, including the introduction of a new global enterprise resource planning platform, and the full benefits of these will be felt during the next strategic period. We have also now identified further opportunities to create a simpler, leaner and more agile organisation. We will leverage our global scale, drive efficiencies in our supply chain through manufacturing excellence, and enable our people to make more informed decisions through better use of data.

Read about how we are **building a more agile business** on page 13

**BUSINESS MODEL** CONTINUED

STRATEGIC PILLAR ONE

# DRIVE SUSTAINABLE VALUE IN COMBUSTIBLES

We target the most attractive opportunities through a focus on our priority combustible markets.

While we have a presence in more than 100 countries worldwide, we primarily focus on the five markets which account for 70% of adjusted tobacco operating profit. In these markets, we offer a portfolio of products meeting differing consumer preferences and price points. In each market we have defined priorities by category, brand and sales channel, which we call our "must-win battles".

## OUR FIVE PRIORITY MARKETS CONTRIBUTE OVER 70% OF ADJUSTED TOBACCO OPERATING PROFIT

### USA

PROPORTION OF NET REVENUE*

35%

MARKET SHARE

11%

PRIORITY MARKET SHARE MOVEMENTS

-1bp

* Tobacco & NGP net revenue.

KEY BRANDS

Winston, Maverick, Backwoods

### GERMANY

PROPORTION OF NET REVENUE*

14%

MARKET SHARE

19%

PRIORITY MARKET SHARE MOVEMENTS

+45bps

* Tobacco & NGP net revenue.

KEY BRANDS

Davidoff, JPS, Gauloises, Paramount

### UK

PROPORTION OF NET REVENUE*

6%

MARKET SHARE

37%

PRIORITY MARKET SHARE MOVEMENTS

-85bps

* Tobacco & NGP net revenue.

KEY BRANDS

Lambert & Butler, Golden Virginia, Players, Paramount

### SPAIN

PROPORTION OF NET REVENUE*

5%

MARKET SHARE

26%

PRIORITY MARKET SHARE MOVEMENTS

-45bps

* Tobacco & NGP net revenue.

KEY BRANDS

Fortuna, Nobel, West, Ducados

### AUSTRALIA

PROPORTION OF NET REVENUE*

2%

MARKET SHARE

32%

PRIORITY MARKET SHARE MOVEMENTS

+20bps

* Tobacco & NGP net revenue.

KEY BRANDS

Lambert & Butler, JPS, Champion, P&S

**BUSINESS MODEL** CONTINUED

STRATEGIC PILLAR TWO

# BUILD SCALE IN NEXT GENERATION PRODUCTS

## We participate in established categories where we have strong existing routes to market.

Our NGP market footprint is focused on the United States and Europe. Within individual markets we prioritise the categories which have the strongest growth prospects and are well established. So, in the US and Nordics we focus on modern oral. Western Europe is where we focus on vaping, and our southern and eastern European markets are where we lead with heated products.

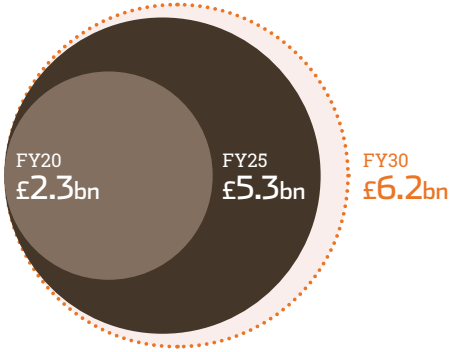
### NET REVENUE GROWTH*

13.7%

* At constant currency.

### VAPOUR

**INDUSTRY REVENUE PROJECTIONS[1]** £bn




**MARKET SHARE GROWTH IN FY25[2]**

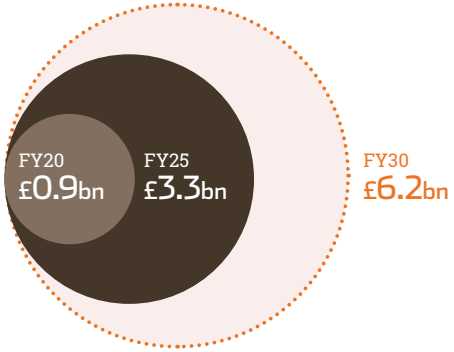
160bps

**KEY MARKETS**

- UK
- Spain
- France
- Germany

### HEATED TECHNOLOGY

**INDUSTRY REVENUE PROJECTIONS[1]** £bn




**MARKET SHARE GROWTH IN FY25[2]**

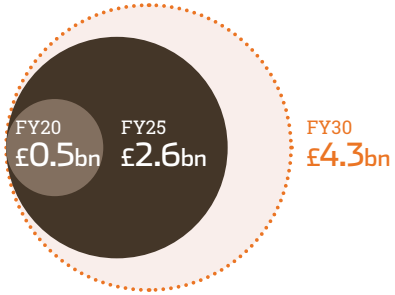
60bps

**KEY MARKETS**

- Italy
- Greece
- Poland
- Czechia

### MODERN ORAL

**INDUSTRY REVENUE PROJECTIONS[1]** £bn




**MARKET SHARE GROWTH IN FY25[2]**

130bps

**KEY MARKETS**

- USA
- Norway
- Sweden
- Austria

1. Imperial Brands internal estimates for Group footprint. Markets included represent >85% NGP net revenues.
2. Vapour share based on retail sales value. Aggregated 'closed system' share based on UK, FR, SP, GE, IT, GR combined. UK is blu share and excludes 'multi-pods' and 'big puff'. Heated shares based on volume/stick across CZ, GR, IT, PL, HU, BU combined. Modern oral share based on volume/can. Aggregated share based on SE, NO, USA. USA share is based on sell-through (wholesale to retail), MSAi data to 4 October 2025.

**BUSINESS MODEL** CONTINUED

STRATEGIC ENABLER ONE

# WE LEARN FROM OUR CONSUMERS

We invest in deep insights to understand our consumers' needs and preferences.

Globally, there are more than 1 billion smokers and nicotine consumers. As a challenger business, our role is to build a deep understanding of a focused subset of these consumers – those for whom our brands and products strongly resonate.

"We focus on deeply understanding very specific types of consumers – those for whom our brands have most appeal."

**PAOLA POCCI**
CHIEF CONSUMER OFFICER

**MARKUS, GERMANY**

"I don't think there's another cigarette brand that offers such great additional flavours. I appreciate the obviously high quality of the tobacco and the modern yet traditional image of the Gauloises brand."

**BECKER, USA**

"I choose Winston because of the true tobacco taste and consistent quality. With a Winston, in the morning it helps me get my day started and, in the evening, it helps me relax and reflect on my day."

## VICTORIA, SPAIN

"Fortuna is a brand that's the most talked about, the best known, I know lots of people who smoke it and I enjoy it. I also really like that it comes in different pack sizes, which I choose depending on the moment. My favourite moment of relaxation is at night, after dinner."

## LIVIA, UK

"The device is a good size and a simple shape. It holds nicely in your hand and looks premium with its metallic feel. I also prefer blu because it has a nice taste that's not too strong or overwhelmingly sweet. It is a bit more subtle and doesn't leave too much of its fruity smell around me."

## SEAN, USA

"Zone has the right feel in my mouth because it has just the right level of moisture. I also enjoy the flavour; it's not overwhelming or artificial like some other pouches. I feel more productive, no more going outside for smoke breaks, but the biggest benefit is that there's no trace of smell afterward."

## GABRIELLA, ITALY

"Pulze is a device that gets straight to the point. It's linear, light, what you see is what you get. I feel like it's closer to my personality – determined and with clear ideas without frills. The price is good and together with the advice of my tobacconist, it's given me the push to change my way of using tobacco."

**BUSINESS MODEL** CONTINUED

STRATEGIC ENABLER ONE

# WE LEVERAGE INSIGHTS TO BUILD CHALLENGER BRANDS

## We are developing differentiated brands meeting clear consumer needs.

Our recently developed global Brand Building Framework adds greater rigour to how we identify our target consumers, develop compelling marketing campaigns, and drive positive commercial outcomes.

### INTERNATIONAL BRANDS

### LOCAL JEWELS

### NEXT GENERATION PRODUCTS

**BUSINESS MODEL** CONTINUED

STRATEGIC ENABLER ONE

# WE DRIVE TARGETED INNOVATION

We are developing strong offerings in all next generation product categories while continuing to innovate in tobacco.

We choose to identify specific types of consumers and focus on the innovations that address their particular needs.

Consumer feedback on blends and flavours or NGP device prototypes is captured in real-time at our Sense Hubs, where our innovation activities are centred, and feedback to our third-party partners is provided immediately.

Our scientists and regulatory experts are closely involved in the innovation process to ensure we maximise the harm reduction potential of our NGP, while minimising unintended use.

This collaborative way of working gives us the agility to better respond to changes in consumer trends, ensuring we innovate faster, more responsibly and with greater precision.

## INNOVATIONS IN TOBACCO

### INTRODUCING A NEW FORMAT

Our insights in Germany showed there was an unmet need for a slim format cigarette, an offering not available from any other mainstream international brand in the market. We created JPS Slims for these specific consumers, using our agile innovation model to bring a differentiated brand to market at speed.

### REDEFINING A TRUSTED BRAND

Gauloises is a trusted brand in Morocco, but our insights identified evolving consumer expectation for a smoother cigarette with the same premium feel. In response we rapidly developed Gauloises Rich Gold, a Virginia blend cigarette. Our consumer insights also informed the modern, premium feel of the product packaging.

### EMBRACING CONSUMER CULTURE

Backwoods consumers are culturally fluent and socially influential. To deepen cultural relevance and build lifestyle equity through brand building we developed the City Pack collector's edition series. Differentiated packaging focuses on unique urban cultures across the US. Editions include New Orleans, LA, Chicago, Houston, Atlanta and Detroit.

## INNOVATIONS IN NEXT GENERATION PRODUCTS

### REFRESHING OUR VAPING PORTFOLIO

Our investment in new ethnographic studies and qualitative research revealed that blu vape consumers prefer trusted brands, gimmick-free products and simpler, more authentic adult flavours. blu bar kit and blu box kit rechargeable vapes, paired with new flavours, were co-created with consumers at our Liverpool Sense Hub and quickly brought to market.

### RETHINKING MODERN ORAL NICOTINE

Our European modern oral nicotine consumers seek authentic flavour experiences, and our insights also established an untapped opportunity for a moister product. We have developed an enhanced triple-fibre pouch, which demonstrates notable performance advantage in the key metrics that matter to our consumers: nicotine delivery, taste and mouthfeel.

### REPLICATING THE SMOKER EXPERIENCE

Our third-generation heated platform device more closely replicates the smoking experience and focuses on the features that matter most to our consumers. Developed at our Hamburg Sense Hub, Pulze 3.0 is the smallest all-in-one device on the market, offers 25+ sessions on a single charge and features a unique rollerball insertion method.

**BUSINESS MODEL** CONTINUED

STRATEGIC ENABLER TWO

# WE NURTURE A HIGH-PERFORMANCE CULTURE

## WHAT OUR LEADERS ARE SAYING ABOUT OUR CULTURE AND STRATEGY

**97%**
understand our 2030 strategy

**94%**
are confident in their ability to explain key elements of the strategy

**96%**
understand the cultural and behavioural shift which needs to be made

**96%**
know what it means to be a challenger

The development of a performance culture has been a key enabler for our recent success.

Over the next strategic period, we intend to further strengthen our culture, ensuring our people have the right technology, data and processes to do their best work every day.

The foundation of our performance culture has been our behaviours, which we developed with our people in 2021. Since then, we have put in place initiatives which have reinforced these behaviours, including:

- The creation of a global consumer team and investments in insights, marketing and insights capabilities
- New ways of working to remove silos, for example, through the creation of a global sales excellence network
- Training for our top 1,000 leaders to become better coaches to their teams
- More rigorous performance management at both a business and individual level.

Over the next few years, through investments in tech and ways of working we will become a fully integrated organisation with common processes, technology and data.

This will enable us to move towards a genuinely high-performance culture where we deliver excellence in consumer capabilities and sales, and throughout our enabling functions.

Our focus in 2025 has been on building a clear and consistent understanding of our refreshed strategic and cultural ambitions among our people.

We have done this through a structured programme of engagement for all segments of our workforce including:

- A series of seven face-to-face events for our 600 top leaders across all three of our regions
- TV shows bringing to life key elements of our strategy for our global workforce
- Virtual Q&A sessions with our CEO and other senior leaders
- Toolkits to enable people leaders to hold conversations with their teams about how they can each make a distinctive contribution to our strategy

While this engagement work continues, feedback so far is encouraging, with 94% of our leaders saying they feel confident to explain our strategy.

## OUR BEHAVIOURS

Our five behaviours are well embedded and act as a clear guide for how we operate.

> We are all brand builders. We are all sales people. We all have a role to play in delivering a high-performance culture.

MEMBER OF OUR LEADERSHIP COMMUNITY

**BUSINESS MODEL** CONTINUED

STRATEGIC ENABLER THREE

# A TRANSFORMATION DRIVEN BY TECH & DATA

## We are investing in tech and data to improve agility and efficiency across our value chain and to simplify the way we work.

Our ambition over the next strategic period is to complete our transformation from a loose collection of businesses brought together during a period of acquisition to an integrated, agile organisation.

This will unlock the full potential of our global scale to create significant efficiencies and further harness our growing consumer capabilities.

We see opportunities to connect the world-class talent we have assembled in the organisation and to improve end-to-end processes. We will leverage data analytics on an enterprise-wide basis and apply artificial intelligence more effectively to empower our people to make faster, more insightful decisions.

**£600m**

Cash investment in technology, data and processes and manufacturing excellence over the next four years

### DIGITAL TRANSFORMATION

By integrating our processes, people, data and technology, we are creating a more agile, simplified, efficient and data-led organisation.

We continue to roll out our enterprise resource planning (ERP) platform in service of our ambition to become a simpler, more efficient organisation. This is a key step to becoming a business which makes the most of its global scale to create significant efficiencies while empowering local teams.

Our new platform went live in the UK & Ireland in FY25, followed by our Radom factory in Poland in October 2025. We are rolling out the programme to all markets and factories over the next four years, with the next wave of deployments in our Australasia cluster scheduled for early 2026.

Connecting and integrating our technology platforms will make us more efficient and free up time to focus on what really matters – our consumers and customers.

### MANUFACTURING

Across our factory footprint, we are building excellence and strengthening our focus on efficiency, quality, and health and safety. Our Manufacturing Excellence System (MES) includes a standardised operating model to unlock efficiencies. MES helps us monitor data and yield, enforces automatic specifications and enhances product traceability. These improvements will deliver a step change in organisational capabilities and support our strategic delivery.

We are investing in planning and forecasting solutions and enhancing our tobacco leaf and blending systems. Integrating our new ERP into our supply chain will lead to greater agility, responsiveness and consistency, and create opportunities for continuous performance improvements.

We review the utilisation rate of our global manufacturing footprint to ensure that this is optimised. In October, we announced we were withdrawing from our Langenhagen factory in Germany. Our focus is on ensuring a fair and transparent process for affected employees.

### SALES

We continue to expand our sales capabilities, building excellence into the DNA of our sales teams through better use of technology and data to drive sharper insights and knowledge sharing. To accelerate our progress and the sharing of best practice we have established a global centre for sales excellence, which brings together our diverse regional teams.

In the US, our largest market, we have used our improved data to optimise the deployment of our sales force by geography and channel. This analysis is becoming ever more detailed and localised, helping us focus coverage on the specific cities and counties with the best returns.

Combined with investment in an expanded sales force, these tools help us visit more customers, reduce administrative workload and optimise our marketing activations. These techniques are now being rolled out across our priority markets' sales teams and we will be making further investments during the next strategic period.

**BUSINESS MODEL** CONTINUED

# A COMPELLING INVESTMENT PROPOSITION

We play to our natural strengths as a challenger business. This means getting close to our consumers, staying focused and acting with agility.

## A SUSTAINABLE, CASH-GENERATIVE TOBACCO BUSINESS

Focused investments in brands and sales execution underpin stable market share and enable strong pricing, leading to growing revenue. In the majority of our focus markets, tobacco remains affordable – creating opportunities for sustainable, long-term value.

## A TARGETED, FAST-GROWING NEXT GENERATION NICOTINE BUSINESS

Our flexible, partnership approach to innovation and focused market entry framework are building a disciplined, sustainable NGP business. We are committed to annual double-digit revenue growth and, as we build scale, we are moving towards profitability.

## A TRANSFORMATION TO BECOME A SIMPLER, MORE DATA-ENABLED BUSINESS

Targeted investments in technology, data and processes are enabling our people to get closer to our consumers, to focus on the big levers which drive value and to act with greater agility. This is enabling us to become a stronger challenger and deliver more sustainable growth.

## A CONSISTENT, STRONG FINANCIAL OUTLOOK

Our strategy supports our strong medium-term financial outlook, to grow adjusted earnings per share by at least high-single digit at constant currency, to deliver annual free cash flow of at least £2.2 billion and to maintain our disciplined approach to capital allocation.

## DELIVERY ON OUR COMMITMENT TO A HEALTHIER FUTURE

Our business model is aligned to a long-term consumer trend towards potentially less harmful smoke-free nicotine products. As we responsibly scale our NGP operations we will play an increasingly material role in reducing the harm caused by tobacco.

## ENHANCING CAPITAL RETURNS

We have a clear capital allocation framework alongside our strategy:

### INVEST IN STRATEGY

Since our strategy is largely organic and we work with innovation partners, our capital expenditure needs are relatively light. We have committed to invest in our transformation and consider small strategic acquisitions.

### MAINTAIN LEVERAGE

We are committed to an investment grade credit rating and will maintain our leverage at the lower end of the range 2.0-2.5 times adjusted net debt/ EBITDA.

### PROGRESSIVE DIVIDEND GROWTH

We have committed to grow our dividend every year, taking into account the underlying business performance.

### RETURN SURPLUS CAPITAL TO SHAREHOLDERS

We have committed to an evergreen share buyback up to 2030, with £1.45 billion share repurchase announced for FY26.

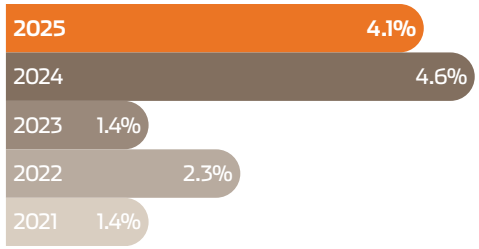
BUSINESS MODEL CONTINUED

# CONSISTENTLY DELIVERING GROWTH

## OUR STRONG TRACK RECORD CONTINUES

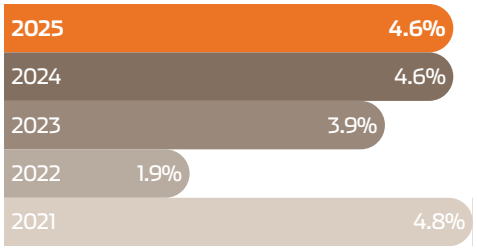
### TOBACCO AND NGP NET REVENUE GROWTH*
(%)

FY25: 4.1%



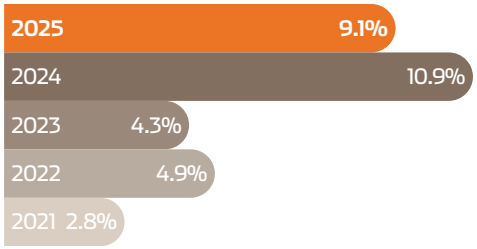

### GROUP ADJUSTED OPERATING PROFIT GROWTH*
(%)

FY25: 4.6%



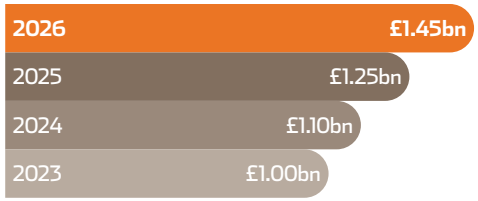

### ADJUSTED EARNINGS PER SHARE GROWTH*
(%)

FY25: 9.1%




### ANNOUNCED SHARE REPURCHASE
(£bn)

FY26: £1.45bn




### NGP NET REVENUE GROWTH AT CONSTANT CURRENCY
(%)

+13.7%

2024: +26.4%

### REPORTED OPERATING PROFIT
(£bn)

£3.5bn

2024: £3.6bn

### REPORTED EARNINGS PER SHARE
(Pence)

251.1p

2024: 300.7p

### DIVIDEND PER SHARE
(Pence)

160.32p

2024: 153.42p

* Change at constant currency.

CHAIR'S STATEMENT

# SET UP FOR SUSTAINABLE GROWTH

**THÉRÈSE ESPERDY**
CHAIR

> We are better able to create predictable and sustainable value for shareholders and meet the needs of our wider stakeholders.

**Dear shareholder,**
I am pleased to report the successful completion of our ambitious five-year strategy to turn around Imperial Brands and build a strong challenger business.

Alongside strong operational progress, over the past year we managed a smooth leadership transition with Lukas Paravicini succeeding Stefan Bomhard as Chief Executive Officer.

Stefan retires from our business having significantly strengthened our operations, enabled us to deliver a more consistent financial performance and set us on a course for further success.

**Delivering against our strategy**
This has been another year of strong operational delivery in both tobacco and next generation products (NGP).

This performance, delivered despite continued economic uncertainty and softening consumer confidence in some key markets, adds to our five-year track record of sustainable, broad-based improvement. I would like to thank all our people for their hard work and dedication to our consumers and customers.

Guiding our success has been the targeted challenger strategy which we launched in January 2021. This strategy was built on three principles: putting the consumer first, staying focused on the biggest growth opportunities, and transforming our organisation to become simpler, more efficient and more agile.

During this period, we increased aggregate market share in our priority combustible markets by +48 basis points, delivered a 83% increase in NGP net revenue, grew earnings per share by 24% and made capital returns totalling £10 billion.

Imperial Brands is a significantly stronger business than it was five years ago, delivering consistent growth and highly sustainable shareholder returns.

## CHAIR'S STATEMENT CONTINUED

**+13.7%**
Growth in NGP net revenue in FY25

**£2.8bn**
Capital returns to investors during FY25

### Leadership transition

On 30 September 2025, Stefan retired as CEO. He will remain on the Board until 31 December 2025 and continue to be available to the company until May 2026.

Stefan was succeeded by Lukas Paravicini, who had been our Chief Financial Officer (CFO) since 2021. Lukas has played a key role in the strengthening of our business and has led the ongoing programme to transform our technology and data capabilities.

At the same time Murray McGowan, previously our Chief Strategy and Development Officer, took over from Lukas as CFO and joined our Board. Murray, who joined Imperial Brands in July 2020, oversaw the development of both the company's initial five-year strategy and our refreshed 2030 plan.

Once again, I would like to thank Stefan for his outstanding contribution to Imperial Brands' renewed success. He has been an inspirational leader, driving the improvements in our capabilities and culture which have led to the comprehensive turn-around of this company. Stefan leaves behind a strong platform for future growth, and on behalf of the Board, I wish him all the very best in his retirement.

During the past five years, we have comprehensively refreshed our senior leadership team with strong hires from other global consumer businesses and by nurturing internal talent. This means we now have a deep management bench ready to lead the company through the next strategic period.

### Our 2030 ambition

In March 2025, we unveiled an evolved strategy covering the period to 2030. This is both a confident evolution of our existing approach and a step-up in our ambitions.

We see opportunities to deliver consistent growth by investing further in our consumer capabilities to create more differentiated brands, and by becoming a data-led, more agile, high-performance organisation.

While staying focused on delivering our plans for FY25, we have also been building the capabilities needed to deliver our long-term ambitions.

Our priorities over the next five years will be to create sustainable value in combustibles, build scale in NGP, and continue to provide highly attractive returns to shareholders.

### Moving towards a healthier future

By growing our NGP business, we are making a more material contribution to reducing the harm caused by smoking.

Our consumer insights teams and scientists continue to ensure our smoke-free products are effective in helping adult smokers to quit and stay away from cigarettes.

We also engage with policymakers and regulators to promote a deeper understanding of the positive impact of NGP and campaign against extreme prohibitionary measures, which result in unintended consequences, including the spiralling of illicit trade.

Aligned to our business strategy, progress has been made on other material environmental, social and governance priorities. We are pleased that against our benchmark years, we have reduced Scope 1 and 2 market-based carbon emissions by 72% and cut absolute waste across our operations by 36%.

### Enhancing returns within a disciplined framework

Five years ago we articulated clearly defined capital allocation priorities and have applied that framework rigorously. Our first priority is always the investment needs of the business. Next, we ensure we maintain an investment grade credit rating and our net debt is within our target ratio of 2.0 to 2.5 times EBITDA.

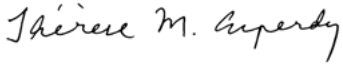
We then seek to provide a progressive dividend, reflecting the underlying growth of the business. The Board recommended two further quarterly dividends of 40.08 pence per share for FY25 with a total annual dividend of 160.32 pence, representing growth of 4.5% on an underlying basis. Finally, we return surplus capital through share buybacks. We have committed to "evergreen" buybacks every year up to 2030, and during FY26 we will make repurchases totalling £1.45 billion, which we expect to complete by 28 October 2026.

### Further Board changes

Diane de Saint Victor retired from the Board at our 2025 annual general meeting. We recently announced that Abbe Luersman will join us in January 2026 as a Non-Executive Director. Abbe is an experienced human resources leader in global businesses and has an impressive track record in organisational design, integration, cultural change and transformation – areas of strategic importance for Imperial Brands. We look forward to working with Abbe when she arrives in the New Year.

### Outlook

While we have accomplished much in the past five years, Imperial's transformation journey will continue, with significant opportunities still ahead. Although there are always risks associated with an ambitious change programme, I am confident that under the executive leadership of Lukas and Murray, Imperial Brands will continue to deliver strong returns to shareholders, while moving purposefully towards a healthier future.



**THÉRÈSE ESPERDY**
CHAIR

# EXTENDING OUR HIGH-QUALITY TRACK RECORD

**LUKAS PARAVICINI**
CHIEF EXECUTIVE OFFICER

We have successfully delivered on our five-year plan – while continuing our long-term transformation.

Our strong operational and financial delivery during fiscal year 2025 and over the past five years provides a firm platform on which to build as we embark on the next phase of our strategy.

This has been another year of strong performance, which demonstrates the sustainability of our combustibles business and the exciting growth opportunities in next generation products.

This has also been a year of transition in terms of both strategy and leadership. 2025 marked the successful completion of our five-year plan to build a strong challenger business and the start of our refreshed 2030 strategy, which is both a confident evolution and an important step-up in our ambitions.

On 1 October, Stefan Bomhard passed on the baton of executive leadership to me, and at the same time Murray McGowan assumed the role of Chief Financial Officer. I would like to thank Thérèse and the Board for their confidence in me, and I want to express my gratitude to Stefan for his guidance and friendship during the four years we have worked together.

Since we announced the leadership transition in May 2025, I have visited all our regions and spent time with many of our people. I have been impressed by my colleagues' enthusiasm for our refreshed strategy, their thoughtful insights and their ambition to build an even stronger business.

### A confident evolution – and a step-up in ambition

During the next strategic period, we will evolve the distinctive challenger approach which has been the source of our recent success. This means we will continue to invest in the insights, innovation and marketing capabilities which get us closer to our consumers. We will continue to make deliberate, focused choices about which opportunities we pursue. We will also continue to transform to become a simpler, more efficient and more agile organisation.

## CHIEF EXECUTIVE'S STATEMENT CONTINUED

**+9.1%**
Adjusted earnings per share growth on a constant currency basis

**+£2.7bn**
Free cash flow generation

**£1.45bn**
FY26 share repurchase announced

While our approach is evolutionary, our ambition is bold. We see significant opportunities to deliver a step-change in our capabilities – and, as a result, drive even more sustainable, consistent commercial outcomes. Through investments in ways of working and technology – including artificial intelligence – we will complete our long-term journey from a collection of businesses assembled through acquisition to a fully integrated organisation with common processes and data. This will allow us to fully unleash the potential of the talent we have been developing over the past five years and create a truly high-performance culture.

This transformation will enable us to fulfil our twin strategic priorities – sustainable value in combustibles and scale in NGP – and realise our purpose of forging a path to a healthier future for moments of relaxation and pleasure.

### Building on strong foundations

Our strong operational and financial delivery over the past five years provides a firm platform on which to build as we embark on the next phase of our strategy. Our performance during the 2025 fiscal year, which was in line with our public commitments, adds to our track record of progress across our key operational and financial metrics.

In combustibles, we drove a strong price-mix of 5.4%, more than offsetting volume decline. Within our footprint, volume declines were more moderate than in recent years. This resulted in growth in tobacco net revenue of 3.7% at constant currency. On a reported basis, tobacco revenue declined -2.9%.

In our five priority markets, market share was stable. This means that since FY20, our cumulative aggregate share in our top five markets has outperformed our target, increasing by 48 basis points.

In NGP, net revenue grew by 13.7% at constant currency, another year of double-digit revenue growth, in line with our commitment. On a reported basis, NGP revenue grew 14.9%. This was a broad-based performance with top-line growth and share gains across all categories. Over the past five years, our cumulative NGP net revenue growth has been 83%.

At constant currency, tobacco and NGP net revenue grew by 4.1%. Our Distribution segment contributed positively to our results with gross profit up 2.9% at constant currency, reflecting strong tobacco pricing offsetting weakness in long-distance transportation. This helped to deliver Group adjusted operating profit growth of 4.6% at constant currency. Reported operating profit at actual rates declined -1.8%, reflecting strong regional performance, partly offset by adverse foreign exchange movements and costs related to the implementation of the 2030 Strategy. This growth in adjusted operating profit alongside the reduction in share count as a result of our ongoing share buyback, underpinned growth in adjusted earnings per share of 9.1% at constant currency. On a reported basis, earnings per share declined -16.5%.

Guided by our well-established and rigorous capital allocation framework, the Board has recommended an increase to the underlying dividend of 4.5% for FY25, and an increase to £1.45 billion for our share buyback for FY26. During the five-year period from FY21 to FY25 inclusive, we delivered cumulative capital returns of £10 billion, and during FY26 we expect to deliver further capital returns of c.£2.8 billion.

### Sustainable growth in combustibles

Our performance in combustibles highlights the sustainability of our portfolio of markets and brands. In our major markets, we benefit from a range of brands across all price points.

Our success has been driven by our long-term investments in the capabilities of our sales teams and in developing more differentiated brands. Our more focused, consumer insights-led approach to brand building can be most clearly seen in our latest campaigns for Winston and Backwoods in the US, and Gauloises in Germany.

In the US, as a result of our targeted investments in Winston, the brand has gained share within the premium segment. Over the last five years this brand has grown share in its segment by over 20 basis points. At the same time, we have benefited from the growth in the discount segment.

In Germany, we have now delivered two successive years of market share growth, reversing the previous long-term trend of share losses. We have gained share in both the premium segment and in the value end of the market where Paramount continues to perform well.

In Spain, following a steady gain of 30 bps in market share over the last four years we decided to prioritise delivering value through pricing. With tobacco continuing to be affordable, we expect this market will remain highly sustainable over the long term.

## CHIEF EXECUTIVE'S STATEMENT CONTINUED

As we have previously signalled, in the UK and Australia, high excise and the resultant growing illicit trade have led to reductions in overall market value. However, I have been pleased at the skill and dedication of our teams in capturing value in these markets, balancing pricing and market share performance. In the UK, we also have an opportunity to offset declines in the combustible market through the development of a material NGP business.

We also saw a positive contribution from our wider market portfolio. Our African cluster delivered an especially strong performance, with double-digit revenue growth across our sub-Saharan markets.

### Building scale in next generation products

Our focus on our consumers and disciplined execution has delivered further progress in NGP. FY25 saw continued innovation with product launches in all categories across our priority markets.

In the US we are focused on the fast-growing modern oral category. Here, our Zone brand, launched in February 2024, has now been rolled out to a store footprint of c.100,000, and continues to receive strong feedback from consumers and our retail partners. In oral nicotine, we have also continued to see strong growth in the Nordics, where we launched a new pouch design and flavours. We have also just launched Zone in the UK.

In vape, our focus is on the major western European markets where NGP consumers have expressed a preference for this category. In the context of more moderate category growth and significant regulatory change in some markets, our products continue to perform strongly. Our new pod-based blu kit range, which we have been progressively rolling out since the second half of last year, has helped us establish double-digit share in the UK, Spain and France. Our consumers tell us they like the authentic flavours and distinctive, high-quality design, and regard blu as a trusted brand.

In heated products, we focus on markets in Southern and Eastern Europe where this is the leading NGP category. During FY25, we have been rolling out our new Pulze 3.0 device, aimed at consumers seeking a better flavour delivery and an affordable experience close to combustible tobacco.

In Europe we have eight markets where NGP now accounts for more than 20% of our tobacco and NGP net revenue. In all NGP categories we now have a focused view of our target consumers, competitive propositions and growing share.

### Furthering harm reduction

As we build scale in our NGP business, we prioritise investment in consumer insights and science to better understand our real-world contribution on harm reduction. Our most recent research looked at the behaviour of adult smokers with no plans to quit, when introduced to blu vapes. Six months into the survey, 40% of participants had either significantly reduced smoking cigarettes or stopped completely. In our priority markets, we continue to engage with policymakers to build an understanding of the positive role that responsibly marketed NGP can play.

### Developing our strategic capabilities

While delivering on our in-year plans, we have also made progress on our long-term transformation. As part of our ongoing investment in consumer capabilities, over the past year we have been rolling out our global brand building framework. This new, more rigorous approach is delivering greater clarity on our target consumers, their distinctive needs and the creation of winning marketing campaigns.

Through our global network for sales excellence, we continue to invest in technology and training for our customer-facing teams. The scaling of industry best practice, including the broad adoption of artificial intelligence tools will be a significant focus in the coming years.

As part of our commitment to build a simpler, more efficient and data-led organisation, we are introducing a new platform for enterprise resource planning – and this global programme remains on track with our first production site now live.

We continue to invest in improving the effectiveness and efficiency of our global supply chain. Alongside this ongoing activity, we announced in October our intention to withdraw from our Langenhagen factory in Germany. Our decision followed a careful review of our global manufacturing network and was made necessary by declining utilisation aligned to long-term, market-wide reductions in tobacco volumes. We have been focused on ensuring that the consultation process is as transparent and fair as possible for all affected employees.

Over the past five years, we have developed a culture which is more collaborative, accountable, inclusive and able to balance near-term delivery with long-term planning. We have built a deep management bench by making smart hires from the wider consumer sector and nurturing our home-grown talent. During the next strategic period, we see an opportunity to build an even higher performing culture. Our ambition is to equip our people with the right processes, technology and data to enable them to do their best work every day. Since March, we implemented a structured programme to socialise our strategy with our people, so all colleagues understand their distinctive role in delivering on our commitments. This included a total of seven face-to-face leadership events, which engaged more than 600 of our senior people – and also provided me with a great opportunity to spend time with our global teams.

A consistent aspect of our performance culture is to drive further improvement in the health, safety and wellbeing of our people. The absolute number of lost time accidents has remained unchanged on the previous year, down 47% compared to our baseline year, highlighting the importance of stepping up our efforts to improve safety.

### Allocating capital with discipline

We will continue with our existing clear and transparent capital allocation framework. We have four priorities: invest behind our strategy to drive sustainable growth; maintain a strong and efficient balance sheet, with leverage at the low end of our 2.0 to 2.5 times net debt to EBITDA range; a progressive dividend, reflecting the underlying growth of the business; and finally, return surplus capital to shareholders.

Following this framework, the dividend for FY25 grew 4.5% on an underlying basis, in line with adjusted operating profit. Having completed the FY25 share buyback of £1.25 billion, the strong momentum of the business has enabled us to increase the share buyback for FY26 to £1.45 billion. As announced in March, we have committed to an evergreen share buyback over the next five years to 2030, with the quantum decided each year in line with this framework.

### Outlook

Our expectations for the coming year are in line with the medium-term guidance set out at our Capital Markets Day in March 2025. On a constant currency basis, we expect to deliver low-single-digit tobacco and double-digit NGP net revenue growth. Tobacco pricing will continue to more than offset cigarette volume declines, and in NGP we will continue to grow through consumer-focused innovation and disciplined execution.

For FY26, Group adjusted operating profit is expected to grow in the 3% to 5% range, on a constant currency basis, driven primarily by continued profit growth from our combustible tobacco business.

## CHIEF EXECUTIVE'S STATEMENT CONTINUED

In line with previous years, performance will be weighted to the second half of the year because of the phasing of combustible pricing and investment.

After 2030 Strategy costs, we expect to generate free cash flow of at least £2.2 billion in FY26, in line with the guidance provided at the Capital Markets Day in March.

Growth in operating profit combined with the impact of our ongoing share buyback are expected to result in at least high-single-digit adjusted earnings per share growth for the full year at constant currency. At current rates, foreign exchange translation is expected to be a tailwind of around 2.0% to 2.5% to net revenue, adjusted operating profit and earnings per share.

The rigour of the plans which underpin our refreshed strategy and the commitment of our people give me continued confidence we will deliver on our operational and financial commitments and create consistent, sustainable value for shareholders.

**LUKAS PARAVICINI**
CHIEF EXECUTIVE OFFICER

### EXECUTIVE LEADERSHIP TEAM

**LUKAS PARAVICINI**
CHIEF EXECUTIVE OFFICER

**EXPERIENCE**
Lukas joined the business in 2021 as Chief Financial Officer and was an architect of our 2030 strategy. He previously held senior roles at ED&F Man Holdings, Fonterra and Nestlé.

**MURRAY McGOWAN**
CHIEF FINANCIAL OFFICER

**EXPERIENCE**
In his prior role as Chief Strategy & Development Officer, Murray led the development of our 2030 Strategy. He has also held financial and operational roles for consumer businesses including Costa Coffee.

**DEBORAH BINKS-MOORE**
CHIEF CORPORATE AFFAIRS OFFICER

**EXPERIENCE**
Deborah is an experienced Corporate Relations Director drawing on more than 20 years of international experience in sectors including energy, technology, retail and e-commerce.

**ALISON CLARKE**
CHIEF PEOPLE AND CULTURE OFFICER

**EXPERIENCE**
Alison joined Imperial Brands in 2020 from Inchcape plc where she was Chief Human Resources Officer. She has also held a number of senior positions at Whitbread, Hutchison and United Utilities.

**PRIYALI KAMATH**
PRESIDENT, AFRICA, ASIA, AUSTRALASIA, AND CENTRAL & EASTERN EUROPE (AAACE) REGION

**EXPERIENCE**
Priyali has 25 years' extensive experience across general management, marketing, and people and culture. Prior to joining Imperial, she held multiple leadership positions at Procter & Gamble.

**KEVIN MASSIE**
CHIEF LEGAL, RISK, GOVERNANCE AND COMPLIANCE OFFICER

**EXPERIENCE**
Kevin's 20 years' experience of international legal practice across regulated and consumer goods sectors includes roles at Tullow Oil, Ashurst and PZ Cussons, where he was General Counsel & Company Secretary.

**SAMI NAFFAKH**
CHIEF SUPPLY CHAIN OFFICER

**EXPERIENCE**
Sami has broad experience of transforming supply chains and driving operational excellence in global consumer businesses. Prior roles include Chief Supply Officer at Reckitt and Chief Operations Officer at Arla Foods.

**PAOLA POCCI**
CHIEF CONSUMER OFFICER

**EXPERIENCE**
Before joining Imperial Brands in 2021, Paola worked at Procter & Gamble for 22 years in several leadership positions across Europe, the Middle East, the US and China, and across multiple FMCG categories.

**KIM REED**
PRESIDENT AND CEO, AMERICAS REGION

**EXPERIENCE**
Kim joined our US business in 2019 and has a successful track record of more than 30 years in sales and executive leadership roles, having previously held roles at The Kellogg Company and Pepsi Bottling Group.

**ALEŠ STRUMINSKÝ**
PRESIDENT, EUROPE REGION

**EXPERIENCE**
Aleš has considerable experience in tobacco having worked in a number of senior international roles (UK, Central and Eastern Europe, Travel Retail Spain) at Imperial Brands for more than 20 years.

KPIs

# DELIVERING PROGRESS AGAINST OUR TARGETS

Our key performance indicators allow our stakeholders to see the progress we are making in delivering our purpose, vision and strategy.

R

KPIs used as bonus and LTIP performance criteria for Executive Directors.

For more information see **Remuneration Report** on pages 102-118

1. Definitions for financial KPIs can be found in Supplementary Information.

## FINANCIAL KPIs[1]

### AGGREGATE PRIORITY MARKET SHARE VS PRIOR YEAR

BASIS POINTS R

**WHY THIS IS IMPORTANT**

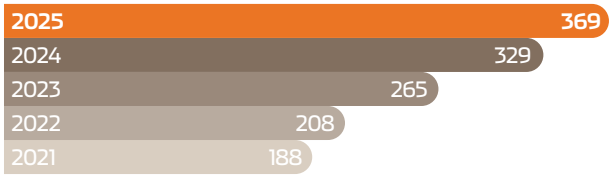
To drive sustainable value in our combustible markets, we aim to maintain stable aggregate cigarette market share across our five most profitable markets: US, Germany, the UK, Spain and Australia.

**FY25 PROGRESS**

Our focused approach to combustible markets has enabled us to deliver stable aggregate market share during the period, with gains in Germany and Australia offsetting declines in the US, UK and Spain.

### NGP NET REVENUE

£M R




**WHY THIS IS IMPORTANT**

Measures our ability to build scale in our NGP business.

**PERFORMANCE**

NGP net revenue grew by 13.7% on a constant currency basis in the year.

### TOBACCO & NGP NET REVENUE

£BN

**WHY THIS IS IMPORTANT**

We monitor the growth of sales of these products to illustrate how our focused approach generates growth.

**PERFORMANCE**

Tobacco & NGP net revenue grew by 1.9% at actual exchange rates and increased by 4.1% on a constant currency basis. Tobacco net revenue was up 3.7% at constant currency.

* Excluding Russia.

### TOBACCO & NGP ADJUSTED OPERATING MARGIN

%

**WHY THIS IS IMPORTANT**

We monitor our tobacco & NGP adjusted operating margin to illustrate how our focused approach generates value from our growth.

**PERFORMANCE**

Margins increased 10 basis points at actual rates and 30 basis points at constant currency.

* Excluding Russia.

**KPIs** CONTINUED

## FINANCIAL KPIs[1] CONTINUED

### ADJUSTED EARNINGS PER SHARE
PENCE R

**WHY THIS IS IMPORTANT**

Growth in our adjusted earnings per share illustrates the value created by our focused challenger strategy for each shareholder.

**PERFORMANCE**

Adjusted earnings per share increased 6.1% at actual exchange rates and increased 9.1% on a constant currency basis. Reported earnings per share declined -16.5%. This movement is explained in the Group Financial Review.

* Excluding Russia.

### DIVIDEND PER SHARE
PENCE

**WHY THIS IS IMPORTANT**

Growth in our dividend per share illustrates the growth of our annual cash distribution for each shareholder.

**PERFORMANCE**

The dividend grew 4.5% reflecting our progressive dividend policy and in line with our capital allocation policy.

### ADJUSTED NET DEBT TO EBITDA
MULTIPLE R

**WHY THIS IS IMPORTANT**

We have a disciplined capital allocation policy, ensuring investment to support our strategic delivery and maintaining a strong efficient balance sheet, keeping our leverage at around the lower end of our 2.0x to 2.5x range.

**PERFORMANCE**

Adjusted net debt to EBITDA increased to 2.0x in FY25, at the low end of our capital allocation target of 2.0x to 2.5x. Adjusted net debt increased to £8.4 billion, after £2.8 billion of returns to shareholders via dividend and share buyback. The year-on-year increase in EBITDA, reflecting the growth in adjusted operating profit during the financial year was offset by an increase in adjusted net debt.

### ADJUSTED OPERATING CASH CONVERSION RATE
% R

**WHY THIS IS IMPORTANT**

The cash characteristics of our business remain highly attractive, with low capex needs supporting strong operating cash flow.

**PERFORMANCE**

2025 adjusting cash conversion of 97% was lower than the prior year due to an increase in working capital.

### RETURN ON INVESTED CAPITAL
% R

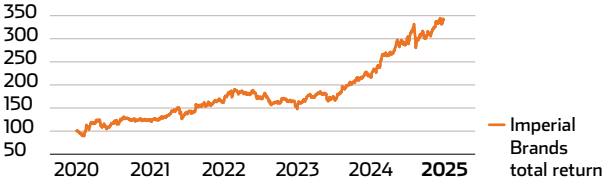
**WHY THIS IS IMPORTANT**

While our business model remains highly cash generative, this is a measure of how we allocate our capital over time.

**PERFORMANCE**

Return on invested capital improved in the year by 100bps to 20.7%, benefiting from a reduction in FY25 average invested capital compared to the prior year, mainly due to the foreign exchange impact on intangible assets.

### TOTAL SHAREHOLDER RETURN R




**WHY THIS IS IMPORTANT**

Share price performance and dividend payouts together reflect the returns investors have received for having confidence in our management's ability to implement our strategy.

**PERFORMANCE**

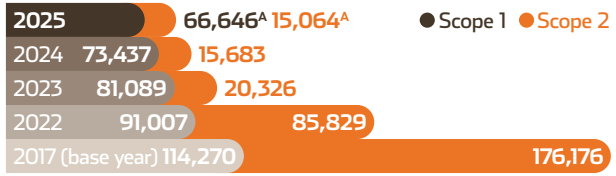
We have delivered total shareholder returns of 241% over the prior five-year period.

**KPIs** CONTINUED

## NON-FINANCIAL KPIs[1,2]

### ABSOLUTE SCOPE 1 AND 2 MARKET-BASED $CO_2$ EQUIVALENT EMISSIONS

TONNES[3] R




**WHY THIS IS IMPORTANT**

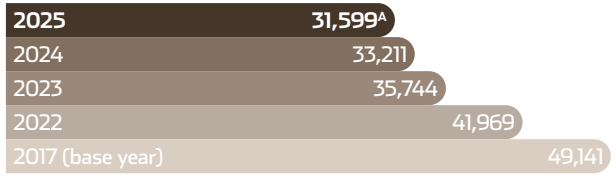
Reducing our Scope 1 and Scope 2 market-based emissions underpins our Climate Change ESG priority.

**PERFORMANCE**

We have seen a 72% decrease in our total Scope 1 and Scope 2 market-based emissions from our 2017 baseline year. This has been driven by our increased use of electricity purchased from traceable renewable sources, our energy efficiency programme, and volume decreases.

### WASTE

TONNES[3]




**WHY THIS IS IMPORTANT**

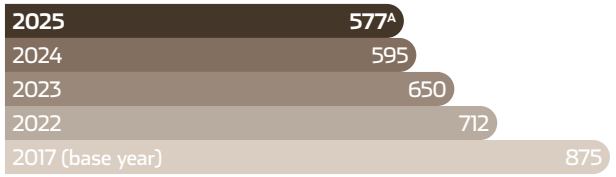
Reducing our waste underpins our Packaging & Waste ESG priority.

**PERFORMANCE**

Our original target was to reduce waste by 20% by 2030 from a 2017 baseline year. In FY25, we achieved a 36% reduction in absolute waste, surpassing the target ahead of schedule. Building on this progress, we have set a new target to reduce waste in our operations by 50% by 2035, relative to the 2017 baseline.

### ENERGY CONSUMPTION

GWH[3] R




**WHY THIS IS IMPORTANT**

Reducing our energy consumption underpins our Climate Change ESG priority.

**PERFORMANCE**

We set a target to reduce our absolute energy consumption by 45% by 2030 from a 2017 baseline year. We achieved a 34% decrease in energy consumption compared to the base year. We estimate that in FY25 around 60% of this decrease is due to the implementation of efficiency programmes in our factories and fleet.

Our 2025 relative energy consumption is 69,340 kWh/£m net revenue.

1. Definitions for non-financial KPIs can be found in the ESG Review on pages 39-53 and in the Reporting Criteria document available at www.imperialbrandsplc.com.
2. Select 2025 non-financial data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard.
3. Our 2025 environmental data follows the reporting period Q4 financial year 2024 to Q3 financial year 2025. This is to allow for data collection, validation and external assurance. Our reporting scope and definitions are detailed in the Reporting Criteria document published on our website.
4. Our health and safety data is for the full 2025 financial year. Our reporting scope and definitions are detailed in the Reporting Criteria document published on our website.

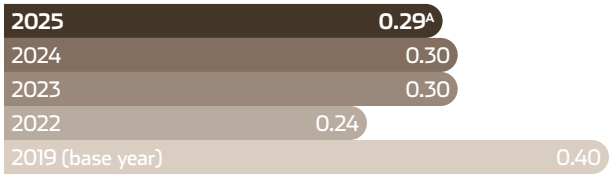
A. Data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY's Assurance Opinion is available on our website. Our reporting scope and definitions are detailed in the Reporting Criteria document published on our website.

See www. https://www.imperialbrandsplc.com/people-and-planet/our-esgperformance for more information.

More non-financial performance indicators can be found in the **ESG Review** on pages 39-53 and in our **Reporting Criteria document** available on our website

### LOST TIME ACCIDENT FREQUENCY RATE

PER 200,000 HOURS[4]




**WHY THIS IS IMPORTANT**

Reducing lost time accident (LTA) rate underpins our Employee Health, Safety & Wellbeing ESG priority.

**PERFORMANCE**

Since FY19, LTAs have fallen by 47%, while total hours worked declined by 26%, mainly due to our exit from Russia, Japan and the Premium Cigars business. These regions made up 14% of hours worked but only 2% of LTAs, so the LTA rate did not improve in line with absolute reduction in accidents.

The number of LTAs remained unchanged from FY24, reinforcing the need to step up our efforts to achieve the 2030 target of a 75% reduction in LTA rate.

GLOBAL MARKET CONTEXT

# OUR EVOLVING OPERATING ENVIRONMENT

We take a focused approach towards our international market footprint. In combustibles around 70% of our operating profit comes from five priority markets: the United States, Germany, the United Kingdom, Spain and Australia. In NGP, we operate only where there is strong and growing consumer demand and where we have strong existing routes to market. This means our NGP operations are concentrated in Europe and the United States.

Our analysis indicates that, in aggregate, the tobacco value creation model continues to be sustainable across our priority markets. Over the past five years the combined combustible revenue pool in our five largest markets grew by a CAGR of 1.8%, reaching £39 billion in FY25.

During the next strategic period up to 2030 we expect to see a divergence in combustible market growth rates within our footprint. Markets including the US, Germany and Spain, where tobacco is affordable and excise rises are proportionate, are expected to see continued growth in legal market size. However, those markets characterised by expensive legal products and above-inflation tax increases are likely to experience continued growth in the illicit and non-duty-paid trade at the expense of the domestic legal market. In Australia where a packet of 20 cigarettes costs on average £24, the illicit trade is estimated to account for more than half of total tobacco consumed.

The UK market is moving in a similar direction with a recent survey suggesting that 46% of cigarettes are non-duty paid, of which 15% are illicit. Partnering with industry peers and retailers, we continue to engage governments to address both the demand- and supply-side drivers of the illegal trade.

In NGP, aggregate market size in our footprint has grown at a CAGR of 25% over the past five years. During this period, we have been growing market share within this footprint for modern oral and heated products, and for all three categories last year. We expect double-digit annual growth in market size to continue in the period up to 2030. Preferences by category will continue to vary by market depending on local regulatory frameworks and consumer behaviour, with modern oral emerging as a major category in the US, vape remaining the dominant platform in much of western Europe, and heated tobacco increasingly popular in southern and eastern Europe. Across our NGP footprint, we continue to engage for proportionate and enforceable regulation to build trust in the category for adult consumers seeking potentially less harmful alternatives to smoking and to minimise unintended use.

Over the past year, we have seen diverse developments in policy and regulation across our key markets.

In the US, the change in federal administration led to the FDA announcing the withdrawal of its proposed rules to prohibit menthol in cigarettes and characterising flavours in cigars. To advance, these proposals would now need to be reintroduced, which is unlikely under the current administration. We see also a long-term trend towards states and local government becoming more active in tobacco and nicotine regulation – and we are developing our corporate affairs capabilities to align with this shift.

In Germany, Federal elections were held in February, with Friedrich Merz elected as Chancellor in May. The political fragility in Germany during the first half of 2025 hindered any material excise structure change. The current German Tax Model is set to expire at the end of 2026. Discussions are ongoing for the prolongation of the current excise calendar beyond 2026, and we expect a new tax model to be characterised by modest annual increases.

In the UK, the Labour Government reintroduced the Tobacco and Vapes Bill in 2024. The Bill introduced a generational smoking ban to anyone born after 2009, as well as further restrictions on advertising and promotion for NGP. In addition, it empowers ministers to put forward secondary legislation to regulate flavours, packaging and display of EVP, and to introduce a new retail licencing scheme to curb the illicit market. The earliest the Bill could receive Royal Assent is 2026. Further consultations on the secondary legislation will follow after Royal Assent.

The Spanish government adopted a multiannual anti-tobacco plan (2024-2027) with the objective of implementing comprehensive policies to reduce the consumption of tobacco and NGP. The plan is starting to materialise under two legislative proposals – the Royal Decree and the Tobacco Bill.

In Australia, the Public Health Bill was passed in December 2023, and the subsequent regulations were approved in March 2024. The Department of Health also mandated filter health warnings with a compliance deadline of 1 April 2025. While the current government remains unsupportive of NGP, it has moved away from a prescription-only model for vapes to allow over-the-counter sales in pharmacies.

The EU Commission has acknowledged further delays to the finalisation of its Tobacco Products Directive (TPD) evaluation work, which is now targeted to conclude in Q2 2026. We therefore expect the revised TPD proposal in late 2027 at the earliest.

The EU Tobacco Excise Directive (EUTED) proposal was published in July foreseeing an increase in minimum excise duties on combustibles and the inclusion of duties for NGP. The proposal will be negotiated during FY26 with in-market application expected between CY28 and CY29.

The Conference of the Parties (COP) and Meeting of the Parties (MOP) are major biennial global tobacco control events, held under the aegis of the World Health Organisation's Framework Convention on Tobacco Control (FCTC). The 11th COP and 4th MOP are due to take place in November 2025, with the focus of this year's COP on environmental issues, industry liability, forward-looking tobacco control measures, industry interference and harm reduction narrative.

The latest UN Global Plastics Treaty session was held in August 2025. The session was intended to be the final round of negotiations, leading to the adoption of a legally binding treaty addressing the full lifecycle of plastics. There was little agreement between the two major country blocs, with big differences in views and the scope of the treaty. The session was formally adjourned with no consensus and no treaty adopted. Negotiations are expected to resume at a later date, although it is unclear when and where they will be held.

OPERATING REVIEW

# EUROPE: STRONGER BRANDS AND SALES EXECUTION

## AT A GLANCE

**TOBACCO VOLUME CHANGE**
-1.3%

**NGP NET REVENUE CHANGE***
+8.8%

**TOBACCO & NGP NET REVENUE CHANGE***
+4.5%

**ADJUSTED OPERATING PROFIT CHANGE***
+6.7%

**TOBACCO NET REVENUE CHANGE***
+4.2%

* Change at constant currency.

**ALEŠ STRUMINSKÝ**
PRESIDENT, EUROPE REGION

### Strong financial performance driven by pricing as volume decline rates eased across the region

Tobacco & NGP net revenue grew 4.5% at constant currency reflecting strong combustible pricing, with price mix of 5.5%, offsetting volume declines of -1.3%. NGP net revenue grew 8.8% as we navigated the disposable vapour ban in some countries and the market transition to reusable devices, and against the rollout of new pod-based reuseable devices in the second half of the 2024 fiscal year. At actual rates tobacco & NGP net revenue grew 3.3%.

Adjusted operating profit grew 6.7% at constant currency, driven by a strong tobacco performance and a significant reduction in NGP losses. At actual exchange rates, adjusted operating profit grew 6.3%.

### Germany turnaround continued with market share growth

In Germany, we delivered a second year of market share growth following a prolonged period of market share losses, as investments in our strategic initiatives continued to gain traction. Germany remains an attractive and highly competitive market, with a market volume decline of -1.9% in FY25, good affordability and a well-signalled excise regime. Sales force investments last year enabled us to expand our retailer coverage while capability enhancements supported improved agility to capture channel shifts. We manage our brand portfolio across all key price segments with focused brand equity investments supporting share gains for Paramount, our value brand, and for Gauloises within the premium segment.

### Spanish market share performance improved in second half

In Spain, tobacco industry volumes were flat at –0.6% year on year despite the implementation of a new tax structure in January 2025. In the first half of the year, we took advantage of the steady improvements in market share over the past four years to realise value through pricing. Brand equity investments in local jewel brand, Ducados, and global brand, West, together with subsequent adjustments at specific price points, led to a recovery in share in the second half of the year. This focus on value drove strong adjusted operating profit growth.

### UK market an important profit contributor to the Group

In the UK, we prioritised value creation, successfully balancing price with market share performance. The UK market remains an important value contributor to the Group. Industry volume declines remain relatively high at -16.6%, as the market has been impacted by above inflation excise increases particularly in fine cut tobacco. We increased prices in January which partially offset the impact of market volume declines. We used our consumer insights and strong retail relationships to successfully launch our Paramount brand into this dark market and gain share, meeting consumer demand for quality with value for money.

### NGP net revenue growth supported by innovation

Our NGP portfolio has delivered net revenue growth of 8.8% at constant currency, with product launches and innovations across all three categories. Growth was slower in the second half, as we annualised a period of product launches and strong growth in the prior year. In vaping, we successfully navigated the disposable bans in the UK and France having progressively rolled out our pod-based blu kits from the second half of last year. In the UK consumer demand for our rechargeable kits supported our increase in vapour market share (now in excess of 10%). In Germany and Spain we launched our blu bar kit as consumer preferences moved from disposable to pod-based vapour products. In heated technology, during the summer we launched our new Pulze 3.0 device into Italy and Greece, with early signs of strong consumer acceptance. This device can be used with our existing iD tobacco sticks and our flavoured non-tobacco iSenzia sticks. In modern oral nicotine, we relaunched our Zone brand in Sweden with an updated pouch design to meet evolving consumer preferences. New flavour variants supported the growth of Skruf in Norway. In November we also launched Zone in the UK.

| | | Full year result | | Change | |
|---|---|---|---|---|---|
| | | **2025** | 2024 | Actual | Constant currency |
| Tobacco volume | bn SE | **85.4** | 86.6 | -1.3% | – |
| Tobacco & NGP net revenue | £m | **3,476** | 3,366 | +3.3% | +4.5% |
| Tobacco net revenue | £m | **3,196** | 3,106 | +2.9% | +4.2% |
| NGP net revenue | £m | **280** | 260 | +7.7% | +8.8% |
| Adjusted operating profit | £m | **1,638** | 1,541 | +6.3% | +6.7% |

**OPERATING REVIEW** CONTINUED

# AMERICAS: INVESTING IN EXPANSION

## AT A GLANCE

**TOBACCO VOLUME CHANGE**
-6.1%

**NGP NET REVENUE CHANGE***
+69.8%

**TOBACCO & NGP NET REVENUE CHANGE***
+4.8%

**ADJUSTED OPERATING PROFIT CHANGE***
+2.8%

**TOBACCO NET REVENUE CHANGE***
+3.8%

* Change at constant currency.

**KIM REED**
PRESIDENT AND CEO, AMERICAS REGION

### Financial performance reflects strong combustible pricing and NGP growth

Tobacco & NGP net revenue grew at 4.8% on a constant currency basis, with tobacco net revenue driven by strong pricing offsetting volume declines. NGP net revenue grew 69.8% at constant currency with an acceleration into the second half of the year as we continued to rollout our modern oral brand, Zone.

Adjusted operating profit grew 2.8% at constant currency. Improved combustible tobacco performance was partially offset by increased NGP investment behind the continued rollout of Zone. At actual exchange rates, adjusted operating profit declined -0.2%.

### Strong pricing in combustibles

Our tobacco volumes declined by 6.1%, against an industry volume decline of 7.7% in cigarettes. Mass market cigar industry volumes fell by 5.3%. Industry cigarette declines improved versus the prior year, reflecting the launch of new discount brands and consumer downtrading. This drove growth in the deep discount segment. Despite the lower rate of market volume decline, the cigarette category continues to be impacted by macroeconomic pressure on consumer disposable income and sales of illicit vaping products.

On a constant currency basis, tobacco net revenue increased by 3.8%, as strong pricing of +9.9% offset volume declines.

During the year we continued to invest in brand equity, supporting our focused brands across a range of price points. We carefully position our portfolio across a range of price segments to meet the needs of adult consumers. We also continued our investment in sales excellence, enhancing coverage as we expanded our store footprint.

Within a challenged premium segment, our Winston brand gained share. We refined the brand's personality and expanded the range with the recent launch of Winston Select. Winston Select has gained traction with core franchise consumers, while effectively competing within the broader segment. We also launched KOOL Black which helped to offset overall KOOL performance in the face of increased competitor discounting in the menthol segment. Improved sales force execution enabled an expansion of store listings for Crowns, supporting market share growth of the brand in the growing deep discount segment. Our progress in combustibles was particularly pleasing, against the backdrop of continued pricing actions from competitors. Overall our combustible market share was stable year on year, down -1 basis point, to 10.9%, which also reflected the timing of competitor investments within the deep discount segment.

### Mass market cigar performance improved, benefiting from product innovation and brand loyalty

Our mass market cigar portfolio gained +35 basis points of share with performance driven by product innovations and new flavour variants, together with continued brand equity investment and our expanded sales coverage. At the premium end of the pricing ladder, our iconic heritage brand Backwoods continued to grow its share of the natural leaf segment, supported by new flavours. The launch of Backwoods Wraps built on our brand equity and reinforced the brand's quality. Backwoods performance offset weakness in Dutch due to low-price competitors.

### NGP net revenue growth driven by continued roll-out of Zone

Our NGP net revenue grew 69.8% on a constant currency basis, driven by the continued roll-out of our modern oral brand, Zone. Following its successful launch in February 2024, we have continued to expand distribution, and Zone is now available in over 100,000 stores, capturing 2.8% of the modern oral category share. We remain close to our consumers in this competitive market and offer eleven flavours across 6mg and 9mg product formats. In vapour, blu remains an established brand but we have prioritised investment in Zone, given the weak enforcement of the illicit vapour market.

| | | Full year result | | Change | |
|---|---|---|---|---|---|
| | | **2025** | 2024 | Actual | Constant currency |
| Tobacco volume | bn SE | **18.0** | 19.1 | -6.1% | – |
| Tobacco & NGP net revenue | £m | **2,892** | 2,836 | +2.0% | +4.8% |
| Tobacco net revenue | £m | **2,822** | 2,793 | +1.0% | +3.8% |
| NGP net revenue | £m | **70** | 43 | +62.8% | +69.8% |
| Adjusted operating profit | £m | **1,233** | 1,235 | -0.2% | +2.8% |

**OPERATING REVIEW** CONTINUED

# AFRICA, ASIA, AUSTRALASIA AND CENTRAL & EASTERN EUROPE

## AT A GLANCE

**TOBACCO VOLUME CHANGE**
-1.0%

**NGP NET REVENUE CHANGE***
-30.8%

**TOBACCO & NGP NET REVENUE CHANGE***
+2.2%

**ADJUSTED OPERATING PROFIT CHANGE***
+4.8%

**TOBACCO NET REVENUE CHANGE***
+2.6%

* Change at constant currency.

**PRIYALI KAMATH**
PRESIDENT, AFRICA, ASIA, AUSTRALASIA AND CENTRAL & EASTERN EUROPE

### Solid operational and financial performance

Tobacco and NGP net revenue grew 2.2% at constant currency reflecting continued focus on pricing discipline across the region, with tobacco price mix of 3.6% offsetting volume declines of 1.0%. NGP net revenue declined -30.8% as we refocused our portfolio in the region due to regulatory changes in some markets. At actual rates tobacco & NGP net revenue declined -0.4%.

Adjusted operating profit grew 4.8% at constant currency, driven by a strong tobacco performance in all market clusters and a reduction in NGP losses. At actual exchange rates, adjusted operating profit declined -2.1%.

### Market size pressures offset market share growth in Australia

In Australia, a global priority market, we grew our market share for the fourth consecutive year supported by a focused approach to revenue growth management. This was against a backdrop of steep market volume declines, driven by the introduction of new regulations and continued growth of illicit products. Strong execution and disciplined portfolio management supported market share growth through the regulatory transitions with Lambert & Butler benefiting from downtrading trends and JPS delivering moderate growth in the mid-price segment. In fine cut tobacco, Champion drove premium segment gains, complemented by solid Parker & Simpson performance and stability in Riverstone.

Our response to new packaging regulations in Australia reflected our challenger mindset with Imperial being the first manufacturer with compliant product on shelf. We used the opportunity to reinforce our strong retailer relationships by rolling out a comprehensive go-to-market plan to assist with a smooth transition with our consumers. This ensured retailers were prepared and were able to navigate the challenging tobacco legislation successfully.

We continue to focus on efficiencies in our supply chain and across the business to underpin the strong profit contribution from this market.

### Strong combustible contributions from our broader market clusters

We saw further strong growth in our Africa businesses. As a portfolio of markets, this cluster has attractive long-term growth opportunities. However, in any given year, we expect differing performances from individual markets. In FY25, we saw particularly strong growth in Ivory Coast and Burkina Faso, where we have been investing in building the equity and portfolio coverage of our key local brands. In Morocco, we have been introducing new products within our Gauloises range to address gaps in our portfolio. These innovations have led to positive consumer feedback and market share improvements.

In our Asia, Middle East and Turkey (AMET) cluster, pricing offset market declines to generate net revenue growth. Brand strength and effective price tiering supported combustible performance in the Central & Eastern Europe (CEE) cluster.

### NGP net revenue declined over the period

NGP net revenue declined -30.8% as we took the decision in the first half to withdraw our blu vapour product from the Czech Republic as regulatory changes would have led to increased product costs. Latterly, we withdrew from the vape category in Poland, as the introduction of device taxes led to market size declines. This is in line with our strategy to make deliberate choices on where we invest, and to focus on markets that have more significant opportunities. Once the impact of these two withdrawals has annualised, we expect NGP net revenue to grow again.

Performance did stabilise in the second half of the year as we focused on our heated technology offering with the launch of Pulze 3.0 for use with our tobacco iD sticks and tea-based iSenzia sticks in the Central & Eastern Europe cluster markets. We also launched our blu bar kit vapour product in New Zealand, growing market share 3.0% by the end of the period.

| | | Full year result | | Change | |
|---|---|---|---|---|---|
| | | **2025** | 2024 | Actual | Constant currency |
| Tobacco volume | bn SE | **83.5** | 84.3 | -1.0% | – |
| Tobacco & NGP net revenue | £m | **1,948** | 1,955 | -0.4% | +2.2% |
| Tobacco net revenue | £m | **1,930** | 1,929 | +0.1% | +2.6% |
| NGP net revenue | £m | **18** | 26 | -30.8% | -30.8% |
| Adjusted operating profit | £m | **794** | 811 | -2.1% | +4.8% |

**OPERATING REVIEW** CONTINUED

# DISTRIBUTION

## AT A GLANCE

**GROSS PROFIT CHANGE***

+2.9%

**ADJUSTED OPERATING PROFIT CHANGE EXCLUDING ELIMINATIONS*,****

-3.0%

**ADJUSTED OPERATING MARGIN CHANGE EXCLUDING ELIMINATIONS*,****

-127bps

**ADJUSTED OPERATING PROFIT CHANGE INCLUDING ELIMINATIONS*,****

+0.9%

* Change at constant currency.

** Eliminations relate to sales of tobacco and NGP product to Logista that are still held in their inventory.

### Distribution consists of our 50.01% stake in Logista

Logista is a Spanish-listed distributor of tobacco and other convenience products and provider of freight, parcel, courier services and pharmaceutical logistics. It operates an end-to-end distribution model that covers the full value chain from collection to delivery to more than 200,000 points of sale across Europe. In line with Logista's diversification strategy, non-tobacco-related business represents over 50% of gross profit.

### Financial performance was in line with expectations

Gross profit at £1,530 million was 2.9% higher on a constant currency basis with good performances in Spain and Italy offsetting lower gross profit in France.

### Gross Profit reflected strong tobacco and pharmaceutical performance and weakness in transportation

In Iberia, gross profit growth was driven in part by tobacco and related products, with the former benefiting from manufacturer price increases in Spain for the third consecutive year. Transport services declined year on year, due to a decrease in long distance road transport activity, impacting Transportes El Mosca, in this segment. Since acquiring full ownership of Transportes El Mosca, Logista has strengthened its controls, implemented management changes, initiated a cost reduction programme, and refocused its client mix. Growth in parcel, reflected in the performance at Nacex, the express courier business, and Logista Parcel, was offset by a decrease in refrigerated activity at Carbo Collbatalle. Pharmaceutical distribution continues to expand both its customer base and product offering.

In Italy, gross profit was supported by a good performance in tobacco, as manufacturer price increases led to a higher profit on inventory than in the prior year.

In France, gross profit reflects tobacco volume declines, partially offset by price increases following excise tax increases and subsequent manufacturer price increases, although profit on inventory for the period was lower than in the prior year.

### Adjusted operating Profit

Adjusted operating profit margin decreased by 127 basis points at constant currency. After eliminations, the adjusted operating profit contribution to the Group increased 0.9% on a constant currency basis. Results include £5 million profit from the disposal of assets compared to £4 million in the same period last year. Restructuring charges of £4 million were expensed, compared to £3 million in the prior year. At actual exchange rates, adjusted operating profit declined -0.3%.

### Cash contribution

In line with the rest of Imperial Brands, Logista is part of the inter-company cash pooling arrangement, which further enhances the Group's liquidity. On a 12-month basis, the daily average cash balance loaned to the Group by Logista was c.£1.7 billion, with movements in the cash position during the 12-month period varying from a high of c.£2.6 billion to a low of c.£0.5 billion, primarily due to the timing of excise duty payments. At 30 September 2025, the loan position was c.£2.2 billion compared to c.£1.9 billion at 30 September 2024.

| | | Full year result | | Change | |
|---|---|---|---|---|---|
| | | **2025** | 2024 | Actual | Constant currency |
| Distribution gross profit* | £m | **1,530** | 1,503 | +1.8% | +2.9% |
| Adjusted operating profit | £m | **316** | 330 | -4.2% | -3.0% |
| Adjusted operating profit margin | % | **20.7** | 22.0 | -130bps | -127bps |
| Eliminations | £m | **7** | (6) | +216.7% | +216.7% |
| Adjusted operating profit (inc. eliminations) | £m | **323** | 324 | -0.3% | +0.9% |

* Distribution gross profit is Distribution revenue less the cost of distributing products.

GROUP FINANCIAL REVIEW

# ACCELERATING RETURNS

## SUMMARY FINANCIAL INFORMATION

### VOLUME CHANGE
**-1.7%**
outperforming wider industry market size declines across our footprint

### TOBACCO & NGP NET REVENUE CHANGE
**+4.1%**
at constant currency, driven by robust tobacco price mix and NGP growth

### ADJUSTED OPERATING CASH CONVERSION
**97%**
2024: 100%

### REPORTED OPERATING PROFIT CHANGE
**-1.8%**
reflecting operating performance, offset by 2030 Strategy charges and adverse foreign exchange movements

### GROUP ADJUSTED OPERATING PROFIT CHANGE
**+4.6%**
at constant currency, driven by tobacco pricing, reduced NGP losses and Distribution

### FREE CASH FLOW
**£2.7bn**
2024: £2.4bn

### REPORTED BASIC EPS
**251.1 pence**
2024: 300.7 pence

### ADJUSTED EPS GROWTH
**+9.1%**
at constant currency

### ADJUSTED NET DEBT/EBITDA
**2.0x**
2024: 1.8x

**MURRAY McGOWAN**
CHIEF FINANCIAL OFFICER

## GROUP FINANCIAL REVIEW CONTINUED

> Fiscal year 2025 was the fifth and final year of our 2021 strategy and our performance provides strong foundations for the next phase of our strategy out to 2030.

Following five years of leading Strategy & Corporate Development at Imperial, I am excited to have been appointed as Chief Financial Officer on 1 October. FY25 was the fifth and final year of our 2021 strategy and our performance provides strong foundations for the next phase of our strategy to 2030. I look forward to working with Lukas and the whole executive team to deliver on our strategy over the next five years and want to thank Lukas and the Board for their confidence in me. Our differentiated challenger strategy has resulted in a stronger, more sustainable, combustible business and a more focused NGP business growing revenue at double-digit percent, delivering improved financial performance and growing returns to shareholders.

On a constant currency basis, tobacco & NGP net revenue grew 4.1%, reflecting strong tobacco price mix and NGP growth. Group adjusted operating profit rose 4.6%, on a constant currency basis. Logista, in our Distribution segment, contributed to our results with gross profit up 2.9% at constant currency.

Reported revenue declined -0.7% reflecting volume declines in our high excise markets and adverse foreign exchange, largely offset by growth in NGP and Distribution revenues. Reported operating profit declined -1.8%, reflecting strong regional performance partly offset by adverse foreign exchange movements and impairment costs related to the implementation of 2030 Strategy.

Cash generation remains a key focus, and we have delivered £2.7 billion of free cash flow, with a 97% adjusted operating cash conversion. The strong cash generation has enabled us to invest in line with our strategy, returning around £2.8 billion to shareholders in FY25 via dividend and share buyback. Adjusted net debt increased by £0.7 billion to £8.4 billion with adjusted net debt/EBITDA at 2.0x in FY25.

On a reported basis, cash flow improved year-on-year as lower cash tax offset the higher net increase in borrowings and higher dividend payout as we moved to four equal dividend payments and higher share buyback.

We have announced a further £1.45 billion share buyback for FY26, which we expect to complete no later than 29 October 2026. This represents approximately 5.7% of the share capital as at 30 September 2025. During FY25 we repurchased 44,612,248 shares, or 5.3% of our share capital as at the 30 September 2024. As we announced earlier, we are also increasing our dividend per share by 4.5% for FY25. The cash dividend and share buyback combined is broadly flat on last year, given the re-phasing of the dividend.

The growth in adjusted operating profit alongside the reduction in share count, as a result of our ongoing share buyback, drove growth in adjusted earnings per share of 9.1% at constant currency. On a reported basis, earnings per share declined -16.5%.

As we set out at our Capital Markets Day in March, the next five years will be an evolution of the last five years as we continue to invest in sustainable growth and efficiency initiatives.

### Summary income statement

| | Reported | | Adjusted | |
|---|---|---|---|---|
| £ million (unless otherwise indicated) | **2025** | 2024 | **2025** | 2024 |
| **Revenue/net revenue/gross profit*** | | | | |
| Tobacco & NGP revenue/net revenue | **20,723** | 21,307 | **8,316** | 8,157 |
| Distribution revenue/gross profit | **11,448** | 11,104 | **1,530** | 1,503 |
| **Operating profit** | | | | |
| Tobacco & NGP | **3,178** | 3,238 | **3,665** | 3,587 |
| Distribution | **305** | 322 | **316** | 330 |
| Eliminations | **7** | (6) | **7** | (6) |
| **Group operating profit** | **3,490** | 3,554 | **3,988** | 3,911 |
| Net finance costs | **(374)** | (534) | **(413)** | (402) |
| Share of profit of investments accounted for using the equity method | **12** | 9 | **12** | 9 |
| Profit before tax | **3,128** | 3,029 | **3,587** | 3,518 |
| Tax | **(908)** | (282) | **(836)** | (799) |
| **Profit for the year** | **2,220** | 2,747 | **2,751** | 2,719 |
| Minority interests | **(149)** | (134) | **(153)** | (138) |
| Earnings per ordinary share (pence) | **251.1** | 300.7 | **315.0** | 297.0 |
| Dividend per share (pence) | **160.32** | 153.42 | **160.32** | 153.42 |

* Reported revenue includes duty, similar items, distribution and sale of peripheral products, which are excluded from net revenue; net revenue comprises reported revenue less duty and similar items, excluding sale of peripheral products and Distribution (Logista) revenue. Distribution gross profit is Distribution revenue less the cost of distributing products.

## GROUP FINANCIAL REVIEW CONTINUED

### Alternative performance measures (APM)

When managing the performance of our business we focus on non-GAAP measures, which we refer to as adjusted measures. We believe they provide a useful comparison of underlying performance from one period to the next, as GAAP measures can include one-off, non-recurring items and recurring items that relate to earlier acquisitions. These adjusted measures are supplementary to and should not be regarded as a substitute for GAAP measures, which we refer to as reported measures. The basis of our adjusted measures is explained in the accounting policies accompanying our financial statements and the APM section within the Supplementary Information.

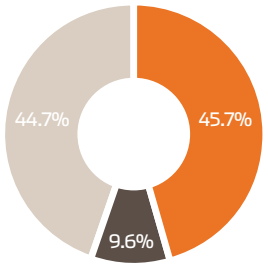
Reconciliations between reported and adjusted measures are included in the Supplementary Information. Percentage growth figures for adjusted results are given on a constant currency basis, where the effects of exchange rate movements on the translation of the results of our overseas operations are removed.

While we believe that APMs provide helpful information which supplements reported measures, we are also aware of the need to ensure that an appropriate balance is maintained between the two sets of reporting metrics, with adjusted disclosures not being given greater prominence than GAAP measures.

### Group results – adjusted constant currency analysis

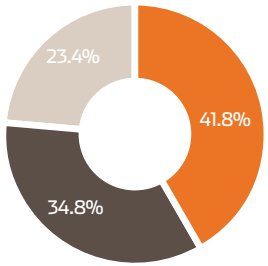
| £ million (unless otherwise indicated) | Full year ended 30 September 2024 | Foreign exchange | Constant currency movement | Full year ended 30 September 2025 | Change | Constant currency change |
|---|---|---|---|---|---|---|
| **Tobacco & NGP net revenue** | | | | | | |
| Europe | 3,366 | (43) | 153 | 3,476 | 3.3% | 4.5% |
| Americas | 2,836 | (81) | 137 | 2,892 | 2.0% | 4.8% |
| Africa, Asia, Australasia and Central & Eastern Europe | 1,955 | (50) | 43 | 1,948 | (0.4%) | 2.2% |
| Tobacco & NGP net revenue | 8,157 | (174) | 333 | 8,316 | 1.9% | 4.1% |
| **Tobacco & NGP adjusted operating profit** | | | | | | |
| Europe | 1,541 | (7) | 104 | 1,638 | 6.3% | 6.7% |
| Americas | 1,235 | (36) | 34 | 1,233 | (0.2%) | 2.8% |
| Africa, Asia, Australasia and Central & Eastern Europe | 811 | (56) | 39 | 794 | (2.1%) | 4.8% |
| Tobacco & NGP adjusted operating profit | 3,587 | (99) | 177 | 3,665 | 2.2% | 4.9% |
| **Distribution** | | | | | | |
| Gross profit | 1,503 | (17) | 44 | 1,530 | 1.8% | 2.9% |
| Adjusted operating profit including eliminations | 324 | (4) | 3 | 323 | (0.3%) | 0.9% |
| **Group adjusted results** | | | | | | |
| Adjusted operating profit | 3,911 | (103) | 180 | 3,988 | 2.0% | 4.6% |
| Adjusted net finance costs | (402) | 6 | (17) | (413) | (2.7%) | (4.2%) |
| Adjusted EPS (pence) | 297.0 | (9.1) | 27.1 | 315.0 | 6.1% | 9.1% |

**VOLUMES, BILLION STICK EQUIVALENT** (SE)



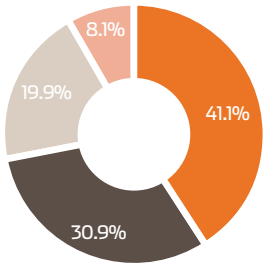

| | |
|---|---|
| Europe | 85.4bn SE |
| Americas | 18.0bn SE |
| AAACE | 83.5bn SE |

**TOBACCO & NGP NET REVENUE** (ACTUAL FX RATE), £ MILLION




| | |
|---|---|
| Europe | £3,476m |
| Americas | £2,892m |
| AAACE | £1,948m |

**ADJUSTED OPERATING PROFIT** (ACTUAL FX RATE), £ MILLION




| | |
|---|---|
| Europe | £1,638m |
| Americas | £1,233m |
| AAACE | £794m |
| Distribution | £323m |

## GROUP FINANCIAL REVIEW CONTINUED

### SALES PERFORMANCE

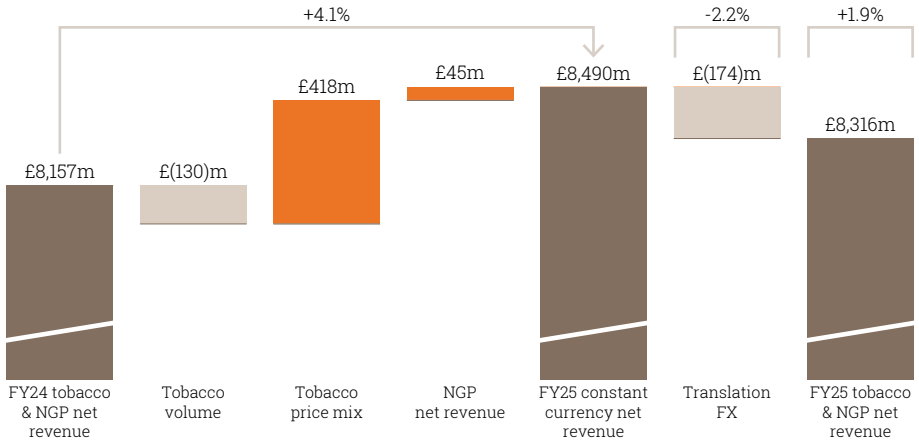
**REPORTED REVENUE CHANGE**

(0.7)%

**TOBACCO & NGP NET REVENUE CHANGE***

+4.1%

- Reported revenue declined -0.7% reflecting volume declines in high excise markets and adverse foreign exchange, largely offset by growth in NGP and Distribution revenues.
- Tobacco & NGP net revenue grew +4.1% at constant currency, comprising +3.7% from tobacco and +13.7% from NGP.
- Tobacco volume was down -1.7%, reflecting wider industry market size declines across our footprint, although more moderate than recent years.
- Aggregate market share was stable across our five priority markets (FY24 +5bps).
- Tobacco price mix was strong at +5.4% due to strong pricing.
- NGP net revenue increased +13.7% at constant currency to £368m, as strong growth in USA and Europe more than offset declines in AAACE.
- Distribution gross profit grew +1.8%, driven by strong tobacco pricing offsetting weaker performance in transportation.
- Translation FX was a headwind at -2.2% due to average sterling strengthening against the dollar and euro.




* Change at constant currency.

### OPERATING PROFIT

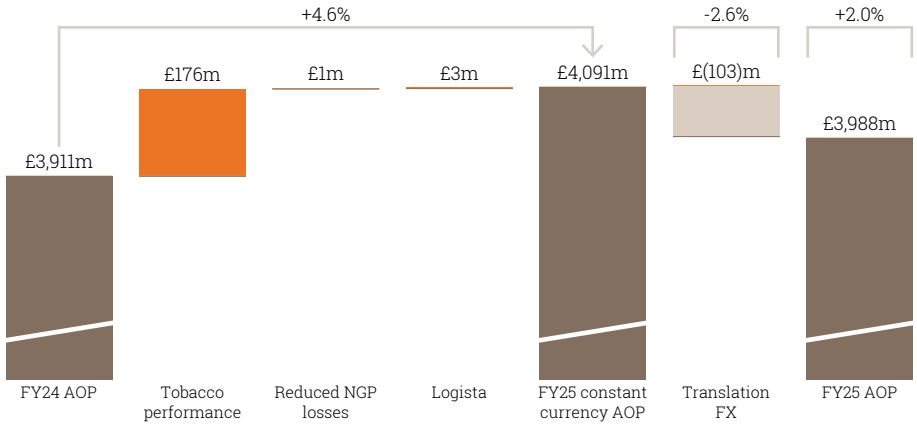
**REPORTED OPERATING PROFIT CHANGE**

(1.8)%

**GROUP ADJUSTED OPERATING PROFIT CHANGE***

+4.6%

- Reported Group operating profit of £3,490m decreased by -1.8% reflecting strong regional performance, offset by adverse foreign exchange and impairment costs related to the implementation of our 2030 Strategy.
- Adjusted Group operating profit increased +4.6% at constant currency, driven by strong tobacco pricing and a reduction in NGP losses against a weaker performance in our Distribution segment as tobacco performance offset softer transportation.
- Tobacco adjusted operating profit increased by +4.8% at constant currency, reflecting strong pricing offsetting volume declines.
- NGP adjusted losses reduced by 1.3% to £76m, as continued improvement in gross margin offset investment to support the continued rollout of Zone in the USA.
- Translation FX on adjusted operating profit of -2.6% reflects average sterling strengthening against the dollar and euro.




* Change at constant currency.

## GROUP FINANCIAL REVIEW CONTINUED

### EARNINGS PER SHARE

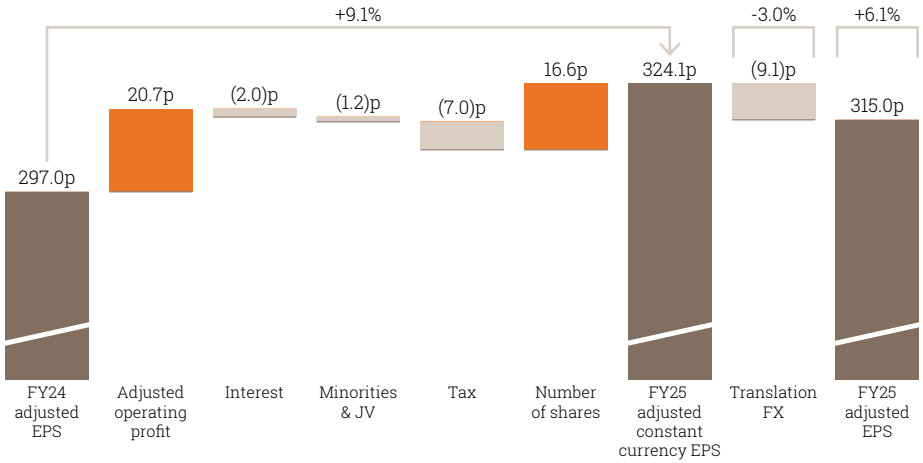
**REPORTED EPS CHANGE**

**(16.5)%**

**ADJUSTED EPS CHANGE***

**+9.1%**

- Reported EPS decreased -16.5% to 251.1 pence reflecting a higher tax charge, partly offset by the impact of lower finance costs and reduced share count.
- Adjusted EPS was 315.0 pence, up +9.1% at constant currency with adjusted operating profit growth enhanced by the reduced share count, offsetting higher tax, net finance and minority interest charges.




* Change at constant currency.

### Summary cash flow statement*

| £ million | Reported 2025 | Reported 2024 | Adjusted 2025 | Adjusted 2024 |
|---|---|---|---|---|
| **Group operating profit** | **3,490** | 3,554 | **3,988** | 3,911 |
| Depreciation, amortisation and impairments | **781** | 647 | **311** | 294 |
| **EBITDA** | **4,271** | 4,201 | **4,299** | 4,205 |
| Profit on disposal of assets | **(15)** | (13) | **(15)** | (13) |
| Other non-cash movements | **(45)** | (93) | **(23)** | (54) |
| **Operating cash flows before movement in working capital** | **4,211** | 4,095 | **4,261** | 4,138 |
| Working capital | **(71)** | 100 | **(71)** | 100 |
| Tax cash flow | **(513)** | (888) | **(513)** | (888) |
| **Cash flows from operating activities** | **3,627** | 3,307 | **3,677** | 3,350 |
| Net capital expenditure | **(338)** | (321) | **(338)** | (321) |
| 2030 Strategy implementation costs | **–** | – | **(21)** | – |
| Restructuring | **–** | – | **(29)** | (43) |
| Cash interest | **(384)** | (416) | **(384)** | (416) |
| Minority interest dividends | **(156)** | (136) | **(156)** | (136) |
| **Free cash flow** | **2,749** | 2,434 | **2,749** | 2,434 |
| Acquisitions | **(77)** | (42) | **(77)** | (42) |
| Acquisition of non-controlling interests | **–** | (49) | **–** | (49) |
| Shareholder dividends | **(1,558)** | (1,299) | **(1,558)** | (1,299) |
| Contributions to share schemes | **5** | - | **5** | – |
| Share buyback | **(1,235)** | (1,020) | **(1,235)** | (1,020) |
| **Net cash (outflow) / inflow** | **(116)** | 24 | **(116)** | 24 |
| Leases paid | **(94)** | (93) | | |
| Increase in borrowings | **3,899** | 3,848 | | |
| Repayment of borrowings | **(3,235)** | (3,948) | | |
| Cash flow relating to derivative instruments | **(144)** | (34) | | |
| **Net increase / (decrease) in cash and cash equivalents** | **310** | (203) | | |

* See Financial Statements for full Cash Flow Statement.

## GROUP FINANCIAL REVIEW CONTINUED

### Cash flow

Cash flows from operating activities were £3,627 million (2024: £3,307 million) as the working capital outflow versus an inflow in the prior year was more than offset by lower cash tax outflow following tax refunds.

As anticipated, gross capital expenditure of £384 million was higher than the prior year (2024: £371 million). Capital expenditure net of the proceeds from the sale of assets, or net capital expenditure, was £338 million and was also higher than the prior year (2024: £321 million). Net capital expenditure is anticipated to remain within an expected range of £300 million to £350 million in FY26 supporting projects to drive simplified and efficient operations in line with our strategic plan.

Adjusted operating cash conversion was 97% (2024: 100%) on a 12-month basis.

| £ million (unless otherwise indicated) | 2025 | 2024 |
|---|---|---|
| Adjusted operating profit | **3,988** | 3,911 |
| Cash flow from adjusted operating activities post capital expenditure pre interest and tax | **3,852** | 3,917 |
| **Adjusted operating cash conversion** | **97%** | 100% |

Free cash flow of £2,749 million (2024: £2,434 million) improved on the prior financial year.

Cash costs of £21 million relate to implementation of the 2030 Strategy. Restructuring cash costs relating to Board-approved restructuring programmes totalled £29 million (2024: £43 million) and comprised cash spend from the 2021 Strategic Review Programme of £19m (2024: £25 million), and from other programmes £10m (2024: £18m). The remaining cash spend from older strategic programmes is ongoing, although not expected to be in excess of the existing provisions.

The net cash outflow of £116 million (2024: £24 million inflow) deteriorated compared to the prior year driven by a higher dividend payout as we moved to four equal dividend payments and a higher share buyback, partly offset by lower tax cash outflow. Acquisition costs were £77 million (2024: £42 million) relating to trademark and brand acquisitions, as well as deferred payment for purchase of modern oral nicotine pouches. During the financial year, we completed the £0.1 billion remaining share buyback announced in October 2023 and £1.13 billion of the £1.25 billion share buyback announced in October 2024. The remaining £0.12 billion was completed in October 2025. We have announced a further share buyback of up to £1.45 billion of shares during FY26.

### Return on invested capital

Return on invested capital (ROIC) increased by 100 basis points, driven by a reduction in average annual invested capital. ROIC is 20.7% (2024: 19.7%).

Adjusted operating profit increased by £77 million.

Our FY25 invested capital has increased compared to the prior year mainly due to the foreign exchange impact on intangible assets.

| £ million | 2025 | 2024 |
|---|---|---|
| **Reported operating profit** | **3,490** | 3,554 |
| Adjusting items (APM section within Supplementary Information) | **498** | 357 |
| **Adjusted operating profit** | **3,988** | 3,911 |
| Equivalent tax charge | **(929)** | (888) |
| **Net adjusted operating profit after tax** | **3,059** | 3,023 |
| Working capital | **(2,858)** | (2,772) |
| Intangible assets | **16,208** | 15,938 |
| Property, plant and equipment | **1,524** | 1,561 |
| **Invested capital** | **14,874** | 14,727 |
| **Average annual invested capital** | **14,801** | 15,361 |
| **Return on invested capital** | **20.7%** | 19.7% |

### Adjusted net debt/EBITDA

Adjusted net debt increased by £666 million to £8,406 million (2024: £7,740 million) in the year and continued strong cash generation supported additional return of capital to shareholders via a share buyback. Adjusted net debt/EBITDA is 0.2x ahead of the prior year at 2.0x.

Reported net debt increased by £614 million to £8,954 million (2024: £8,340 million). Excluding accrued interest, lease liabilities and the fair value of interest rate derivatives providing commercial hedges of interest risk, Group adjusted net debt was £8,406 million (2024: £7,740 million).

| £ million | 2025 | 2024 |
|---|---|---|
| **Reported net debt** | **(8,954)** | (8,340) |
| Accrued interest | **123** | 95 |
| Lease liabilities | **402** | 386 |
| Fair value of interest rate derivatives | **23** | 119 |
| **Adjusted net debt** | **(8,406)** | (7,740) |
| Adjusted EBITDA | **4,299** | 4,205 |
| **Adjusted net debt/EBITDA** | **2.0x** | 1.8x |

## GROUP FINANCIAL REVIEW CONTINUED

### Reconciliation between Group reported and adjusted performance measures

| £ million unless otherwise indicated | Operating profit | | Net finance (costs)/income | | Earnings per share (pence) | |
|---|---|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 | **2025** | 2024 |
| Reported | **3,490** | 3,554 | **(374)** | (534) | **251.1** | 300.7 |
| Amortisation and impairment of acquired intangibles | **369** | 353 | **–** | – | **42.7** | 40.6 |
| 2030 Strategy implementation costs | **21** | – | **–** | – | **1.9** | – |
| 2030 Strategy non-cash costs | **101** | – | **–** | – | **8.3** | – |
| Charges related to legal provisions | **–** | – | **–** | – | **(0.1)** | (0.2) |
| Structural changes to defined benefit pension schemes | **7** | 4 | **–** | – | **0.8** | 0.5 |
| Net fair value and exchange movements on financial instruments | **–** | – | **(13)** | 110 | **18.9** | (13.1) |
| Post-employment benefits net financing cost | **–** | – | **11** | 11 | **0.8** | 0.7 |
| Tax interest (income) / cost | **–** | – | **(38)** | 10 | **(4.4)** | 1.3 |
| Effects of discounting long-term provisions | **–** | – | **1** | 1 | **0.1** | 0.1 |
| Recognition of deferred tax assets | **–** | – | **–** | – | **8.0** | (33.7) |
| Provision for state aid recoverable | **–** | – | **–** | – | **–** | (11.6) |
| Uncertain tax positions | **–** | – | **–** | – | **(7.8)** | 18.9 |
| Prior year adjustments | **–** | – | **–** | – | **(4.8)** | (6.6) |
| Adjustments above attributable to non-controlling interests | **–** | – | **–** | – | **(0.5)** | (0.6) |
| Adjusted | **3,988** | 3,911 | **(413)** | (402) | **315.0** | 297.0 |

### Adjusting items

The main reconciling items of the Group's reported to adjusted operating profit are shown above.

In the period to 30 September 2025 adjusting items relate mainly to amortisation of acquired intangibles of £369 million (2024: £353 million) across Tobacco & NGP and Distribution. Costs relating to our 2030 Strategy were recognised comprising £21 million cash costs associated with 2030 Strategy implementation and non-cash impairment costs of £101 million following the earlier announcement of our intention to cease production at our Langenhagen factory. A £7 million charge relates to the closure and transfer of existing defined benefit schemes in Ireland and Australia.

### Finance costs

Adjusted net finance costs were higher at £413 million (2024: £402 million), due to the refinancing of naturally maturing cheaper debt at higher rates in both FY24 and FY25. Reported net finance costs were £374 million (2024: £534 million), incorporating the impact of net fair value and foreign exchange gains on financial instruments of £13 million (2024: £110 million loss), post-employment benefits net financing costs of £11 million (2024: £11 million) and net tax settlement interest income of £38 million (2024: £10 million cost). Net fair value gains of £8 million on financial instruments primarily reflect the impact of heightened volatility in forward interest rates throughout the year, with longer-term rates ending higher than at the prior year-end. This resulted in gains of £48 million on net pay-fixed interest rate swaps. These gains were partially offset by losses of £40 million on cross-currency swaps, due to US$ fixed interest flows not benefiting from the higher market rates. The accounting losses on the US$ cross-currency swaps arise from the differing treatment of US$ denominated bonds under the amortised cost method.

Our all-in cost of debt modestly increased to 4.3% (2024: 4.2%) reflecting the previously mentioned factors.

Whilst interest rates have decreased and are expected to decrease further, they remain higher than they were prior to the start of FY23 and therefore we still anticipate refinancing naturally maturing, lower-cost debt at higher rates. As a result, we still expect upward pressure on finance costs going forward, although hedging is in place for approximately 83% of our expected debt in FY26.

## GROUP FINANCIAL REVIEW CONTINUED

### Taxation

Our adjusted effective tax rate is 23.3% (2024: 22.7%) and the reported effective tax rate is 29.0% (2024: 9.3%). The increase in the adjusted effective tax rate primarily reflects the change in profits mix to higher taxed jurisdictions and other permanent differences. The reported tax rate is higher than the adjusted tax rate due to the utilisation of deferred tax assets recognised in FY24 and tax arising on fair value and foreign exchange movements.

We expect our adjusted effective tax rate for the year ended 30 September 2026 to be around 24%.

The effective tax rate is sensitive to the geographic mix of profits, reflecting a combination of higher rates in certain markets such as the USA and Germany and lower rates in other markets.

The rate is also sensitive to future legislative changes affecting international businesses such as changes arising from the OECD's (Organisation for Economic Co-operation and Development) Base Erosion and Profits Shifting (BEPS) and increased volatility in global tax law and regulation. Whilst we seek to mitigate the impact of these changes, we anticipate there will be further upward pressure on the adjusted and reported tax rates in the medium term.

Our Group tax strategy is publicly available and can be found in the Governance section of our corporate website.

### Exchange rates

Foreign exchange had a negative impact on Group adjusted operating profit and adjusted earnings per share at average exchange rates (2.6% and 3.0%, respectively). Sterling strengthened against the US dollar (3.0%) and against the euro (1.1%). Other major currencies remained broadly flat compared to the prior year.

### Dividend payments

The Group paid two interim dividends of 40.08 pence per share in June and September 2025.

The Board has approved a further interim dividend of 40.08 pence per share and will propose a final dividend of 40.08 pence per share bringing the total dividend for the year to 160.32 pence. This represents a 4.5% increase to the amount of 153.42 pence per share paid in the prior year and is in line with the Group's progressive dividend policy.

The annual dividend represents a payout ratio of 63.8% with respect to basic earnings per share.

The third interim dividend will be paid on 31 December 2025 to shareholders registered on 28 November 2025. Subject to AGM approval, the proposed final dividend will be paid on 31 March 2026 to shareholders registered on 20 February 2026.

This reflects the change to the dividend payment profile to four equal quarterly dividend payments from FY25 onwards.

| Dividend payments | Amount (pence) | Ex-date | Record date | Payment date |
|---|---|---|---|---|
| First interim | 40.08 | 22-May-25 | 23-May-25 | 30-Jun-25 |
| Second interim | 40.08 | 21-Aug-25 | 22-Aug-25 | 30-Sep-25 |
| Third interim | 40.08 | 27-Nov-25 | 28-Nov-25 | 31-Dec-25 |
| Final | 40.08 | 19-Feb-26 | 20-Feb-26 | 31-Mar-26 |

### Funding/liquidity

During the year, we repaid our €500 million bond which matured in January 2025 and repaid the remaining US$950 million balance of our US$1.5 billion July 2025 bond. We also issued bonds of €1 billion with a coupon of 3.875% maturing in February 2034 and bonds totalling US$2.2 billion: US$850 million with a coupon of 4.5% maturing in June 2028, US$850 million with a coupon of 5.625% maturing in July 2035 and US$500 million with a coupon of 6.375% maturing in July 2055. Simultaneously, we repurchased US$350 million of the existing US$750 million bond maturing in July 2026 and £312 million of the existing £500 million bond maturing in September 2026, both via capped tender offers. Overall, borrowing increased by £664 million in the year, with a £3,899 million increase in borrowings offset by a £3,235 million repayment of borrowings. We swapped the new US dollar bonds to euro, therefore closing adjusted net debt continues to be materially all euro. During the year, the Group also established a new US$3 billion U.S. Commercial Paper programme (nil outstandings as at 30 September 2025).

As at 30 September 2025, the Group had committed financing in place of around £12.8 billion, which comprised 26% bank facilities and 74% raised from capital markets. During the year, the Group entered into a new €3 billion syndicated multi-currency revolving credit facility provided by 18 lenders, with an initial maturity date of 31 March 2029 and rolling, automatic, annual extensions, replacing the previous €3.5 billion revolving credit facility. As part of this refinancing exercise, reflecting the performance and improved credit profile of the Group, the lenders agreed to remove the leverage and interest cover financial covenants that were a condition of the previous facility. The Group also rolled £700 million of committed, 364-day tenor, bilateral bank facilities, with new maturity dates in September 2026.

The Group remains fully compliant with all our banking covenants and remains committed to retaining our investment grade ratings.

**MURRAY MCGOWAN**
CHIEF FINANCIAL OFFICER

# NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

The following table constitutes our Non-Financial and Sustainability Information Statement in compliance with Sections 414CA and 414CB of the Companies Act 2006. The information listed is incorporated by cross-reference. Additional non-financial information is also available on our website.

| Reporting requirement | Policies | Further information | Page |
|---|---|---|---|
| **Environmental matters*** | • Environment Policy<br>• Filter Policy<br>• Sustainable Tobacco Programme<br>• Biodiversity Statement | Environmental targets | 24, 44, 46, 65 |
| | | Climate and energy | 44, 54 |
| | | Reducing waste | 46 |
| | | Sustainable tobacco supply | 47,48 |
| **Employees*** | • Code of Conduct<br>• Employment Policy<br>• Fairness at Work Policy<br>• Speaking Up Policy<br>• Health, Safety & Wellbeing Policy | Employee health, safety and wellbeing | 50 |
| | | Lost time accident rate | 24, 50, 51 |
| | | Diversity, equity and inclusion | 52 |
| **Respect for human rights*** | • Human Rights Policy<br>• Code of Conduct<br>• Supplier Code of Conduct<br>• Health, Safety & Wellbeing Policy<br>• Fairness at Work Policy<br>• Speaking Up Policy | Diversity, equity and inclusion | 52 |
| | | Health and safety framework | 50 |
| | | Human rights | 49 |
| **Social matters*** | • International Marketing Standards<br>• NGP Policy Positions<br>• Policy on taxation<br>• Community Contributions and Volunteering Policy<br>• Information Security Policy | Human rights | 49 |
| | | Unintended use prevention | 42, 43 |
| | | Farmer livelihoods and welfare | 47 |
| | | Charitable and political donations | 119 |
| **Anti-corruption and anti-bribery*** | • Code of Conduct<br>• Fraud Risk Management Policy<br>• Speaking Up Policy<br>• Supplier Code of Conduct | Managing risk | 66 |
| | | Governance, risk management and internal control | 66, 100 |
| | | ESG governance | 40 |
| **Description of principal risks and impact of business activity** | | Principal risks and uncertainties | 66, 85 |
| | | Governance, risk management and internal control | 66, 100 |
| **Description of the business model** | | Business model<br>Unlocking the value of 'challenger' | 2 |
| **Non-financial key performance indicators** | | Key non-financial performance indicators | 24, 41, 42, 44, 45, 46, 47, 50, 51, 53 |
| **Climate-related financial disclosures** | | Task Force on Climate-related Financial Disclosures | 54 |

* Further information on our policies, due diligence and outcomes in these areas is contained throughout the Strategic Report.

ESG REVIEW

# OUR CHALLENGER APPROACH TO ESG

At Imperial Brands, our Environmental, Social, and Governance (ESG) strategy mirrors our strategic goals as a challenger business. This means staying close to our consumers, focusing on what matters most, and investing in the capabilities that drive agility and impact. We believe ESG is a strategic enabler, that underpins our ambition to become a high-performing, consumer-centric and responsible business.

## OUR PURPOSE

Forging a path to a healthier future for moments of relaxation and pleasure.

## OUR VISION

To build a strong challenger business powered by responsibility, focus and choice.

## ESG REPORTING FRAMEWORK

Our Reporting Criteria document provides further information on ESG-related metrics.

We disclose ESG-related information in alignment with the Global Reporting Initiative (GRI) Standards – Core option, and in accordance with the Sustainable Accounting Standards Board (SASB) framework for the tobacco sector. Further details are available in our GRI and SASB Index.

Note: Logista is a publicly-listed company on the Bolsa de Madrid Stock Exchange and operates with commercial independence due to commercial sensitivities. It is responsible for managing its own ESG-related data and, as such, is outside the scope of Imperial's ESG-related KPIs. Logista has developed a three-year ESG strategic plan (2024–2026), outlining specific objectives and actions, which is available on its corporate website.

Further information and data related to each of our material ESG issues is available in our **ESG Performance Summary**

### Knowing our consumers best

As we continue to scale our next generation products (NGP) business, we are committed to offering consumers potentially reduced-risk alternatives to traditional tobacco products. We combine our science and consumer insights to unlock ways of encouraging smokers to transition to NGP. We also invest in behavioural insights to promote more sustainable consumer choices, such as encouraging the recharging and recycling of vapes, and to develop reduced packaging solutions that are both environmentally responsible and acceptable to consumers.

### Focusing on priority issues

Our Double Materiality Assessment approach ensures we concentrate our efforts on the ESG issues that are most material to both our business and our stakeholders. We defined these priorities by listening to the views of consumers, customers, employees, regulators and investors. As a result, our ESG commitments are closely aligned with our strategic priorities and commercial objectives and we allocate resources where they can deliver the greatest impact. For further information on this process please read our ESG Performance Summary.

### Investing to strengthen our organisational agility

We are investing in technology, data, people and processes to strengthen our organisational agility. This year, we conducted two real-world behavioural science studies to evaluate the harm reduction potential of our blu vaping product. These studies involved adult smokers incorporating blu into their daily routines, with the aim of reducing or replacing cigarette use.

### Investing to improve our ESG performance

By adopting energy-efficient technologies and practices, we have successfully reduced our carbon footprint and generated cost savings. This reinforces our commitment to environmental sustainability and responsible resource use. We have strengthened supplier oversight by expanding third-party risk assessments through our partnership with Sedex (Supplier Ethical Data Exchange), a global platform that helps companies manage ESG risk across their supply chains. We also promote integrity among our suppliers, asking them to uphold the same standards as us. This ensures ethical practices and a secure, reliable supply chain. We work with suppliers to support farming communities in choosing to grow tobacco sustainably for today, tomorrow and the future.

We conduct regular reviews of our progress and refine our plans to remain aligned with our ESG objectives and business strategy. ESG is about conducting business responsibly, ensuring integrity and efficiency without compromising on quality or incurring unnecessary costs.

While challenges remain, we are delivering against our ESG commitments. Our evolving performance culture and increased workforce engagement have been key drivers of this progress. Nonetheless, we recognise that continued effort is essential to fully realise our ESG ambitions.

For further information on this process please read our **ESG Performance Summary**

# HOW WE DELIVER ON OUR ESG PRIORITIES

## ESG Governance

The People, Governance & Sustainability Committee, chaired by Imperial's Chair and comprising all Non-Executive Directors, has accountability for ESG performance. The ESG Committee, comprising of the executive leadership team (ELT), plays a key role in overseeing, advising, and guiding the delivery of our ESG strategy including ensuring progress against the ESG commitments.

Our Code of Conduct is the cornerstone of our governance framework. It defines the standards of ethical conduct expected of everyone who works for our organisation and guides responsible decision-making across the business. Other codes and policies, including our Supplier Code of Conduct, operate under its overarching principles.

Our Supplier Code of Conduct is embedded into our Procurement Policy and processes, which govern how we select and contract with our suppliers.

Our Speaking Up platform is accessible to employees and external stakeholders, including suppliers and farmers. It offers multiple reporting channels and supports anonymous feedback. The Speaking Up Policy is available internally and on our Group website.

We maintain a zero-tolerance approach to bribery and corruption, as outlined in our Code of Conduct, Supplier Code of Conduct, and Anti-Bribery and Corruption (ABAC) Policy. All online employees complete mandatory ABAC training, and we assess business partners for compliance risks, including ABAC.

> The ESG Committee plays a key role in overseeing, advising, and guiding the delivery of our ESG strategy including ensuring progress against the ESG commitments.

**ESG REVIEW** CONTINUED

**HOW WE DELIVER ON OUR ESG PRIORITIES** CONTINUED

Each of our ESG priorities is aligned with at least one United Nations Sustainable Development Goal (SDG) and organised under three strategic pillars: Healthier Futures, Positive Contribution to Society and Safe & Inclusive Workplace.

## HEALTHIER FUTURES

This pillar directly supports our purpose – of forging a path to a healthier future for moments of relaxation and pleasure. We prioritise consumer health by addressing the impacts of tobacco smoking and offer alternatives that are potentially less harmful.

We are also reducing our climate impact by minimising product, packaging and production waste across our value chain.

Our ESG priority areas in this pillar are:

**CONSUMER HEALTH**

83%

NGP net revenue increase since 2020

**CLIMATE CHANGE**

72%

reduced Scope 1 and Scope 2 market-based emissions since 2017

**PACKAGING & WASTE**

36%

reduced absolute waste across our operations since 2017

## POSITIVE CONTRIBUTION TO SOCIETY

This pillar underpins our long-term strategy by promoting responsible business practices that strengthen supply chain resilience and sustainability.

We are committed to working with our suppliers to support farming communities, promote sustainable agriculture, and ensure the responsible sourcing of products and services through continuous improvement.

Our ESG priority areas in this pillar are:

**FARMER LIVELIHOODS & WELFARE**

152,000

beneficiaries supported in 12 countries through our Leaf Partnership Programme

**SUSTAINABLE & RESPONSIBLE SOURCING**

6th consecutive year

recognised by CDP as a supplier engagement leader in 2024

## SAFE & INCLUSIVE WORKPLACE

This pillar is a core enabler of our ambition to build a high-performance culture, where everyone is enabled to do their best work, every day.

We are committed to promoting human rights, and fostering a safe, inclusive, and diverse workplace where everyone can thrive and belong.

Our ESG priority areas in this pillar are:

**HUMAN RIGHTS**

4,900

employees completing the Human Rights Digital Learning

**EMPLOYEE HEALTH, SAFETY & WELLBEING**

47%

reduced lost time accidents since 2019 (absolute numbers)

**DIVERSITY, EQUITY & INCLUSION**

40%

female representation on the Board*

* As a UK-listed company we are reporting Board diversity in compliance with UK Listing Rules UKLR 6.6.6(9).

# HEALTHIER FUTURES: CONSUMER HEALTH

## Commitment:

We are committed to strengthening our next generation products (NGP) to make a more meaningful contribution to harm reduction by offering adult smokers a range of potentially less harmful products.

### LINK TO SDGs

3 GOOD HEALTH AND WELL-BEING

### OUR BEHAVIOURS

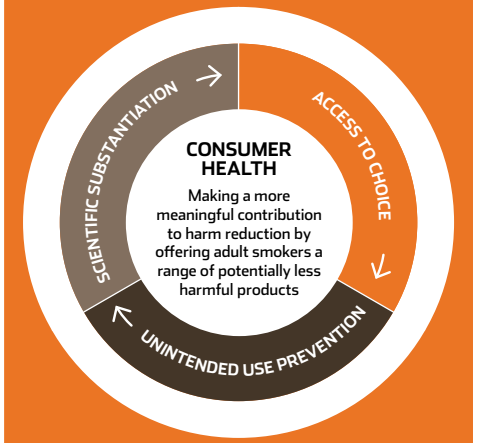
### NGP NET REVENUE

| | |
|---|---|
| Baseline year (2020) | £201m |
| 2025 | £368m |

### FY25 PERFORMANCE

NGP net revenue has increased by 83% since 2020.

### THREE PILLARS SUPPORT OUR CONSUMER HEALTH AMBITION




**1. Consumer choice**
Offering adult smokers and nicotine users a variety of NGP.

**2. Scientific substantiation**
Providing evidence that using our NGP may reduce harm compared to continuing to smoke.

**3. Unintended use prevention**
Ensuring NGP are used only by adult smokers and nicotine users.

We are continuing to evolve through consumer-focused science and innovation, with a commitment to make a meaningful contribution to tobacco harm reduction through our NGP portfolio. Transitioning consumers from cigarettes to NGP presents a global public health opportunity with the potential to reduce the risks of smoking-related disease for millions of adult individuals who smoke. Our NGP are now available to more than 200 million tobacco/nicotine product users in 20 markets, while our related revenues have increased by 83% since 2020.

We define and measure our contribution to Consumer Health through three core pillars illustrated in the diagram.

**Adult smoker consumer choice**
Our approach is led by the consumer. We enter markets where adult smoker consumers have already expressed an NGP preference and where we have existing routes to market.

Within our individual NGP markets, consumers tend to express a preference for different categories. For example, in western Europe vapes are popular. In the US and the Nordics, modern oral nicotine products are popular and in southern and eastern Europe consumers tend to prefer heated tobacco products.

We aim to get as close as possible to our target adult consumers to understand their preferences and barriers to switching from combustible tobacco. We then build distinctive brands which appeal to them and focus our innovation to meet our target consumers' key needs.

For further information please read our **ESG Performance Summary**

## ESG REVIEW CONTINUED

### CONSUMER HEALTH CONTINUED

For example, our blu vape brand is highly focused on providing adult consumers with a trusted product with authentic flavours. In heated tobacco, our Pulze/iD proposition is focused on smokers and former smokers who are looking for a smoke-free experience, similar to a combustible cigarette.

#### Unintended use prevention

We recognise societal concerns around vaping and remain firmly committed to preventing unintended use of our products, particularly among youth. Our product portfolio reflects this commitment. As a responsible manufacturer, we do not offer flavours associated with confectionery, baked goods, or candy, and we market our vape products exclusively to adult smokers and nicotine users seeking a broader lifestyle change.

Unintended use by non-target audiences can significantly undermine the public health potential of NGP. To build upon our strategies to prevent unintended use of our products, we actively advocate for robust and consistent regulatory enforcement to strengthen product compliance, reduce illicit trade, and safeguard against misuse. For more information on our Marketing Principles, please read our ESG Performance Summary.

For more information on our Marketing Principles, please read our **ESG Performance Summary**

In FY26, we will continue to innovate responsibly by co-creating and collaborating with adult consumers to ensure our NGP align with their evolving needs. We will advance harm reduction science to deepen understanding of the long-term health impacts of NGP, while also addressing public misconceptions through clear, evidence-based education and communication. We will maintain transparent engagement with public health stakeholders and regulators to support pragmatic, evidence-led policies that promote the responsible adoption of NGP.

> We seek to offer adult smokers and nicotine users attractive potentially reduced-risk alternatives, while preventing unintended use, particularly among youth.

#### Scientific substantiation

We conduct scientific studies to substantiate the tobacco harm reduction (THR) potential of our NGP compared to combustible cigarettes.

Our commitment goes beyond regulatory compliance. We aim to advance the broader THR agenda through robust, transparent science.

As adult smoker consumer behaviours, product innovation, and the THR debate continue to evolve, so too does our research approach. In addition to applying our comprehensive scientific assessment framework, we are undertaking a series of innovative in-market studies to evaluate the real-world effectiveness of our NGP. These efforts are central to our ambition to deliver meaningful, evidence-based contributions to public health.

For more information see our **Science website** at **https://imperialbrandsscience.com/**

#### Behavioural studies*

This year, we conducted two new behavioural science studies to further substantiate the harm reduction potential of our blu vaping product. These real-world studies involved adult smokers using blu in their daily lives to reduce or replace cigarette consumption.

Key findings include:

**Rapid behavioural change**
Within one week, many participants shifted from smoking to vaping blu, with an average reduction in cigarette consumption of nearly 29%.

**Daily cigarette reduction**
Across both studies, participants smoked almost 30% fewer cigarettes per day after switching to blu.

**Role of flavours**
Authentic fruit and mint flavours played a vital role in the switching journey. In one study, 29% of users exclusively chose fruit flavours.

**Sustained use**
Flavours also supported continued use of blu, with 60% of participants indicating they would purchase blu again due to flavour satisfaction.

**Long-term impact**
At six-month follow-up, 33–40% of participants had switched to vaping to a large extent, or completely.

These findings highlight blu's potential to support adult smokers in reducing or quitting cigarette use, an encouraging development for public health. Both studies are scheduled for submission to peer-reviewed journals later this year.

* This content relates to scientific information about Imperial Brands PLC's efforts on harm reduction. The purpose of this content is not advertising or marketing, nor is it directed at any specific market. Products are not licensed as cessation products and are not marketed as such.

For more information see our Science website.

**ESG REVIEW** CONTINUED

# HEALTHIER FUTURES: CLIMATE CHANGE

## Commitment:

We are committed to reducing our impact on the climate throughout our value chain, focusing on both mitigation and adaptation.

### LINK TO SDGs

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

### OUR BEHAVIOURS

### TARGETS AND METRICS

**TARGET**
**45% Reduction** in energy consumption by 2030

**METRIC**
**Absolute energy consumption** in our operations (GWh)[1]

**Status:**
**On track**

| Baseline year (2017) | 875GWh |
|---|---|
| 2025 | 577GWh[A] |

**TARGET**
**50% Reduction** in Scope 1 and Scope 2 GHG emissions by 2025

**METRIC**
**Total absolute Scope 1 and Scope 2 market-based $CO_2e$ emissions** (Tonnes)[1]

**Status:**
**Achieved**

| Baseline year (2017) | 290,446 |
|---|---|
| 2025 | 81,710[A] |

**TARGET**
**100% of our purchased grid electricity** will come from traceable renewable sources by 2025.

**METRIC**
**Percentage of electricity purchased from renewable sources** (%)[1]

**Status:**
**On track**

| Baseline year (2017) | 8% |
|---|---|
| 2025 | 97%[A] |

#### FY25 PERFORMANCE

We reduced energy consumption by 34% and our Scope 1 and 2 market-based emissions reduced by 72% from the base year. This was driven by increased use of traceable renewable electricity, energy efficiency measures, and volume decreases. The final 3% of non-renewable grid electricity, from our Taiwan factory, will transition to renewable sources by December 2025.

Climate change presents a significant challenge to global stability and long-term business resilience. It is a key concern for our stakeholders and a material issue for our organisation, with the potential to directly impact financial performance, regulatory compliance, and risk management. Relevant risks and opportunities are disclosed in our Task Force on Climate-related Financial Disclosure (TCFD) report on page 54.

We are committed to achieving Net Zero emissions by 2040 across our entire value chain. To support this ambition, we have set two interim targets for 2030:

1. Achieve Net Zero for Scope 1 and 2 emissions.
2. Reduce absolute Scope 3 emissions by 50% from a 2017 baseline.

This journey not only addresses the climate crisis but also drives innovation and strengthens supply chain collaboration.

In FY25 there was a strong focus on improving energy efficiency, data quality, target resetting, decarbonisation planning and climate risk management.

### Energy efficiency

We rolled out 35 energy standards to all our factory sites. To support this, we conducted both on-site and remote audits and established a monthly tracking process. As a result, we saw an improvement in energy efficiency from 2.2% in FY24 to 3.0% in FY25 across our factory footprint.

### Data quality

We introduced environmental data checklists to improve reporting accuracy, with factory sites now self-attesting the accuracy of their submitted data.

### Target resetting

Having achieved our original 2030 targets for energy and water consumption, we have now set more ambitious goals:

Energy
A revised target of 45% reduction in energy use by 2030, compared to a 2017 baseline, reinforcing our decarbonisation strategy.

Water
A new focus on reducing water use by 25% in our factory sites located in water-scarce regions, by 2030, recognising the critical importance of water availability and quality for business continuity.

### Decarbonisation planning

We updated transition plans for 95% of our factories and 94% of fleet emissions. This was supported by our Environmental Framework for factories and the Fleet Working Group to co-ordinate regional engagement with fleet teams.

### Climate risk analysis

We undertook a comprehensive update of our climate-related risks and opportunities assessments with a new platform, enabling site-level action planning and early warning systems to strengthen our overall climate resilience.

We are committed to integrating decarbonisation principles across our operations, ensuring that progress is aligned with cost-benefit considerations wherever possible. This approach is being applied across our two largest energy consumers, our factories and our fleet, where decarbonisation plans are required to include cost assessments and are reviewed and updated at least annually.

A. Select 2025 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY's Assurance Opinion is available on our website. Our reporting scope and definitions are detailed in the Reporting Criteria document published on our website.

1. Our 2025 environmental data covers the reporting period Q4 2024 to Q3 2025. This is to allow for data collection, validation and external assurance. We use the industry-leading Greenhouse Gases (GHG) Protocol standard to inform our reporting of Scope 1 and 2 emissions.

For further information please read our **ESG Performance Summary and our TCFD report** on page 54

**ESG REVIEW** CONTINUED

**CLIMATE CHANGE** CONTINUED

## CLIMATE CHANGE

**3.0%**

improvement in energy efficiency in FY2025

## TARGET RESETTING

**45%**

revised target reduction in energy use by 2030

## DECARBONISATION PLANNING

**95%**

of our factories emissions plans updated

**94%**

of our fleet emissions plans updated

As a UK-listed company, we are required to report energy consumption and emissions separately for UK and offshore operations, and benchmark these against global totals. Each month, entities across the business submit data via our non-financial reporting system, detailing volumes of petrol, LPG, diesel, electricity, and gas consumed. The Group ESG team is responsible for collating and reviewing this information.

Sales and Marketing entities specifically report the type and quantity of fuel used, which is then converted to GWh using DEFRA's Lower Calorific Value for fuels and the site's specific lower calorific value for gas. Annual revenue figures are sourced from Group Finance to support comparative analysis.

## LOGISTA EMISSIONS

| Performance indicator | Unit | 2023 baseline year | 2024 | **2025*** |
|---|---|---|---|---|
| Scope 1 emissions* | $tCO_2e$ | 138,317 | 133,123 | **110,214** |
| Scope 2 location-based emissions* | $tCO_2e$ | 11,486 | 11,814 | **12,159** |
| Scope 2 market-based emissions* | $tCO_2e$ | 1,150 | 489 | **554** |
| Total gross Scope 1 & Scope 2 emissions location-based | $tCO_2e$ | 149,803 | 144,937 | **122,373** |
| Total gross Scope 1 & Scope 2 emissions market-based | $tCO_2e$ | 139,467 | 133,612 | **110,768** |
| Energy consumption* | kWh | 498,579,101 | 517,795,325 | **446,085,758** |
| Absolute Scope 3 emissions | $tCO_2e$ | 345,591 | 346,476 | **363,192** |

* 2025 data is undergoing independent assurance. All previous years' data has been independently assured.

## LOGISTA 2025 COMMENTARY

Logista is managed remotely due to commercial sensitivities and is responsible for its own data.

Logista has established 2023 as its new baseline year, reflecting recent acquisitions and an updated methodology for calculating intermodal transport. Energy consumptions encompass electricity, natural gas and diesel.

Logista's 2025 relative Scope 1 and Scope 2 emissions market-based comprise 45 tonnes (2024: 56 tonnes) of $CO_2e$ per £million of 2025 distribution fees (our non-GAAP revenue measure for Logista).

Further information on the scope of **Logista's GHG reporting** is available www.logista.com

## SCOPE 1 AND 2 EMISSIONS – UK AND GLOBAL[1, 2, 3]

| Performance indicator | Units | **2025** **UK and offshore area** | **2025** **Global (Excluding UK and offshore area)** | 2024* UK and offshore area | 2024* Global (Excluding UK and offshore area) |
|---|---|---|---|---|---|
| Scope 1 emissions | $tCO_2e$ | **1,550** | **65,096** | 1,545 | 71,892 |
| Relative Scope 1 emissions | $tCO_2e$/£m net revenue | **0.2** | **7.8** | 0.2 | 8.8 |
| Scope 2 location-based emissions | $tCO_2e$ | **854** | **108,439** | 862 | 107,608 |
| Relative Scope 2 location-based emissions | $tCO_2e$/£m net revenue | **0.1** | **13.0** | 0.1 | 13.2 |
| Scope 2 market-based emissions | $tCO_2e$ | **-** | **15,064** | 0 | 15,683 |
| Relative Scope 2 market-based emissions | $tCO_2e$/£m net revenue | **-** | **1.8** | 0 | 1.9 |
| Total Gross Scope 1 and Scope 2 location-based emissions | $tCO_2e$ | **2,404** | **173,536** | 2,407 | 179,500 |
| Relative Scope 1 and Scope 2 location-based | $tCO_2e$/£m net revenue | **0.3** | **20.9** | 0.3 | 22.0 |
| Total Gross Scope 1 and Scope 2 market-based emissions | $tCO_2e$ | **1,550** | **80,160** | 1,545 | 87,576 |
| Relative Scope 1 and Scope 2 market-based | $tCO_2e$/£m net revenue | **0.2** | **9.6** | 0.2 | 10.7 |
| Energy consumption | kWh | **11,852,244** | **564,776,758** | 11,842,601 | 583,429,233 |

1. We have provided reporting in compliance with UK Streamlined Energy and Carbon Reporting (SECR) regulations (being the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the SECR under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.
2. For details on the methodology used for SECR calculations, please see our Reporting Criteria document available on our website.
3. Energy efficiency measures taken in FY25 are reported in our 2025 CDP Climate Change disclosures available on the CDP website.

* 2024 data has been restated to exclude Ireland.

**ESG REVIEW** CONTINUED

# HEALTHIER FUTURES: PACKAGING & WASTE

## Commitment:

We are committed to minimising waste associated with products, packaging and production processes.

### LINK TO SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

### OUR BEHAVIOURS

### TARGETS AND METRICS

**TARGET**
**100% of our packaging is reusable, recyclable or compostable** in the EU and UK by 2025

**METRICS**
**Percentage of packaging which is reusable, recyclable or compostable by packaging format and by weight of packaging in sales volumes**

**Status:**
**Requires focus**

| | | |
|---|---|---|
| Baseline year (2022) | 95%[1] | 96%[2] |
| 2025 | 94%[1,A] | 99%[2,A] |

1. Percentage by packaging formats.
2. Percentage by weight of packaging in sales volumes.

**TARGET**
**Zero waste to landfill** in our operations by 2025

**METRIC**
**Absolute non-hazardous waste sent to landfill** (Tonnes)

**Status:**
**Requires focus**

| | |
|---|---|
| Baseline year (2017) | 7,200.0 |
| 2025 | 6.7[1,A] |

**TARGET**
**100% of all wood fibre in our packaging** will be sustainably sourced by 2025

**METRIC**
**Percentage of wood fibre in our packaging sustainably sourced** (%)

**Status:**
**Achieved**

| | |
|---|---|
| Baseline year (2022) | 97% |
| 2025 | 100%[A] |

#### FY25 PERFORMANCE

Based on weight of packaging in sales volumes, 99% of our packaging sold in the EU and UK is now deemed recyclable. We remain committed to achieving zero waste to landfill. 100% of the wood fibre used in our packaging is now sustainably sourced.

Our strategy is consumer-led, aligning with growing public and regulatory expectations for sustainable manufacturing and recyclable packaging.

In 2025, we updated the methodology to consider the weight of packaging in sales volumes, ensuring we target the greatest opportunities for waste reduction and circularity. Based on third-party certifications, 99%[A] of our packaging in the EU and UK by weight of packaging in sales volumes is now deemed recyclable. Formats representing 99%[A] of weight of packaging in sales volumes account for 94%[A] of total formats. The average recyclability score of our packaging is 81.6%.

In FY24, we achieved zero waste to landfill from May onwards. In FY25, we maintained this status, except for two isolated supplier incidents that were swiftly resolved. These incidents resulted in a total of 6.7[A] tonnes of waste being sent to landfill. While such incidents are rare, we acknowledge they can happen. Our commitment remains strong, and we respond swiftly to resolve issues and maintain our high standards. Recognising that achieving absolute zero tonnes every year is not always realistic, we are introducing a small tolerance to reflect this. From FY25 onwards, we will allow up to 0.5% of our 2017 baseline to be sent to landfill annually, enabling us to respond rapidly without compromising our overall goal.

### Cigarette butts

We recognise that tackling littering requires collaboration with stakeholders such as tobacco manufacturers, governments, retailers, and communities. We support this through participation in Extended Producer Responsibility (EPR) schemes, both voluntary and regulatory, like the EU Single-Use Plastics Directive, which help fund waste management, clean-up efforts, and public education. While a viable alternative to traditional cigarette filters has not yet been found due to consumer and regulatory constraints, we remain committed to innovation and continue exploring sustainable filter materials.

### ENVIRONMENT POLICY

As a responsible manufacturer, we are committed to minimising our environmental impact and promoting sustainability throughout our value chain. This commitment is outlined in our Group Environmental Policy and reinforced by our Code of Conduct and Supplier Code of Conduct. These documents guide all employees, suppliers, and partners in upholding high standards in carbon reduction, resource efficiency, and biodiversity protection.

### NGP Waste

We are committed to improving the sustainability and recyclability of materials and packaging used in our NGP. We monitor existing environmental regulations and communicate responsible disposal guidance to our consumers. Our blu kit range of pod-based vapes have been designed to support consumers migrating from disposable systems. They offer the same sensory experience of a disposable with a reusable and rechargeable device. Our new blu bar kit offers the same satisfying sensory experience in a pod-based format, allowing users to retain the device and responsibly dispose of only the used pod. As part of this effort, we continue to operate 'take-back' schemes for vaping devices and pods in selected markets, helping to reduce environmental impact and promote circularity. Blu vaping devices and pods can be taken directly – or indirectly through our free take-back schemes – to local waste collection centres, where they are safely processed. Guidance on safe and proper disposal is included within the in-pack literature for all our blu products. The literature includes a link to the blu website where there is detailed information for our consumers.

A. Select 2025 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY's Assurance Opinion is available on our website. Our reporting scope and definitions are detailed in the Reporting Criteria document published on our website.

1. Three sites in the Central African Republic, Mali and Ukraine are currently out of scope due to ongoing conflicts in these regions.

# POSITIVE CONTRIBUTION TO SOCIETY: FARMER LIVELIHOODS & WELFARE

## Commitment:

We are committed to engaging with our suppliers to support and develop farming communities and promote sustainable agriculture.

### LINK TO SDGs

### OUR BEHAVIOURS

### TARGETS AND METRICS

**KPI**
**100% of our tobacco leaf suppliers** participating in the Sustainable Tobacco Programme (STP)

**METRIC**
**Percentage of total leaf suppliers participating in the STP**

**Status: Achieved**

| | |
|---|---|
| Baseline year (2022) | 96% |
| 2025 | 100% |

**TARGET**
**100% Sustainable wood** used as tobacco curing fuel by 2025

**METRICS**
**Percentage of sustainably sourced wood for use as tobacco curing fuel and planting programmes to support sustainable wood in the future**

**Status: Requires focus**

| | |
|---|---|
| Baseline year (2023) | 85% |
| 2025 | 85.5%[A] |

**FY25 PERFORMANCE**
All our tobacco leaf suppliers participated in the Sustainable Tobacco Programme (STP).

We are committed to enabling wood used for tobacco curing comes from sustainable sources. In FY25, 85.5%* of the wood used was sourced sustainably and was fully traceable.

For a further 14.2%**, planting programmes are underway to support sustainable wood in the future.

This target requires focus as we are evolving it to be aligned with our SBTi FLAG (Forests, Land and Agriculture) target-setting ambition.

To serve our consumers long term, it's vital that farmers continue choosing to grow tobacco.

Tobacco farmers face growing challenges including extreme weather events, generational succession issues, and rising inflation.

We work closely with our leaf suppliers to secure supply, support farming communities, and promote sustainable agriculture. This includes supporting a decent standard of living, enhancing farmers' access to basic needs and encouraging income diversification. These initiatives are designed to support farmers in continuing to grow tobacco in ways that are both economically viable and environmentally responsible.

### The Sustainable Tobacco Programme (STP)

We work with suppliers to strengthen standards and manage risks in our leaf supply chain, primarily through the STP. The STP is an independently managed industry initiative that verifies annual supplier self-assessments. It enhances supply chain due diligence and supports positive social and environmental outcomes in tobacco-growing communities. STP provides visibility in two key ways:

1. Suppliers report on actions taken to address identified risks and their impact on the ground.
2. These actions are verified remotely or in the field, informing our strategy and support.

All our tobacco leaf suppliers are expected to participate in the STP.

### Decent standard of living

Overall farm net income, including income from outside the farm, is measured against the relevant Living Income Benchmark for that location. This income needs to exceed the benchmark to be considered a living income, ensuring the farmer can afford a decent standard of living. We encourage our leaf suppliers to commit to supporting their farmers to access a decent standard of living. At the end of FY25, 100% of the suppliers we purchase tobacco leaf from had expressed this commitment.

### Access to basic needs

Leaf Partnership projects are an important part of our commitment to improving farmer livelihoods and welfare. We collaborate directly with our leaf suppliers to complement and amplify their efforts by funding targeted projects. These range from strengthening farm businesses to improving access to essentials such as childcare, education, clean water, sanitation, and hygiene. In FY25, we provided financial support for projects in 12 countries across all basic needs, with more than 152,000 beneficiaries. In FY26, we will prioritise projects in education, sanitation, and hygiene to support tobacco-growing communities in key sourcing regions.

### Forestry

Many contracted farmers use wood for curing tobacco or constructing barns. We are committed to enabling 100% of this wood comes from sustainable sources by 2025. In FY25, 85.5%[A]* of wood used was from sustainable, traceable sources. For a further 14.2%**, planting programmes are underway to support sustainable wood in the future.

### Addressing child labour

As in other agricultural sectors, the highest risk of child labour lies in the cultivation stage of our supply chain. This is a complex, multi-stakeholder issue that cannot be addressed in isolation. We work collaboratively with a range of third parties including industry partners, suppliers, and local stakeholders to tackle this risk.

* The remaining 0.3% relates to a region where achieving full traceability presents unique logistical and operational challenges. Therefore we have adopted a phased approach focused on continuous improvement over time.

** The volume of wood from managed planting programmes, calculated based on the wood equivalent of hectares planted, expressed as a proportion of the total wood used for curing.

A. Data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY's Assurance Opinion is available on our website.

For more information, please read our **ESG Performance Summary**

# POSITIVE CONTRIBUTION TO SOCIETY: SUSTAINABLE & RESPONSIBLE SOURCING

Commitment:
We are committed to sourcing products and services in a compliant, sustainable and socially conscious manner. We will work with our suppliers to ensure continuous improvements.

## LINK TO SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

## OUR BEHAVIOURS

Sustainable and responsible sourcing is key to securing the long-term resilience of our supply chain, supporting local communities, and reducing our environmental impact.

Our suppliers are vital partners. Their commitment to quality, innovation, and ethical practices underpins both our commercial performance and our ESG agenda.

### Supplier engagement

This year, we expanded the number of strategic suppliers invited to disclose emissions data via the CDP Supply Chain platform from 250 to 391. This strengthens the transparency and accuracy of our Scope 3 greenhouse gas reporting, deepens supplier engagement and improves the quality and breadth of emissions data.

To embed this data into decision-making, key CDP scores and responses to climate-related questions have been integrated into our Supplier Relationship Management (SRM) Connect programme. This enables us to assess supplier performance and incorporate verified emissions data directly into our Scope 3 calculations.

Since its launch in 2024, the SRM Connect programme has been central to building stronger, data-driven relationships. Please read our case study 'Inaugural SRM Connect Conference and Awards 2025'.

### Sedex

We have continued to expand the use of third-party risk assessments through our partnership with the Supplier Ethical Data Exchange (Sedex). Participation with Sedex is a key requirement within our SRM Connect programme, enabling the integration of social, ethical, and environmental assessments into supplier management. This year, our primary focus has been expanding Sedex assessments across our NGP business.

Our SRM Connect programme remains a cornerstone of our supplier engagement strategy.

In FY26, our key priorities will focus on expanding Sedex membership and increasing Sedex Members Ethical Trade Audit (SMETA) coverage to enhance transparency and oversight of labour practices and ethical compliance.

### Inaugural SRM Connect Conference and Awards 2025

In recognition of the strategic value of partnerships, we brought together 30 of our key suppliers at the SRM 2025 Connect Conference and Awards. One of the highlights was a panel discussion on building better supplier partnerships to drive innovation and strengthen our relationships for the future.

Our ESG Director led a session focusing on how closer collaboration with suppliers supports our sustainability goals, critical for both financial and long-term growth.

The event served as a platform to strengthen supplier relationships, promote best practices, and encourage greater transparency and data quality. It also fostered open dialogue and closer collaboration in support of shared sustainability goals.

# SAFE & INCLUSIVE WORKPLACE: HUMAN RIGHTS

## Commitment:

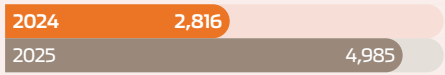
We are committed to raising awareness and improving processes in our supply chains, and we recognise the importance, influence and role we have in promoting and protecting human rights.

### LINK TO SDGs

8 DECENT WORK AND ECONOMIC GROWTH

### OUR BEHAVIOURS

### NUMBER OF EMPLOYEES COMPLETING THE HUMAN RIGHTS DIGITAL LEARNING




### FY25 PERFORMANCE

At the end of FY25, 4,985 employees had completed the Human Rights Digital Learning.

Human rights are the basic rights and freedoms to which everyone is entitled, regardless of nationality, beliefs, or lifestyle. As a responsible business, we uphold these rights and have zero tolerance for any form of human rights abuse. When potential or actual violations are identified, we act quickly and decisively to address and resolve them.

### Human rights due diligence

As part of our commitment to upholding human rights across our operations, we conduct audits to assess compliance with our Human Rights Leading Indicators (HRLI) framework.

In FY25 we conducted audits in six locations adding to the 13 audits we have conducted since 2023. These audits included a review of supporting documentation and validation of monthly self-assessments to produce a report detailing findings, identified gaps, and tailored recommendations. These engagements help to strengthen local teams' understanding and implementation of the HRLI framework.

We have expanded the scope of the HRLI to include manufacturing sites, offices, and local markets. As a result, we have reset our reporting baseline to FY25 and will report progress from FY26 onwards.

We are also seeking to better understand the role of forced labour/human trafficking in the illicit trade, which is growing in several of our priority markets.

**6**

audits were conducted in additional locations in FY25

### Embedding human rights awareness in high-risk operations

We delivered targeted training and modern slavery workshops, using a real-life case study to engage teams on how to identify modern slavery and broader human rights risks. This supports informed decision-making and reinforces our legal and ethical responsibilities. To reach offline and non-English-speaking teams, we also introduced 'Human Rights Corners'. These are visual, locally-relevant spaces at high-priority sites identified through risk mapping. The visuals promote consistent messaging and help embed human rights into everyday workplace culture. We expanded the rollout of our human rights digital learning programme to reach more employees across the organisation. The training provides an overview of human rights principles and the Company's responsibilities in upholding them. It also helps employees identify potential indicators of modern slavery and outlines the appropriate channels for raising concerns, including informal routes and our Speaking Up service.

In FY26, we will expand access to digital learning and continue rolling out 'Human Rights Corners' at priority sites to deepen awareness. Additionally, we will strengthen audit practices by integrating a new site assessment methodology, developed with Slave-Free Alliance, into our audit processes for more robust evaluations.

# SAFE & INCLUSIVE WORKPLACE: EMPLOYEE HEALTH, SAFETY & WELLBEING

## Commitment:

We are committed to achieving world-class occupational health, safety & wellbeing for all our employees.

### LINK TO SDGs

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

### OUR BEHAVIOURS

### TARGETS AND METRICS

**TARGET**
**75% Reduction in lost time accident (LTA)** rate by 2030

**METRIC**
**Lost time accidents** per 200,000 hours worked[1,2]

**Status:**
**Requires focus**

| | |
|---|---|
| Baseline year (2019) | 0.40 |
| 2025 | 0.29 |

**KPI**
**Reduction in total number** of accidents each year

**METRIC**
**Absolute total number of accidents**[1,2]

**Status:**
**Requires focus**

| | |
|---|---|
| Baseline year (2019) | 850 |
| 2025 | 524 |

**FY25 PERFORMANCE**

We have seen a 28% decrease in the LTA rate since the 2019 baseline year. However, the number of LTAs remained unchanged from FY24, reinforcing the need to step up our efforts to achieve the 2030 target.

We have seen a 38% decrease in absolute number of accidents since the 2019 baseline year. However, there was an increase of 65% compared to FY24 due to improved reporting as a result of educational campaigns.

Our integrated approach to health, safety, and wellbeing is underpinned by our long-standing 'I Own Safety' campaign, designed to build awareness, strengthen personal accountability, and empower everyone to speak up when they encounter unsafe conditions.

### Building a culture of care

To empower our people to make safe choices, we must create an environment that supports safe behaviours. This involves ensuring people have the necessary knowledge, skills, motivation and resources to work safely.

Our Behavioural Safety Programme focuses on identifying and observing safe and unsafe behaviours in the workplace, followed by constructive feedback to reinforce safe practices or address unsafe ones. The programme promotes engagement, empowerment, and shared responsibility for safety through peer-to-peer 'safety' conversations and by embedding behavioural safety into daily operations and existing systems. At the end of FY25, more than 31,500 safety conversations had been conducted.

### Addressing key risks

Driving-related risks are among the most significant and complex ones we must address. A robust road safety programme is essential to protect our employees, associates, and other road users. While road conditions and vehicle types vary globally, influencing driver behaviour remains key to reducing risk across all our operations.

We offer driver awareness training to enhance safe driving practices and equip employees with the knowledge to effectively manage and reduce road incidents. At the end of FY25, more than 1,600 sales and marketing employees had completed this training.

In FY26, the focus will be on strengthening the culture of care by implementing standardised global training aligned with our Zero Injury Aspiration strategy. The Behavioural Safety Programme will be expanded to include Sales and Marketing functions, with an emphasis on improving the quality of safety conversations and coaching across Global Supply Chain locations.

### HEALTH, SAFETY AND WELLBEING POLICY

Our Group Health, Safety and Wellbeing Policy reflects our commitment to providing a safe, healthy, and supportive working environment for all individuals involved in our business. We apply a structured 'Plan, Do, Check, Act' approach to set objectives, manage risks, and drive continuous improvement. This includes allocating appropriate resources, delivering targeted training, fostering clear communication, and ensuring compliance with all relevant regulations. Guided by the principles of our Code of Conduct, the policy reinforces our dedication to maintaining a respectful and secure workplace across our global operations.

### Wellbeing

Our employee wellbeing programme is locally managed and offers a broad range of support, including resilience training, employee assistance services, health checks, awareness campaigns, flexible working, family-friendly policies and facilities, as well as workplace celebrations and social events.

A. Select 2025 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY's Assurance Opinion is available on our website. Our reporting scope and definitions are detailed in the Reporting Criteria document published on our website.

1. Our health and safety data is for the full 2025 financial year.
2. Accidents reported do not include commuting to or from work, or those sustained by third parties such as distributors.

For more information please read our **ESG Performance Summary**

**ESG REVIEW** CONTINUED

**EMPLOYEE HEALTH, SAFETY AND WELLBEING** CONTINUED

## HEALTH AND SAFETY PERFORMANCE[1]

| Performance indicator | Unit | 2019 (base year) | 2023 | 2024 | **2025** | Commentary |
|---|---|---|---|---|---|---|
| Employee fatalities[1] | Number | 2 | 0 | 0 | **0** | There have been no work-related fatalities to employees. |
| Contractor fatalities[1] | Number | 0 | 1 | 0 | **0** | There have been no work-related fatalities to contractors. |
| Members of the public fatalities involving Imperial Brands vehicles[1] | Number | 1 | 0 | 0 | **0** | Road safety remains a priority across all our operations. We are deeply saddened by the deaths of two members of the public, which occurred outside of working hours following road traffic collisions involving our drivers. We extend our heartfelt condolences to the families and loved ones affected by this tragic loss. |
| Lost time accidents (LTAs)[1,2] | Number | 101 | 57 | 54 | **54** | The absolute number of LTAs has remained unchanged compared to the previous year, highlighting the importance of renewed efforts to drive further improvement. |
| LTA rate[1,2] | LTAs per 200,000 hours worked | 0.4 | 0.30 | 0.30 | **0.29**[A] | Since FY19, LTAs have fallen by 47%, while total hours worked declined by 26%, mainly due to our exit from Russia, Japan and the Premium Cigars business. These regions made up 14% of hours worked but only 2% of LTAs, so the LTA rate did not improve in line with absolute reduction in accidents.<br>The number of LTAs remained unchanged from FY24, reinforcing the need to step up our efforts to achieve the 2030 target of a 75% reduction in LTA rate. |
| Total number of accidents[1,2] | Number | 850 | 420 | 318 | **524** | We have seen a 65% increase in total accidents reported compared to last year, this rise being the result of educational campaigns on reporting. We have seen a 38% reduction compared to the 2019 baseline year. |
| Accident rate[1,2] | Total accidents per 200,000 hours worked | 3.39 | 2.24 | 1.75 | **2.84** | The accident rate increased by 62% compared to last year and reduced by 16% compared to the 2019 baseline year. |
| Compliance with the Health and Safety Framework (Manufacturing) | % | – | 93 | 99 | **100** | We achieved 100% compliance with our framework standards in 2025. |
| Compliance with the Health and Safety Framework (Sales) | % | – | 94 | 98 | **100** | We achieved 100% compliance with our framework standards in 2025. |

A. Select 2025 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY's Assurance Opinion is available on our website. Our reporting scope and definitions are detailed in the Reporting Criteria document published on our website.

1. Our health and safety data is for the full 2025 financial year.

2. Accidents reported do not include commuting to or from work, or those sustained by third parties such as distributors.

**ESG REVIEW** CONTINUED

# SAFE & INCLUSIVE WORKPLACE: DIVERSITY EQUITY & INCLUSION

## Commitment:

We are committed to creating an inclusive organisation renowned for celebrating difference, enabling our people to feel that they belong and can be their authentic selves. We respect, recognise and value the diversity of our consumers and strive to reflect the communities in which we operate.

### LINK TO SDGs

5 GENDER EQUALITY

### OUR BEHAVIOURS

### FEMALE REPRESENTATION AT EXECUTIVE LEADERSHIP TEAM (ELT) LEVEL

| | |
|---|---|
| Baseline year (2021) | 33% |
| 2025 | 45%[A] |

### FEMALE REPRESENTATION ON THE BOARD

| | |
|---|---|
| Baseline year (2021) | 22% |
| 2025 | 40%[A] |

**FY25 PERFORMANCE**

45% of the Executive Leadership Team (ELT) are female.

40% of the Board are female.

We are further building on our success to date to best support the delivery of our 2030 strategy with a continued focus on inclusion, equity, and merit-based advancement.

We continue to enable self-identification to better understand our employees and use this data to identify and act on key opportunities, foundational to building a high-performing, innovative culture and driving commercial success.

### An inclusive culture

In 2025, we expanded our allyship programme to all employees via self-enrolment. Designed to identify and develop inclusive behaviours, enabling employees to better contribute their ideas and experience. With over 300 colleagues trained to date, survey feedback shows increased confidence and positive impact on workplace culture. An interactive training module was launched in 2024 for all colleagues, with a 90% completion rate to date.

### Embedding inclusion through policy, practice and process

We continue to utilise external benchmarks to measure progress in creating inclusive policies and practices.

An Inclusion Framework was designed and implemented in FY25, in partnership with business leaders. Structured quarterly reviews are conducted with each region and function, bringing together business partners and subject matter experts to assess inclusion data, survey insights, feedback, and learning metrics.

Initially focused on processes and practices in recruitment, learning, IT and communications, the Inclusion Framework will be expanded to include facilities, performance management, procurement and talent in FY26.

### FAIRNESS AT WORK POLICY

Our Fairness at Work Policy promotes high standards of conduct and performance, fosters positive working relationships, and a workplace free from harassment and discrimination. It promotes equal opportunities for all employees and applicants, regardless of gender, race, disability, marital status, nationality, sexual orientation, age, religious beliefs, or other unrelated factors. The policy supports fair performance management and includes formal grievance procedures to protect against harassment. Guided by the principles of our Code of Conduct, it reinforces our commitment to integrity, respect, and equal treatment across all areas of employment.

A. Select 2025 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY's Assurance Opinion is available on our website. Our reporting scope and definitions are detailed in the Reporting Criteria document published on our website.

For more information please read our **ESG Performance Summary**

**ESG REVIEW** CONTINUED

**DIVERSITY EQUITY & INCLUSION** CONTINUED

## DIVERSITY, EQUITY AND INCLUSION PERFORMANCE

As a UK-listed company, we are providing board and executive management-level diversity and inclusion reporting in compliance with UK Listing Rules UKLR 6.6.6(9).

| Performance indicator | Unit | 2021 | 2022 | 2023 | 2024 | **2025** | Commentary |
|---|---|---|---|---|---|---|---|
| Female employees in the workforce[1] | % | 40 | 40 | 39 | 41 | **41**[A] | Female representation has remained broadly consistent across the last three years.<br><br>FY25: 7,758 female, 11,163 male, 133 not declared. |
| Female senior management[2] | % | – | 29 | 31 | 33 | **36**[A] | Targeted talent attraction and development plans have seen an increase in female representation at senior management level.<br><br>FY25: 251 female, 451 male, 3 not declared. |
| Female Executive Leadership Team (ELT) members | % | 33 | 30 | 30 | 45 | **45**[A] | Female representation on the ELT has remained stable through FY25 with no changes to members.<br><br>FY25: 5 female, 6 male. |
| Female PLC Board Members | % | 22 | 40 | 40 | 45 | **40**[A] | Female representation on the Board at the end of FY25 was 40% (Diane De Saint Victor stepped down during the year).<br><br>FY25: 4 female, 6 male. |
| Ethnic minority background on our Board | % | 10 | 20 | 20 | 18 | **20**[A] | On 30 September 2025 (end of FY25), 20% of the Board members identified as being from an ethnic minority background. |
| FTSE Women Leaders Review Combined Executive Leadership Team & Direct Reports | % | 21.4 | 24.3 | 26.7 | 32.1 | **34.5**[A] | The FTSE Women Leaders Review is the successor to the Hampton-Alexander Review. It is the UK's independent, voluntary initiative aimed at increasing the representation of women on FTSE 350 boards and leadership teams. The reporting date is 31 October 2025. |

A. Select 2025 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY's Assurance Opinion is available on our website.
Our reporting scope and definitions are detailed in the Reporting Criteria document published on our website.

1. Based on employees recorded in Imperial Brands Group Human Resources Information Systems, excluding Logista, contractors and casual labour.
2. The proportion of senior management employees (Global Grades 3, 4, 5) recorded as female across Imperial Brands Group.

TCFD

# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The Task Force on Climate-related Financial Disclosures (TCFD) framework helps us organise and report on our climate risks and opportunities. This section outlines our governance, strategy, risk management, and metrics and targets related to climate change.

This statement outlines Imperial Brands' climate-related financial disclosures in accordance with the Financial Conduct Authority (FCA) UK Listing Rule 6.6.6R(8) and is fully consistent with the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations and Recommended Disclosures.

This year we partnered with a new third-party service provider to enhance our climate scenario analysis methodology, expanding the number of inputs and broadening the scope to cover more locations and suppliers. These improvements enabled a more comprehensive and in-depth assessment, resulting in more accurate financial impact modelling and a refinement of our climate risk profile. The results were reviewed and approved by our TCFD Steering Group. We believe the updated analysis accurately represents our exposure to climate-related risks, strengthens our understanding of our risks and opportunities, and supports more informed decision-making. This year's analysis also marks the first time Logista, our distribution subsidiary, has been integrated into our internal analysis, rather than being assessed separately[1]. It is included in the physical risk analysis and in the transition risk analysis through our Scope 3 emissions.

1. Logista conducts its own independent climate scenario analysis and publishes a TCFD disclosure.

## TCFD Index

| TCFD PILLAR | TCFD RECOMMENDATION | REFERENCE |
|---|---|---|
| Governance | a) Describe the Board's oversight of climate-related risks and opportunities. | See page 55, also Governance at page 76 |
| | b) Describe management's role in assessing and managing climate-related risks and opportunities. | See page 55 |
| Strategy | a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. | See pages 56-63 |
| | b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. | See pages 57-62, also Notes to the Financial Statements at page 142 |
| | c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | See pages 57-62 |
| Risk Management | a) Describe the organisation's processes for identifying and assessing climate-related risks. | See page 64, also Managing Risk at page 66 |
| | b) Describe the organisation's processes for managing climate-related risks. | See pages 58-62 and 64, also Managing Risk at page 66 |
| | c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. | See page 64 |
| Metrics and Targets | a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process | See pages 59-62 and 65, also Climate Change at page 44 |
| | b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks. | See pages 60-61, also Climate Change at page 44 |
| | c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. | See page 65, also Climate Change at page 44 |

**TCFD** CONTINUED

# GOVERNANCE

### Board oversight

The Board's role is to provide leadership and direction. It is accountable for approving Imperial's overall strategy, overseeing performance and enterprise risk appetite, and monitoring risk management, including climate-related risks and opportunities. It provides strategic oversight of climate matters and has endorsed all climate-related targets and capital commitments necessary to advance our climate strategy. Detailed oversight is delegated to the People, Governance & Sustainability Committee, which convenes quarterly and is chaired by the Chair of Imperial Brands, with all Non-Executive Directors as members. The Committee reviews Environmental, Social and Governance (ESG) performance, including climate-related objectives and targets, and will support FY26 preparations through its review of the next iteration of the Climate Transition Plan. The Committee also exercises governance over the management of ESG risks, and in collaboration with the Audit Committee, monitors the integrity of non-financial reporting and the associated assurance processes.

The Board also considers climate-related factors when reviewing and guiding our strategy, budgets, and major plans of action. It oversees the integration of climate risks and opportunities into long-term planning, performance objectives, and material investment decisions. The Board includes two Non-Executive Directors with relevant climate expertise, including executive-level experience in energy reduction practices, leadership in advancing global sustainability reporting standards, and working with regulators to promote assurance of climate-related disclosures.

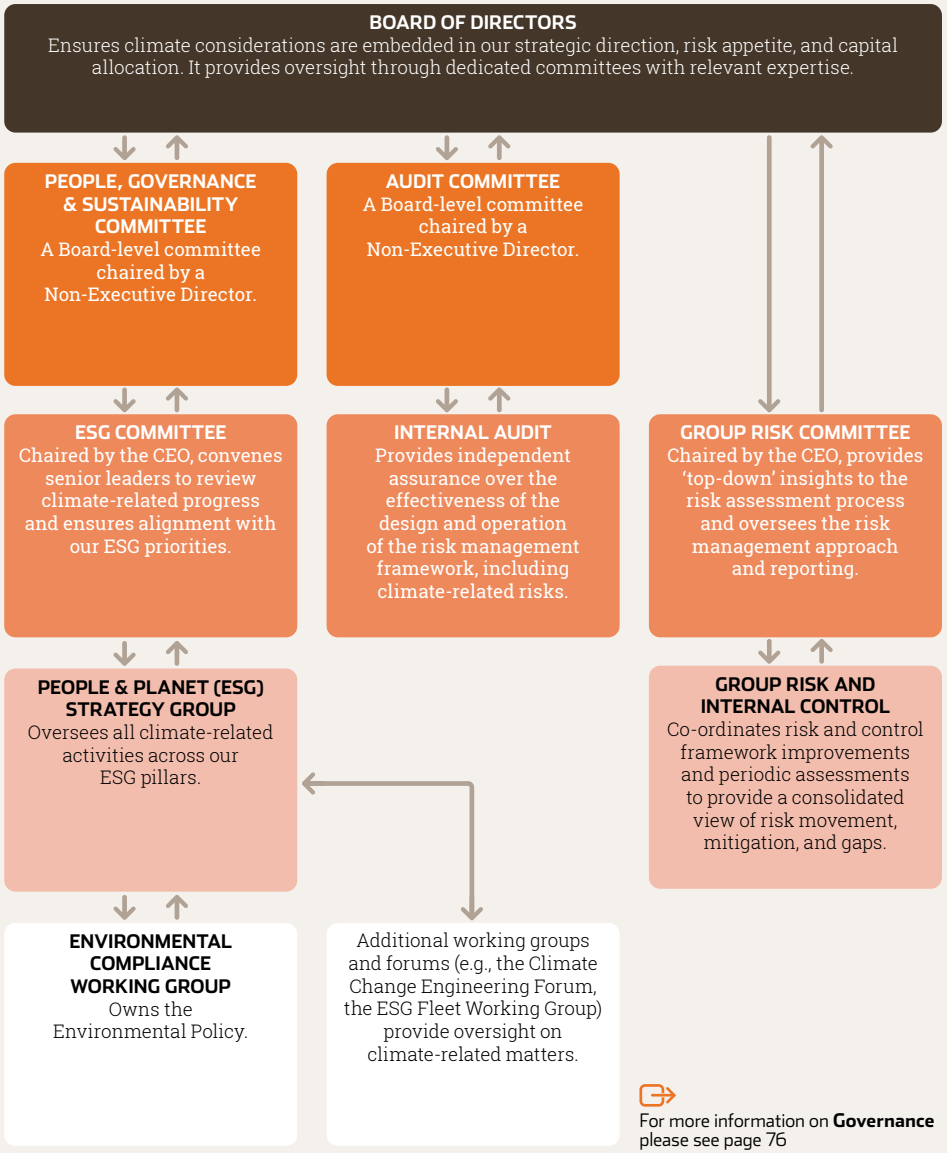
### Management's role

Climate-related risks and opportunities are managed through a multi-layered structure, underpinned by regular ESG reporting and engagement. The Executive Leadership Team (ELT) is accountable for managing these risks as part of our broader ESG strategy, with the Global ESG Director acting as sponsor for climate change.

The ESG Committee, comprising ELT members, received three updates in FY25 on climate-related performance, risks, and strategic developments from the Global ESG team and subject matter experts. The Global ESG Director serves as the Committee's secretariat. Oversight of the annual climate risk and opportunity strategy and action plan is provided by the TCFD Steering Group, which includes representatives from ESG, Finance, and Risk functions. The Director of Corporate Financial Planning & Analysis has the responsibility of integrating climate considerations into long-term financial planning. Climate risk and opportunity reporting is also embedded in business functions, with regular updates provided to the ELT.

The People and Planet Strategy Group, comprising directors and function heads from across the business and led by the Global ESG team, oversees all climate-related activities across our ESG pillars. Additional working groups and forums, such as the Environment Compliance Working Group, the Climate Change Engineering Forum, the ESG Fleet Working Group and ESG Sponsor Days, enhance oversight and enable performance monitoring, issue escalation, and cross-functional collaboration on climate-related matters.

## OUR GOVERNANCE FRAMEWORK




For more information on **Governance** please see page 76

**TCFD** CONTINUED

# STRATEGY

Our climate strategy sets a clear path to achieving Net Zero emissions across our operations and supply chain by 2040[1], reflecting our commitment to proactively managing climate-related impacts throughout the business. We conduct climate scenario analyses bi-annually to better understand the risks, opportunities, and regulatory developments our business must navigate. As part of these analyses, we also consider emerging disclosure frameworks and standards, including the International Sustainability Standards Board (ISSB) and the International Financial Reporting Standards (IFRS). Led by the Global ESG team and embedded across business functions, this approach ensures our strategy remains robust, responsive and future ready[2,3].

Insights from our climate scenario analysis also inform our double materiality assessment, supporting a co-ordinated and coherent approach to our broader ESG objectives within the People and Planet agenda[3].

## Our approach

Introduced in 2022, our climate scenario analysis process has been continuously refined and in 2025 we incorporated an increasingly rigorous methodology with broader data inputs, expanded analytical scope, and enhanced modelling for a more comprehensive and detailed assessment.

Covering the period from 2025 to 2050, the 2025 analysis assessed the financial impacts of both physical and transition risks under plausible future climate conditions. It drew on scenarios from the Intergovernmental Panel on Climate Change (IPCC) and the Network for Greening the Financial System (NGFS), focusing on two primary pathways: a low emissions pathway consistent with the Paris Agreement reflecting an orderly but ambitious decarbonisation trajectory, as well as a high emissions, 'hot house world' pathway representing current policy trajectories with limited climate intervention and regulatory pressure.

| NGFS SCENARIO CATEGORY | TRANSITION RISK ANALYSIS: INTERNATIONAL ENERGY AGENCY (IEA) WORLD ENERGY OUTLOOK | PHYSICAL RISK ANALYSIS: IPCC | INDICATIVE END-CENTURY WARMING |
|---|---|---|---|
| Orderly Transition | NGFS 'Below 2°C Scenario' | RCP[4] 2.6: low-emissions, rapid decarbonisation, strong mitigation | 1.5–2°C |
| Hot House World | NGFS Current Policies '4°C Scenario' | RCP 8.5: fossil-fuel-intensive growth, limited mitigation | 3–4°C+ |

To support strategic planning and risk assessment, our results are disclosed across the following timeframes, which are consistent with our Carbon Disclosure Project (CDP) reporting, covering to 2050:

- Short term (0–3 years): Covers immediate operational and financial impacts, aligned with our business planning cycles.
- Medium term (4–10 years): Reflects emerging physical and transition risks and opportunities and aligns with our goodwill impairment and financial risk assessment horizon.
- Long term (11–25 years): Encompasses broader structural and systemic climate impacts, including chronic physical risks and Net Zero alignment.

The 2025 analysis drew on data from over 200 sites and more than 14,000 suppliers across our operations and supply chain, providing a more comprehensive view of our climate risk exposure. This included factories, warehouses, offices, farms and third-party facilities, and our distribution subsidiary, Logista.

The physical risk analysis expanded from 44 to 120 locations, with selection based on one or more of the following criteria: (i) previously identified by Imperial as vulnerable to climate-related risks, (ii) flagged as high-risk during the initial screening process, or (iii) deemed financially material to Imperial based on insured value or revenue contribution. This modelling evaluated both potential business interruptions and asset damage across nine climate-related hazards, using property insurance values, site-level revenue data, and existing resilience measures such as business continuity and emergency response plans.

1. Our Net Zero target has been approved by the Science Based Targets Initiative (SBTi). Refer to our Environmental Policy for a complete definition: **https://www.imperialbrandsplc.com/people-and-planet/governance/policies**
2. Refer to our Climate Transition Plan for more information, including the scope of our Net Zero commitment: **www.imperialbrandsplc.com/people-and-planet/our-esg-performance**
3. Refer to our 2025 ESG: People and Planet Performance Summary for more information: **www.imperialbrandsplc.com/people-and-planet/our-esg-performance**
4. Representative Concentration Pathway.

## TCFD CONTINUED

### STRATEGY CONTINUED

The transition risk analysis was expanded to capture emissions-related financial exposure across a broader scope, including all active and recently closed sites with emissions data, sales fleet assets, and key suppliers. This increased coverage from 27 to 164 locations and fully integrated Purchased Goods and Services (PGS), extending beyond just the non-tobacco materials (NTM) and leaf spend categories in our previous analysis. This modelling assessed the financial impacts of climate-related policy, regulatory, market, and technological shifts. It incorporated site-level emissions, energy consumption and mix, supplier emissions and spend, and decarbonisation targets. The analysis measured potential cost exposures to carbon taxes, energy price fluctuations, and Scope 3 market risks. It also factored in actual carbon costs incurred in 2024 and estimated the cost avoidance expected from meeting Net Zero targets.

#### Financial impacts

Building on the foundation of our initial assessment, our 2025 analysis provides a more comprehensive and granular evaluation of climate-related risks and opportunities. This updated assessment broadens the scope to encompass additional locations, suppliers, asset types, subsidiaries, and sites identified as high-risk or financially material. As a result, we have developed a more nuanced and operationally relevant understanding of our value chain risk exposure. While many of the core insights remain consistent with our previous findings, this refined analysis introduces clearer boundaries and has enabled a more relevant and actionable classification of climate-related risks and opportunities. This updated categorisation (refer to Tables 1-6) better aligns with our operating model, strategic priorities, and planning processes, supporting more informed decision-making and targeted responses.

The 2025 results were reviewed and approved by the TCFD Steering Group, and we are satisfied that the revised risk profile offers a more accurate and complete understanding of our climate-related exposures. This evolution reflects a natural and expected outcome of methodological and scope improvement as we mature in our TCFD reporting journey, and strengthens more informed, resilient decision-making across the business.

The estimated financial impact of our refreshed climate-related risks and opportunities is noted in Table 1. These are considered within our enterprise-wide risk framework and have been assessed using their Maximum Financial Impact (MFI), which represents gross exposure before mitigation or adaptation measures, excluding inflation or future policy changes. The MFI is cumulative over the specified timeframes and is assessed relative to the tobacco and next-generation products (NGP) net revenue to determine the financial impact/significance threshold. The higher MFIs in this year's analysis are attributable to the more comprehensive and detailed assessment methodology, including the increased incorporation of quantified risks in the financial modelling. Consistent with our previous reporting approach, we have aligned our financial impact criteria with Group Finance, ensuring consistency in how we evaluate materiality across the business. High-impact risks and opportunities identified through this alignment are systematically integrated into our financial planning processes.

1. Represents the estimated cumulative MFI under the scenario expected to generate the highest financial exposure.
2. Assumes no decarbonisation measures are implemented by Imperial Brands.
3. Our climate strategy incorporates mitigation measures aimed at minimising the financial impact of identified risks, while facilitating the capture of related opportunities.
4. Acute weather includes flooding and tropical cyclones.
5. Energy cost represents potential cost avoidance from reduced energy consumption.

Table 1:
### THE ESTIMATED FINANCIAL IMPACT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

| | Timeframe | Cumulative MFI £m[1] | Financial Impact by Scenario[2] | | Forecasted Financial Impact following Climate Strategy Implementation[3] |
|---|---|---|---|---|---|
| | | | RCP 2.6 / Below 2°C | RCP 8.5 / 4°C | |
| **Physical Risks: Acute and Chronic** | | | | | |
| Acute weather[4] | Short term | 17.1 | ○ | ○ | ○ |
| | Medium term | 25.9 | ○ | ○ | ○ |
| | Long term | 70.5 | ○ | ○ | ○ |
| **Transition Risks: Policy & Legal, Market, Technology and Reputation** | | | | | |
| Carbon Cost | Short term | 9.6 | ○ | ○ | ○ |
| | Medium term | 43.3 | ○ | ○ | ○ |
| | Long term | 357.1 | ◐ | ○ | ◐ |
| Market | Short term | 48.1 | ○ | ○ | ○ |
| | Medium term | 250.4 | ◐ | ○ | ○ |
| | Long term | 2,277 | ● | ○ | ● |
| **Climate-related Opportunities: Resource Efficiency** | | | | | |
| Energy Cost[5] | Short term | 4.7 | ○ | ○ | ○ |
| | Medium term | 23.9 | ○ | ○ | ○ |
| | Long term | 99.1 | ○ | ○ | ○ |

○ **Lower financial impact:** <0.2% of tobacco & NGP net revenue

◐ **Medium financial impact:** 0.2-1% of tobacco & NGP net revenue

● **High financial impact:** >1% of tobacco & NGP net revenue

**TCFD** CONTINUED

**STRATEGY** CONTINUED

Although our current financial planning horizons primarily focus on the short to medium term, where the anticipated financial impact of climate-related market risks remains limited, we recognise that market risk is assessed as having a high impact over the longer term. Due to our expectation that this risk will become increasingly significant beyond our standard planning window, we incorporate it into our strategic and financial planning. This forward-looking approach ensures that we remain resilient and responsive to evolving market dynamics, even if the immediate financial implications within our three-year planning horizon currently appear modest.

There are currently no climate-related liabilities with third parties that require provision. Nonetheless, we have also considered the potential MFI of relevant risks in financial statement areas extending beyond our three-year planning cycle and the defined climate risk horizons. As appropriate, these MFIs are integrated into our financial models and reflected in assessments of goodwill, impairment (note 12), and deferred tax assets (note 23), as well as in our going concern and viability evaluations (note 1).

Current forecasts do not indicate a material impact on performance or cash flows in the short term. However, as we transition to a lower carbon economy, goodwill and impairments costs linked to market risk are expected to become more significant over the longer term. We remain proactive in managing climate-related risks and opportunities to support strategic resilience and long-term value creation. Our Net Zero strategy is central in mitigating these risks with climate considerations embedded in our broader business strategy. Our scenario analysis informs our FY26–28 business and financial plans, capital allocation, and operational priorities, it also guides targeted action plans for high-risk geographies and operations within our updated climate strategy. We are committed to continuously adapting our strategy and financial planning as new developments arise, including the incorporation of associated costs into our profit and loss statement.

> We are committed to continuously adapting our strategy and financial planning as new developments arise, including the incorporation of associated costs into our profit and loss statement.

## PHYSICAL RISKS

Our climate scenario analysis evaluated nine key physical climate risks across our global operations and tobacco sourcing regions: tropical cyclone, riverine flooding, surface water flooding, coastal inundation, wildfire, heat stress, water stress, soil subsidence, and freeze-thaw. Both acute and chronic hazards were assessed for their potential to cause asset damage and business interruption. Two acute weather physical risks emerged as the most likely to impact our operations: flooding and tropical cyclones. The total predicted financial impact is detailed in Table 1. The analysis also assessed key leaf sourcing regions and included targeted evaluation of our commercial farms where no material risks have been identified. Our sourcing strategy, supported by the inherent resiliency of our operational flexibility and the c.12 months of leaf stock further protects against climate-related disruptions.

Flooding, particularly from riverine and surface water sources, was identified as the most significant risk, with a projected cumulative financial impact of approximately £14.4 million over the 0–3 year period, and almost £22 million over the 4–10 year period under the RCP 2.6 scenario. Tropical cyclones ranked second, with increased storm intensity under the RCP 8.5 scenario expected to largely affect sites in east Asia and the Caribbean. A total of eleven sites, just over 9% of those assessed, are classified as high risk due to exposure to one or more of the above climate hazards. Tables 2 and 3 provide further detail on impacts, mitigations, and associated metrics.

For more information on **Notes to the Financial Statements** please see page 142

**TCFD** CONTINUED

## Table 2: FLOOD RISK

**Timeframe: Long Term**

**Financial Impact by Scenario**

- ◯ RCP 2.6
- ◯ RCP 8.5
- ◯ Following climate strategy implementation (forecast)

**Predicted impacts**
Flooding from rivers and surface water represents our most significant physical climate risk, with projected Average Annual Losses (AAL) of £3.8 million in asset damage under the RCP 2.6 scenario by 2050.

Two warehouses in Australia (Erskine Park and Imperial Tobacco Australia Ltd Willawong) are forecasted to incur the highest flood-related damages under both scenarios, with a combined AAL of almost £2 million under the RCP 2.6 scenario. In total, nine sites have been identified as high risk, either due to the scale of potential damage or the proportion of loss relative to insured asset value.

Total asset damage is expected to be slightly higher under the RCP 2.6 scenario than under the RCP 8.5 scenario, which has drier projected conditions at key sites such as Imperial Tobacco Australia Ltd Willawong, which is among the most exposed locations.

In terms of business interruption, six sites are projected to be affected by 2050. The Skopje factory faces the highest disruption, 30 days and £0.13 million in AAL under both scenarios.

**Mitigation opportunities**
Deploying early warning systems and predictive analytics strengthens business continuity by minimising asset damage and securing product supply during acute weather events. Targeted analysis of these risks informs strategic investment and resilience planning at vulnerable sites.

Implementing mitigation measures at high-risk sites could prevent an estimated £3-4 million in AAL by 2050 under the RCP 2.6 scenario.

**Mitigation actions**
We have implemented a global physical risk alert system that uses real-time sensors and predictive analytics to monitor environmental conditions and issue early warnings for climate-related hazards.

Fully operational across our global sites, this system is embedded within our broader risk management framework, enhancing our ability to protect critical assets and minimise disruption. Targeted training is provided to high-risk locations, and mitigation plans and response checklists are being progressively developed and uploaded to the platform.

We also require all our manufacturing sites to maintain robust business continuity plans to safeguard operational resilience and minimise risk exposure, and we maintain strategic operational flexibility to allow for efficient production shifts between sites as circumstances require.

Although flooding is not a material issue for our business, we recognise its impact on the communities in which we operate and provide targeted support.

**Key performance metrics[1]**
- 22% of high-risk for flooding sites have mitigation plans in the physical alert system (FY24: NA – new metric)
- 97% of our tobacco leaf supply is not vertically integrated

**Link to ESG Strategy**

Climate Change, Employee Health, Safety & Wellbeing

**Link to principal risk[2]**
Supply Chain Resilience

**Aligned risk from FY24 disclosure[3]**
This risk reflects and refines the following physical risks from our previous analysis: chronic drought, changes in tobacco yield, increased frequency and severity of extreme weather events, and severe hurricanes.

## Table 3: TROPICAL CYCLONE RISK

**Timeframe: Long Term**

**Financial Impact by Scenario**

- ◯ RCP 2.6
- ◯ RCP 8.5
- ◯ Following climate strategy implementation (forecast)

**Predicted impacts**
Climate change is intensifying storms with stronger winds, heavier rain, and greater potential for damage. Our analysis identified East Asia (particularly the Philippines, Taiwan, and China), the Dominican Republic, and Puerto Rico as the regions most exposed to tropical cyclone risk. These areas are projected to experience both higher maximum wind speeds and an increased frequency of cyclone events.

Under the RCP 2.6 scenario, four sites are projected to incur AALs ranging from £16,810 to £57,442 due to tropical cyclones. These include: La Romana (Dominican Republic), Taiwan Factory, Cayey Factory (Puerto Rico) and Philippine Bobbin Corporation. Collectively, these sites are expected to account for almost £175,000 in AAL by 2050 under the RCP 8.5 scenario.

While the overall financial impact for Imperial remains low, these localised risks underscore the importance of targeted resilience planning and infrastructure adaptation in high-risk regions.

**Mitigation opportunities**
Deploying early warning systems and predictive analytics strengthens business continuity by minimising asset damage and securing product supply during acute weather events, while targeted analysis of these risks informs strategic investment and resilience planning at vulnerable sites.

**Mitigation actions**
As outlined in Table 2, our physical risk alert system is fully operational across our global sites with high-risk locations having received targeted training and the development of tailored mitigation plans progressing. For cyclones, alerts can be issued up to five days in advance, with the ability to track the storm's projected path, size, and likely impact.

The La Romana site, a strategically important location for Imperial, has a dedicated on-site team that monitors climate risks, responds to early warnings, and has implemented mitigation measures such as reinforced metal roofing and integration of storm scenarios into its Business Continuity Plan.

As previously stated, all our manufacturing sites maintain robust business continuity plans and maintain operational flexibility to enable efficient production shifts between sites.

**Key performance metrics**
- 50% of high-risk for tropical cyclone sites have mitigation plans in the physical alert system (FY24: NA – new metric)
- 97% of our tobacco leaf supply is not vertically integrated

**Link to ESG Strategy**

Climate Change, Employee Health, Safety & Wellbeing

**Link to principal risk**
Supply Chain Resilience

**Aligned risk from FY24 disclosure**
This risk reflects and refines the following physical risks from our previous analysis: changes in tobacco yield, increased frequency and severity of extreme weather events, and severe hurricanes.

1. Metrics and targets disclosed in Tables 2–6 are determined at the Imperial Group level and cascade across applicable financial entities and operational units. Refer to our Reporting Criteria document for method, definition and scope of metrics: **www.imperialbrandsplc.com/people-and-planet/our-esg-performance**
2. Imperial defines its principal risks (refer to pages 69-73 for more information); our climate-related risks fall within these principal risk categories.
3. The corresponding previous risks and opportunity referenced in Tables 2–6 refers to those disclosed within the TCFD section of our FY24 Annual Report that align with the current risks and opportunities.

**TCFD** CONTINUED

**STRATEGY** CONTINUED

## TRANSITION RISKS

Our climate scenario analysis evaluated key transition risks across our global operations and supply chain, focusing on carbon pricing, energy use, and supplier-related emissions (Scope 3). The total predicted financial impact is detailed in Table 1.

Under the Below 2°C scenario, two transition risks emerged as most material: direct carbon costs from Scope 1 and 2 emissions and the indirect market risks from Scope 3 emissions. Carbon costs, particularly from Scope 1 emissions, are projected to reach approximately £38 million annually by 2050 if our Net Zero targets are not achieved. However, meeting these targets could avoid up to £365 million in cumulative costs between 2025 to 2050.

Scope 3 market risk, primarily from suppliers passing on 100% of their carbon cost to Imperial, represents the largest exposure, with potential cumulative costs exceeding £2 billion by 2050 under the Below 2°C scenario. This is the only risk considered financially significant at an enterprise level and is largely driven by NTM and Leaf suppliers, especially in Europe, where carbon pricing is expected to be highest. Achieving Scope 3 reduction targets could mitigate this risk.

Given their scale and strategic relevance, these transition risks are considered more material than physical risks and are firmly embedded within our risk management framework. They are actively communicated across relevant sites and functions. Tables 4-5 provide further detail on the impacts, mitigations, and associated metrics and targets.

> Our climate strategy spans a wide range of decarbonisation initiatives and a transition to renewable energy... we have already achieved a 72% reduction in Scope 1 and 2 emissions.

1. Refer to our Reporting Criteria document for method, definition and scope of this metric.
2. We report both location-based and market-based emissions but adopt the market-based approach for target-setting and disclosures, as we cannot influence the carbon intensity of national grids; however, our renewable energy investments support broader grid decarbonisation. More information on our climate metrics, and associated performance and methodologies, can be found in the Climate Change section of this Annual Report (page 44), our 2025 ESG Performance Summary, our Climate Transition Plan and our Reporting Criteria document.

### Table 4: CARBON COST RISK

**Timeframe: Long Term**

**Financial Impact by Scenario**

- Below 2°C
- 4°C
- Following climate strategy implementation (forecast)

**Predicted impacts**
Under the Below 2°C scenario, annual carbon costs are expected to reach £5.7 million by 2030, escalating to £38 million by 2050. These costs are primarily driven by Scope 1 emissions, with 74% of the total burden in 2050 originating from operations in Europe and the United States. Scope 2 emissions, while significantly reduced in recent years, remain concentrated in the AAACE region (Africa, Asia, Australia, Central and Eastern Europe), accounting for 45% of that region's total cost exposure with an annual cost of £5.8 million by 2050.

In contrast, under the 4°C scenario, carbon costs remain immaterial, peaking at just £7.7 million by 2050. This scenario assumes minimal regulatory intervention and does not align with our Net Zero commitments.

**Mitigation opportunities**
Accelerating decarbonisation across our operations and advancing our commitment to Net Zero enables us to reduce exposure to future carbon costs and regulatory risks linked to Scope 1 and 2 emissions.

**Mitigation actions**
Our climate strategy spans a wide range of decarbonisation initiatives and a transition to renewable energy. Our comprehensive Climate Transition Plan, which covers our entire Scope 1 and 2 decarbonisation, outlines the policy frameworks, energy strategies, technological solutions, and other pathways that are integral to our strategy and support the delivery of our Net Zero target.

We have already achieved a 72% reduction in Scope 1 and 2 emissions from our 2017 baseline[1]. This progress is projected to deliver an estimated £11.7 million in avoided carbon costs in 2030, and £38.8 million in cumulative cost avoidance between 2025 and 2030 under the Below 2°C scenario. We have reduced our Scope 1 and 2 emissions intensity in the Americas, our highest-intensity region, from 0.048 $kgCO_2e$/£ in 2017 to 0.017 $kgCO_2e$/£ in 2024, primarily through Scope 2 reductions.

This year, we invested £9.3 million in capital expenditure on carbon-related projects, including a range of mitigation initiatives. Additionally, we spent approximately £450,000 in operational expenditure on the procurement of renewable energy credits (RECs).

Renewable energy now makes up 44% of Imperial's energy mix, up from just 4% in 2017. We continue to monitor revenue generated from products manufactured at renewable energy sites, which accounted for 2.4% of net revenue in FY25. This metric demonstrates the integration of climate-related initiatives into our core business strategy and highlights the financial value of our sustainability efforts.

In addition, we have established site-specific and regional targets across our factories, which are monitored monthly and supported through audits to ensure progress against site action plans.

**Key performance metrics**
- 44% renewable energy (FY24: 42%)
- 81,710 $tCO_2e$ Total Scope 1 and Scope 2 market-based emissions[2] (FY24: 89,120 $tCO_2e$)

**Link to ESG Strategy**

Climate Change

**Link to Principal Risk**
Environment

**Aligned risk from FY24 disclosure**
This risk reflects and refines the following transition risk from our previous analysis: policy and legal.

**TCFD** CONTINUED

## Table 5: **MARKET RISK**

**Timeframe: Long Term**

**Financial Impact by Scenario**

- Below 2°C
- 4°C
- Following climate strategy implementation (forecast)

**Predicted impacts**
Under the Below 2°C scenario, if suppliers pass on 100% of their carbon costs to Imperial, we could face increased costs in our supply chain of over £33 million by the year 2030 (1% of the 2024 PGS total spend). This increases to over £102 million by 2040 (3% of the 2024 PGS spend) and £254 million (8% of 2024 PGS spend) by 2050, assuming current emissions and no further decarbonisation action.

This risk is concentrated in PGS, which accounts for 69% of Scope 3 emissions and 63% of total emissions. Within this category, NTM and Leaf suppliers are the largest contributors, responsible for 56% and 23% of projected Scope 3 carbon cost increases respectively.

The cumulative cost exposure from 2025 to 2050 could exceed £2.5 billion under the Below 2°C scenario, with over 50% of this risk linked to European sourcing, where carbon pricing is expected to be highest.

**Mitigation opportunities**
Engaging suppliers to reduce emissions across the value chain strengthens our Net Zero commitment and helps mitigate carbon pass-through costs and regulatory risks associated with Scope 3 emissions.

**Mitigation actions**
Our climate strategy prioritises suppliers with whom Imperial has the highest spend and those with the highest emissions (NTM and Leaf). We work closely with them to identify key emission sources and take action to reduce their climate impact. Our comprehensive Climate Transition Plan, covering our entire Scope 3 decarbonisation, details this approach.

We leverage a range of tools and initiatives that support supplier engagement including the Supplier Code of Conduct and the Net Zero supplier contract clause, the Carbon Disclosure Project (CDP) Supply Chain Programme and our internal Supplier Relationship Management (SRM) programme, SRM Connect[1]. These tools support the collection of accurate emissions data, identification of decarbonisation opportunities, promotion of science-based target setting, and tracking of commitments.

In FY24 we reported that 50% of our PGS suppliers (by spend) had committed to science-based targets. This year we continued to drive supplier participation in CDP, inviting 400 suppliers to take part, up from 250. Our efforts were supported by educational webinars for suppliers, and we began engaging our most strategic partners through SRM Connect, which integrates CDP disclosures and includes ESG-focused recognition.

We also participate in the industry-wide Sustainable Tobacco Programme (STP), which supports Net Zero alignment by engaging leaf suppliers on emissions reduction and climate goals[1].

**Key performance metrics**
- 400 global suppliers invited to the CDP Climate questionnaire (FY24: 250)
- 679,461 $tCO_2e$ Total Scope 3 (category 3.1) emissions[2] (FY24: 678,527 $tCO_2e$)

**Link to ESG Strategy**

Climate Change

**Link to Principal Risk**
Environment

**Aligned risk from FY24 disclosure**
This risk reflects and refines the following transition risk from our previous analysis: market.

> Scope 3 market risk, primarily from suppliers passing on 100% of their carbon cost to Imperial, represents the largest exposure... achieving Scope 3 reduction targets could mitigate this risk.

1. For further details, see the Farmer Livelihoods & Welfare and Sustainable & Responsible Sourcing sections of this Annual Report (pages 47 and 48) and our 2025 ESG Performance Summary.
2. We report on categories 1–7, 9, 11, 12 and 15 Scope 3 categories. Category 3.1 of Scope 3 as set out by the Global Greenhouse Gas Protocol is Purchased Goods and Services. Refer to our Climate Transition Plan for more detail.

**TCFD** CONTINUED

**STRATEGY** CONTINUED

## CLIMATE-RELATED OPPORTUNITIES

Our climate scenario analysis also considered climate-related opportunities and identified one key opportunity linked to the transition to a low-carbon economy related to resource efficiency.

Mitigating energy cost volatility, that is our exposure to unpredictable fluctuations in energy price, emerged as a material opportunity, which we actively address through our climate strategy and Net Zero targets. Our transition to renewables and energy efficiency initiatives have already delivered meaningful cost avoidance. Under the Below 2°C scenario, these efforts are projected to result in a further cumulative cost avoidance of £99 million by 2050, with a potential to increase to £187 million if we deliver against our energy reduction goals. The total predicted financial impact is detailed in Table 1, with additional detail on the impacts, mitigations, and associated metrics in Table 6.

> We recognise risks arising from the environmental impact of our operations as fundamental to our principal risk framework.

### Table 6: ENERGY COST OPPORTUNITY

**Timeframe: Long Term**

**Financial Impact by Scenario**

- ◯ Below 2°C
- ◯ 4°C
- ◯ Following climate strategy implementation (forecast)

**Predicted impacts**
Under the Below 2°C climate scenario, significant increase in energy-related costs is anticipated, driven by rising global energy prices and the transition to lower-carbon energy sources. If current consumption patterns persist, energy costs are projected to increase by approximately 7% by 2030 and rise by approximately £99.1 million by 2050.

Through our energy reduction targets, we believe we can increase this opportunity by further reducing the energy we use. We already achieved a 34% reduction in total energy consumption since 2017, surpassing our original 2024 target. In addition, our targeted 45% reduction in energy consumption from the 2017 baseline is expected to deliver cumulative cost avoidance of £34.1 million by 2030 under the Below 2°C scenario.

**Mitigation opportunities**
Energy saving measures, including consumption reduction, energy efficiency, and a shift towards renewable energy, lower costs across our operations.

**Mitigating actions**
Our climate strategy includes a five-step pathway to achieving Net Zero, beginning with a strong focus on energy efficiency. This first step includes a range of conservation and optimisation initiatives across our operations. The Climate Transition Plan supports this by detailing actions to accelerate energy efficiency gains, reduce energy consumption, transition to renewable electricity, and decarbonise our fleet.

To drive progress, we have energy reduction targets across all business entities, including factories and fleet, with annual targets linked to executive remuneration, embedding climate accountability at the leadership level.

We rolled out 35 fundamental energy management standards, developed by our Global Engineering team, to reduce energy consumption across our manufacturing network. Sites are responsible for evaluating the feasibility of each and implementing them as viable, with Global Engineering tracking progress to ensure accountability. In the US, ITG Brands has replaced 50% of its remaining petrol fleet with mild hybrid electric vehicles[1], achieving approximately 50% greater fuel efficiency and delivering our most significant energy reduction this year.

**Key performance metrics**
- 34% energy consumption reduction (FY24: 32%)

**Link to ESG Strategy**

Climate Change

**Link to Principal Risk**
Environment

**Aligned opportunity from FY24 disclosure**
This opportunity reflects and refines the following transition opportunity from our previous analysis: energy sourcing.

1. A mild hybrid electric vehicle (MHEV) uses a small electric motor and battery to assist the internal combustion engine, improving fuel efficiency, but cannot drive on electric power alone.

**TCFD** CONTINUED

**STRATEGY** CONTINUED

### Assumptions

The following key assumptions underpin our climate scenario analysis and reflect the methodologies, data sources, and modelling parameters applied throughout the process. We acknowledge the inherent limitations within certain assumptions and remain committed to refining our approach as climate science and models evolve.

Climate-related policies in jurisdictions of operation

- The analysis assumes no additional decarbonisation measures are implemented beyond stated targets, and excludes the effects of inflation, future government policies, subsidies, or mitigation investments not already embedded in the NGFS scenarios.
- Market risk and opportunity is based on PGS emissions and extrapolated out to cover our entire Scope 3 emissions footprint and assumes that 100% of the supplier emissions (Scope 3) related costs is passed onto Imperial Brands.
- Future emissions reductions are based on overall targets and applied uniformly across future years (to achieve the target by set date) and based on the mix and share in the 2024 emissions data. No cost of investment to achieve the Net Zero Strategy has been included.

Macroeconomic trends

- The projected carbon prices are based on 2010US$/ton to allow for comparison across long time horizons without adjusting for inflation (FX rate for 2010 used to convert from USD to GBP).
- Financial impact/significance threshold is calculated as a % of revenue based on FY24 tobacco and NGP net revenue and then holding this constant in future years.

National or regional-level variables

- The physical risk analysis is location sensitive, using site geolocations. Locations were identified in the 2024 Property Damage & Business Interruption (PDBI) Report, where possible, verified using Google & Open Street map data.
- The assessment used asset replacement values as reported in the 2024 PDBI Report.
- Offices are assumed to be unaffected by business interruption from physical climate hazards.
- Emission intensity for Scope 1 and 2 is calculated using factory-level emissions and revenue data.
- Market risk is based on projected carbon prices at the supplier origin locations.
- Material costs reflect estimated financial impacts from physical climate risks in the supply chain, including asset damage and business interruption.

Energy usage and mix

- Energy cost avoidances are estimated using both FY24 electricity costs (with same mix assumed) and projected energy price changes to FY24 baseline.

Developments in technology

- Achievement of Net Zero targets is dependent on enabling factors such as improvements in technology affordability, the availability of supporting infrastructure and biofuels, and active supplier participation. These dependencies are outlined in Imperial's Climate Transition Plan and are not explicitly modelled in the scenario analysis.

To enhance the integrity of our disclosures, we engaged internal audit and commissioned an independent review of this disclosure against the relevant listing rule and TCFD framework. This dual assurance approach reinforces the credibility of our assessment and strategy.

**TCFD** CONTINUED

# RISK MANAGEMENT

Climate-related risks are identified, assessed, and managed through our enterprise risk management (ERM) framework, which operates under a clearly defined 'three lines of defence' model. Risk owners, supported by the Global ESG team, evaluate the materiality of climate risks, considering their causes, likelihood, and potential impact, and ensure these are embedded in business planning and decision-making. The Group Risk Committee oversees the risk management approach and reporting, meeting at least three times per year to provide top-down insights into the process. The Board receives bi-annual updates on Imperial's overall risk profile, including climate-related principal risks, supporting effective oversight and informed governance.

We recognise risks arising from the environmental impact of our operations as fundamental to our principal risk framework. Where appropriate, these risks are embedded across broader risk categories, supporting a holistic and integrated approach to climate risk management. We also assess how environmental factors may impact our business operations, supply chains, and long-term resilience. This dual perspective strengthens our ability to anticipate and respond to both direct and indirect climate-related challenges. Complementing this approach, under our business continuity management framework, sites are required to assess potential impacts to buildings, technology, workforce, and suppliers. In some cases, this is further developed into tailored incident management plans, such as five-day response strategies for hurricanes in Taiwan, demonstrating our proactive approach to site-specific climate resilience.

Our 2025 climate scenario analysis is closely aligned with our ERM processes and forms a key input into our climate risk management process. While not all significant risks identified through climate scenario analysis meet the threshold for materiality at the ERM level, they are nonetheless considered relevant and are factored into our strategic planning and decision-making. This approach ensures that emerging risks, particularly those with longer-term or systemic implications, are not overlooked. Furthermore, while our transition analysis focused on quantifying market, policy and energy scouring risk, we acknowledge that failure to mitigate our environmental impact or meet climate-related commitments could adversely affect our reputation, stakeholder trust, and market valuation. Accordingly, we continuously monitor climate developments and refine our strategic response as needed.

Risk profile change (on a mitigated basis)

- Risk profile increasing
- Risk profile unchanged

| PRINCIPAL RISK | | |
|---|---|---|
| **Environment** | | |
| Strategic impacts: | Risk profile: | Strategic impact: |
| • Simplified, efficient, data-led organisation | → | |
| **Supply chain resilience** | | |
| Strategic impacts: | Risk profile: | Strategic impact: |
| • Driving sustainable value in combustibles<br>• Building scale in NGP | → | |

For more information on **Managing Risk** please see page 66

**TCFD** CONTINUED

# METRICS AND TARGETS

Our climate targets are integral to our environmental responsibility and present clear business opportunities to reduce emissions while avoiding cost, refer to Table 7.

Since 2019, we have maintained Scope 1, 2, and 3 emissions reduction targets aligned with SBTi and consistent with limiting global warming to 2°C. In FY21, we raised our ambition by joining the SBTi-led Business Ambition for 1.5°C and the Race to Zero campaign. In FY24, SBTi validated our updated targets[1], which align with the 1.5°C-2°C trajectory of the Paris Agreement. Our strategy prioritises absolute emissions reductions from our 2017 baseline year over the use of carbon credits[1], underscoring our commitment to measurable, long-term impact.

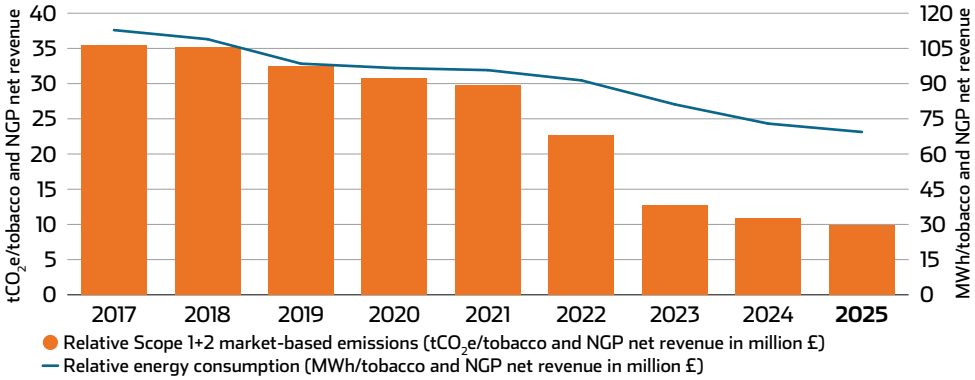
Beyond risk-specific metrics, we monitor broader indicators that support our climate strategy and the management of climate-related risks and opportunities. These include Scope 1 and 2 emissions intensity and business energy usage intensity, which we consistently disclose as key performance metrics. Ongoing monitoring occurs at various levels across the business, including Board level, enabling us to track progress and maintain accountability as we work toward our emissions reduction goals.

Further details on our climate-related performance, including emissions, energy, waste, water, and intensity indicators, are available in the Climate Change section of this Annual Report, our 2025 ESG Performance Summary and our Climate Transition Plan. Refer to our Reporting Criteria document for method, definition and scope of metrics.

For more information on **Climate Change** please see page 44

Table 7: **METRICS AND TARGETS**

| Metric / Aim[2] | Target / Action[2] | Start Year | FY24 Performance | FY25 Performance | Associated Climate Risk / Opportunity |
|---|---|---|---|---|---|
| Energy intensity | Track energy intensity | 2017 | 73 GWh/£m tobacco and NGP net revenue | 69 GWh/£m tobacco and NGP net revenue | Energy Cost |
| Proportion of renewables in energy mix | Achieve 100% renewable energy by 2030 | 2021 | 42% | 44% | Carbon Cost |
| Scope 3 categories assured and disclosed | Assure increased coverage of Scope 3 emissions to include our most material categories by 2028 | 2024 | 69% of Scope 3 emissions[3], category 3.1 assured and disclosed | 70% of Scope 3 emissions | Market Risk |
| Fleet energy mix | Proportion of electric or hybrid vehicles in our fleet | 2023 | 14% | 24% | Carbon Cost<br>Energy Cost |
| Climate change targets linked to executive remuneration | Include allocation for climate change in long-term incentive plan | 2023 | 10% in 3-year plan[4] | 10% in 3-year plan | Carbon Cost<br>Energy Cost |
| Internal carbon pricing mechanism integrated into decision-making framework[5] | Integrate internal carbon price into Global Supply Chain (GSC) decision making framework | 2023 | Shadow price included in draft GSC decision-making framework | GSC decision-making framework launched with carbon pricing included[6] | Carbon Cost<br>Energy Cost |
| Conduct water assessments for high and extremely high-risk water stress areas | Pilot a water risk assessment at a site under high or extremely high-risk water stress | 2025 | Alliance for Water Stewardship (AWS) assessment identified for pilot | One of our high-risk sites has assessed the AWS certification for onward use | Acute Weather |




1. Details of our validated SBTi targets are located on our website: **https://www.imperialbrandsplc.com/content/dam/imperialbrands/corporate/documents/healthier-futures/sbti-targets/SBTi-targets-announcement-03-24.pdf.downloadasset.pdf**
2. Metrics and targets disclosed are determined at the Imperial Group level and cascade across applicable financial entities and operational units. Refer to our Reporting Criteria document for method, definition and scope of metrics.
3. Category 3.1 of Scope 3 as set out by the Global Greenhouse Gas Protocol is Purchased Goods and Services.
4. The Remuneration Committee is a Board-level committee chaired by a Non-Executive Director. For more information, please refer to our Remuneration Report (page 102).
5. For more information, please refer to our 2025 CDP submission.
6. Our internal carbon pricing is £100/tonne, for more information refer to our Climate Transition Plan.

PRINCIPAL RISKS AND UNCERTAINTIES

# MANAGING RISK

The principal risks faced by the Group and the risk management approach are described in the following pages.

Risks represent the various potential outcomes that must be managed whilst implementing the Group's strategy, and Imperial defines a risk as the consequences of uncertainty. In essence, risk is anything that could disrupt the achievement of the Group's strategic objectives.

## RISK LANDSCAPE

The Group operates in highly competitive global markets and faces general commercial risks associated with a large consumer packaged goods business, as well as risks associated with operating in a highly regulated industry.

Imperial continuously assesses and evaluates the risks posed by the changing environments in which the Group operates, whether geopolitical, socioeconomic or technological. The consideration of potential impacts and most likely causes ensures a timely, measured and appropriate response.

The Board and management have reviewed the risk landscape (current and emerging) and impact assessments as well as risk mitigations put in place by management.

While the Group continues to monitor its risk landscape, there can be no guarantee that additional risks will not arise, or that other known risks not mentioned increase in materiality. Many of these risks are external and cannot be fully mitigated.

## RISK CAUSES

As a Group we face a number of business issues which we treat as contributing factors to current risks that are already managed by the Group, rather than as standalone risks. By adopting this approach, we consider their impacts and evaluate effectiveness of existing mitigations across the wider business. This approach drives accountability for 'bottom-up' risk assessment and enhances its effectiveness, enabling new local or Group initiatives to be developed to optimise our responses to those risks.

The Group, along with other global companies, has faced challenges due to inflationary pressures which have led to higher commodity and energy prices as well as creating economic pressures on consumer spending. The Group is also impacted by escalating geopolitical risks in the global risk landscape.

### Climate risk

The impacts of climate risk on the business have been evaluated across the Group, both in terms of the influence on existing risks and specifically regarding the resilience of our leaf supply and factory footprint. Key impacts have been identified within our manufacturing footprint and wider supply chain. These have been considered from both short- and long-term perspectives with a focus on identifying additional mitigations to preserve operational resilience.

### Inflation

The impact of inflationary pressures on both the business and consumers has been assessed as part of our risk assessment process. Whilst year-on-year inflation rates have reduced, ongoing fluctuations continue to put pressure on consumer disposable income and on cost of goods. This market dynamic is considered in the context of various principal risks across the Group.

### Geopolitics

The Group is also exposed to increased geopolitical and economic volatility of the countries and regions in which it operates. Such risks or resulting events could impact its largest markets and may affect continuity of supply.

Any adverse geopolitical or economic developments affecting the Group's key countries and regions, including, but not limited to, increased international trade tensions, the outbreak of conflict, pandemics, volatile interest rates, recessionary conditions and changes to tariff regimes could impact the Group, its operations and its people.

The identification and effective mitigation of geopolitical risks has become an increasingly important factor within the Group's operational resilience planning across our internal and extended supply chain, key customers and service providers.

## RISK MANAGEMENT FRAMEWORK

Our risk framework is designed to ensure accountability for identification, assessment and mitigation of risks throughout the business, supported by appropriate capabilities.

The success of the risk management approach relies upon the effectiveness of the control frameworks in place to manage risks and seize opportunities that arise. Imperial's approach to governance, risk management and internal control follows the 'three lines of defence' model (see illustration below). The framework is designed to enable the business to achieve its strategic objectives while remaining aligned to the Board's risk appetite.

To enhance the Group's risk management framework, we continuously look for ways to improve and further standardise the application of risk management and controls across the Group. This year we have embedded the Integrated Assurance Forum to oversee the implementation of enhancements to our control framework to align with the new requirements of the UK Corporate Governance Code and to oversee the assurance provision for the material risks of the Group.

## PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

### RISK MANAGEMENT APPROACH

TOP DOWN

**THE BOARD**
- Oversight of the Group's risk management and internal control systems
- Provides strategic perspective on risk, ensuring these are considered in Group strategy
- Sets the risk appetite for the Group's principal risks
- Keeps Group's principal risks under regular review and considers emerging risks along with risk themes identified during risk assessment process

**AUDIT COMMITTEE**
- Reviews scope, quality and results of assurance provided by internal and external audit
- Reviews results of other internal assurance provision over key controls of the Group

**GROUP INTERNAL AUDIT**
- Provides the Board with independent assurance over the effectiveness of the design and operation of the risk management and internal control systems
- Performs risk-based, challenging audits and provides insights and recommendations
- Reports audit results to management, the Integrated Assurance Forum and the Audit Committee

**OTHER ASSURANCE PROVIDERS**
- Other assurance providers provide independent assurance for management, for example programme assurance providers and technology assurance providers

**THIRD LINE**
Provides independent assurance over risk management and internal control framework

**SECOND LINE FUNCTIONS**
- Define and implement policies and standards aligned with the Board's risk appetite, and provide support to business in design and implementation of local controls and mitigations
- Review 'bottom-up' risk assessments performed by 'first line' and evaluate against the Board's risk appetite, driving risk remediation where required
- Complete relevant legal and regulatory disclosures (e.g. ESG-related, TCFD, Human Rights, Group Science regulatory certifications)
- Review results of assurance activities over applicable control framework to ensure controls are designed and operating effectively to mitigate risks that they are responsible for
- Global Business Services (GBS) Compliance function perform risk-based controls testing based on entity specific risk factors and materiality

**GROUP RISK COMMITTEE**
- Contributes 'top-down' insights into risk assessment process
- Considers emerging risks and themes identified in risk assessment process
- Reviews principal and non-principal risks and related mitigations
- Meets throughout the year to oversee risk management approach and reporting

**INTEGRATED ASSURANCE FORUM**
- Ensures an appropriate assurance provision is in place for key controls
- Co-ordinates assurance activities to ensure adequate coverage of relevant risks and compliance requirements
- Reviews assurance outcomes from assurance providers to identify themes and steer control improvement as necessary
- Provides appropriate information to the Audit Committee and Board for them to be able to consider the effectiveness of risk management and internal control systems
- Oversees enhancements to Imperial's control framework to align with the new requirements under Provision 29 of the Code

**SECOND LINE**
Set minimum requirements for, and provide oversight of, risk management activities and guidance in line with Group risk appetite

**OPERATIONAL LEVEL**
- Local leadership teams own business risks and mitigations and formally review them semi-annually, with the outcomes reviewed by regional leadership teams
- ELT-level risk sponsors validate assessment of their respective risk domains prior to Risk Committee review of the overall Group risk profile
- Local teams regularly confirm the effectiveness of their key controls
- Management semi-annually certifies on compliance with Group policies, financial controls standards and applicable laws and regulations as well as a requirement to report fraud

**FIRST LINE**
Risk ownership, implementation of risk mitigations and control execution

BOTTOM UP

The mitigation and management of identified risks is vital to the success of the Group. The Group's risk management and internal control framework and related reporting are further discussed in the **Audit Committee report** on page 96

## PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

### RISK APPETITE

The Board is responsible for setting the Group's risk appetite and has completed its annual exercise to ensure this is aligned to, and supports, delivery of the Group strategy.

In 2025 the Board initiated a review of the Group's risk and control framework to re-align it with the new requirements of the UK Corporate Governance Code and the Group's 2030 Strategy. As part of that work, the Board reviewed and refined the approach to defining risk appetite for material risks. Each risk has been assigned one of three defined appetite levels, reflecting the Group's strategic posture towards that risk. These levels, together with the appetite statement, serve as a clear signal of the Group's willingness to accept, manage, or avoid specific risks.

The resultant risk management approach supports the achievement of objectives and the Board's wider responsibility for risk management through clear communication of the expected outcomes of key controls and related monitoring.

Consistent with our position as a Challenger business with ambitious growth targets, the Group must take some sensible and calculated risks. The purpose of the risk management framework is to ensure that risks can be taken in a responsible manner within the parameters of the Group's defined risk appetite.

### RISK ASSESSMENT PRINCIPLES

Risk assessment is aligned with the business planning cycle and strategic objectives, focusing on the identification and assessment of new risks and on the effectiveness of the mitigations put in place to manage existing risks in line with the risk appetite set by the Board.

Imperial adopts a dynamic approach which facilitates and collates views from functional risk owners and a broad spectrum of other relevant stakeholders, providing end-to-end insights from a wide collection of second-line experts – enabling a richer, more balanced perspective on current and emerging risks.

Current and emerging risks are considered on an ongoing basis across the business, with a general three-year horizon (though longer where applicable, e.g. climate risk). This horizon ensures appropriate focus and includes consideration of changes in the causes of existing risks (e.g. specific proposed regulatory change) ensuring timely evaluation of the effectiveness of current and future mitigations.

Specific risk topics are presented to the ELT, Risk Committee, Audit Committee and the Board during the year. These discussions provide further detail from first- and second-line management on their risk management responsibilities.

### EMERGING RISKS

As part of the risk assessment performed by the Group Risk Committee and the Board, emerging risk topics have been discussed and considered.

#### Regulatory change

The Group navigates a rapidly evolving regulatory landscape, actively identifying and addressing new risks as they arise. We anticipate regulatory changes beyond the typical three-year horizon, enabling us to develop timely mitigation strategies.

With increasing harmonisation of Tobacco and NGP regulations at the European level, driven by anticipated reforms to the EUTPD3, EUTED, and updates to the EU Commission's Multiannual Financial Framework (MFF), we remain at the forefront, adapting quickly to shifting priorities and funding. Additionally, global regulatory dynamics, such as outcomes from the WHO Conference of Parties, shape the broader landscape. The Group continually refines its approach to actively evaluating, managing and developing appropriate mitigation measures for emerging risks to safeguard our operations.

#### Tariff and trade policy uncertainty

The Group is impacted by tariffs introduced in the US as certain materials and goods are imported from affected countries. Any increases to existing tariff rates or the introduction of additional tariffs may have further impacts on the Group by increasing the cost of goods above expectations. The impact of tariffs in the US and worldwide are closely monitored by the Group and reported to executive leadership, with actions taken to reduce any potential impacts.

#### Escalating geopolitical risks

Due to the global footprint of Imperial's operations, the Group is exposed to geopolitical risk. Whilst already considered as a causal factor for a number of the principal risks, there is also the potential for further political polarisation and local or geopolitical unrest in certain countries, for example in the Middle East and China/Taiwan, which may destabilise the Group's supply network, cause market volatility and regulatory uncertainty.

In response to escalation of geopolitical risks in certain regions during the year, the Group has assembled crisis teams as needed to understand, assess and direct responses to these heightened risks.

**PRINCIPAL RISKS AND UNCERTAINTIES** CONTINUED

The following section highlights the principal risks the Group faces and identifies the mitigations that are in place to manage them, with all risks reported on a mitigated basis.

An illustration of the primary impact each risk might have on relevant strategy elements and the change in risk profile compared to last year is included for each principal risk using these symbols

Risk profile change (on a mitigated basis)

- Risk profile increasing
- Risk profile unchanged

Not all of these principal risks are within Imperial's direct control, and the list cannot be considered to be exhaustive, as other risks and uncertainties may emerge in a changing business environment.

The risks reported are those currently considered by the Board to have the most likely impact on achievement of the Group's objectives.

As part of ongoing work to prepare for compliance with the updated UK Corporate Governance Code requirements relating to risk management, a review of the Group's principal risks was undertaken. As a result, the previous 'Social' principal risk has been combined with the 'Legal Compliance' principal risk to form the new 'Ethics & Compliance' principal risk included below. There have also been some minor changes to the remaining principal risk titles and descriptions, but the risks included below remain broadly aligned with those identified in the 2024 Annual Report and Accounts.

## REGULATORY CHANGE

**Risks relating to the impact of future regulatory change on our ability to produce, market and sell our products**

**RISK PROFILE CHANGE**: →

**STRATEGIC IMPACTS**: ◔

### CHANGE IN YEAR

- The regulatory landscape continues to evolve, with increasing complexity and an increasing likelihood of more restrictive flavour and ingredient requirements across NGP categories, as well as nicotine ceilings and further sub-category bans being introduced
- There is also continued introduction of more restrictive regulation for combustible tobacco
- In the US, Federal proposals for menthol/flavour bans and reduced nicotine levels have been withdrawn or shelved, but both may re-emerge under a future administration. Meanwhile, state-level activity continues to increase
- In Australia, the new Public Health Bill went live in April 2025, which introduced further product, packaging and marketing restrictions across both combustibles and NGP
- Further focus on environmental regulation, particularly in Europe, with additional environmental regulations also being considered in markets outside of Europe

### IMPACT

- Regulatory change can restrict product specification, such as bans on menthol or other flavours or ingredients, consumer interaction, and product supply. These restrictions can affect consumers' ability to enjoy our products, potentially impacting sales volumes and market size and related access to products
- Compliance with increasingly complex regulatory requirements increases the risk of additional cost to the Group and inadvertent non-compliance. Non-compliance could result in regulatory censure, financial penalty and reputational damage
- When regulations require interpretation, the resulting judgements can lead to disputes or investigations by regulators. This can incur financial costs or cause reputational damage, even if no fault is proven

### MITIGATION

- Group policies and standards and a reviewed set of Group public policy positions are in place to align with regulatory developments
- Continuous monitoring of and engagement with regulators to highlight risks of disproportionate regulation; proposal of moderate alternatives; and development of a sustainable regulatory framework for NGP
- Subject matter experts employed to perform regulatory horizon scanning and assess the impacts of proposed regulatory change and Group-wide impacts
- Project teams in place to manage the impacts of regulatory change, ensuring required compliance is achieved and opportunities identified. Product portfolio is under continuous revision to adapt to stricter regulations in NGP

## PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

### PRICING & EXCISE CHANGE

**Risks relating to the impact of future excise changes and our ability to achieve planned pricing**

RISK PROFILE CHANGE

STRATEGIC IMPACTS

#### CHANGE IN YEAR

- At a global level, reduction in year-on-year inflation rates reducing pressure on pricing
- Pricing pressure remains where there is a need to offset accelerated excise schemes, market size and volume declines
- Tariffs introduced in the US, adding additional pressure on costs
- EU Tobacco Excise Directive proposal presented in July 2025 includes substantial increases to minimum excise rates from 2028, and as a result there may be above trend increases in excise rates by certain member states in the interim period to 2028

#### IMPACT

- In markets where the increased cost of living makes consumers more price-sensitive, significant price increases affect both product demand and sales volumes
- Pricing pressure may be exacerbated by excise increases which further elevates product prices. This could result in downtrading to lower price products/categories or an increase in the attractiveness of illicit product, impacting sales volumes
- Illicit products thrive in high-excise environments, reducing the size of the legitimate tobacco market, increasing risks to consumers from non-compliant product, and financing organised crime
- Inferior counterfeit product could result in damage to brands
- Introduction of tariffs by the US increases the cost of goods, adding additional pressure on pricing in this region

#### MITIGATION

- Revenue Growth Management Centre of Expertise facilitates Consumer Pricing & Portfolio workshops in key markets, in collaboration with regional and market teams
- Monthly Regional Business Reviews to discuss and evaluate pricing strategies execution, commercial performance and progress against objectives
- The Group's Revenue Growth Management function is systematically supporting market teams with assessment of pricing and excise using different scenario simulations and 'what if' analysis and evaluation, and proposing optimum solutions
- Focus on development of AI enabled tools to better model and predict impacts of excise, inflation and other consumer pressures
- Engagement with authorities providing informed input and evidence about the unintended consequences of disproportionate changes in product taxation, supported by above-market engagement, argumentation, and data

### CONSUMER AND MARKET TRENDS

**Risks relating to the impact of changing consumer behaviour and market trends on commercial objectives**

RISK PROFILE CHANGE

STRATEGIC IMPACTS

#### CHANGE IN YEAR

- Continued rise in illicit trade due to widening gap between duty paid and non-duty paid prices as a result of excise impacts, notably in Europe, and in Australia where excise levels are very high, leading to declines in legitimate market size
- Wider industry market size declines across global footprint, notably in Australia
- US illicit trade remains a persistent threat, particularly in the disposable vape segment, with a growing trend observed in OND, undermining the market for products following the required FDA regulatory processes, which can be lengthy and expensive
- Continuation of downtrading trend as consumers become increasingly value-driven due to inflationary pressures on disposable income and increasing excise taxes
- Slight easing in macroeconomic pressures, however, real consumer disposable income remains under pressure due to inflationary pressures and tariff-driven price increases in the US

#### IMPACT

- Economic pressure on consumers could result in reduced spend on tobacco products and alternatives, reducing market size
- Increases in illicit trade impact the size of the legitimate market, impacting sales volumes
- Failure to obtain or effectively respond to commercial insights and learnings, would result in loss of market share or inability to capitalise on commercial opportunities
- Failure to respond to changes in market environment could result in the Group's portfolio being less attractive to consumers, resulting in reduced sales

#### MITIGATION

- Market Intelligence collection and analysis
- Cigarette and vape Empty Pack Survey collection reporting provides trend analysis of illicit impacts enabling more targeted and effective interventions
- Consumer behaviour monitoring, including consumer trackers
- Engagement with political stakeholders, key government departments, law enforcement bodies and other stakeholders to combat illicit trade
- Enhanced consumer insights operating model with continued increase in capabilities and tools, including a separate Business Intelligence vertical that includes Competitor Analysis

## PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

### PRODUCT DEVELOPMENT

**Risks relating to effective product development, aligned to consumer preferences and regulatory requirements**

RISK PROFILE CHANGE

STRATEGIC IMPACTS

#### CHANGE IN YEAR

- Continued competitor activity in the NGP market with growth in category size through new product technology developments, product launches and marketing initiatives, as well as challenges to compete with non-compliant products being launched in market
- Increasing evolution of NGP product regulation driving need for continued product development and redevelopment of existing products
- An additional marketing denial order (MDO) has been issued from the FDA in connection with some disposable vape products. This MDO has been challenged and is subject to ongoing litigation proceedings

#### IMPACT

- If the Group's product portfolio does not align with consumer preferences, it could lead to reduced preference for our products, lower sales volumes and diminished brand equity
- Failure to act upon consumer trends and insights, and innovate in line with competition, could result in lost opportunities, notably in NGP where innovations are more prevalent and faster to market
- Failure to ensure effective implementation of market or retail initiatives could result in lost opportunities, wasted investments and potential loss of market share
- Failure to identify intellectual property (IP) constraints in the innovation of new products could impact development and/or launch, limiting the ability to respond to competitor offerings and potential litigation
- Failure to develop NGP categories with a sustainable commercial model could impact achievement of key ESG priorities or failure to achieve NGP ambition
- Failure to obtain the appropriate regulatory approvals in certain markets could result in loss of commercial opportunities

#### MITIGATION

- Integrated Brand Building Model including enhanced innovation project process, governance principles and establishing technical stage gates
- NGP Innovation Masterplan aligned to 2030 Strategy, with supporting end-to-end project management processes to ensure timely delivery
- Regulatory strategies, marketing guidelines and product standards developed to support our consumers and our business
- Legal expertise to manage specific risk areas, such as intellectual property

### TECHNOLOGY & CYBER RESILIENCE

**Risks relating to the ability of IT infrastructure to support business and regulatory requirements and protect against cyber attack**

RISK PROFILE CHANGE

STRATEGIC IMPACTS

#### CHANGE IN YEAR

- The Group continues to operate in an external environment with heightened geopolitical risks, which highlight the continued risk of, and increasing exposure to, corporate cyber attacks
- External cyber threats remain pervasive, as demonstrated by the targeted attacks against UK retail and multiple US sectors during 2025
- The continued proliferation and rapid innovation of Artificial Intelligence (AI) technologies presents new challenges and opportunities alike. We expect and prepare for increasing trends in the sophistication and complexity of technology attacks, and additional information governance and legislation demands associated with the use of AI

#### IMPACT

- Loss of critical systems could impact production and/or product supply to distributors or retailers resulting in revenue loss and reputation damage with customers and other stakeholders
- Failure to protect personal or sensitive corporate data from loss could result in inability to achieve strategic goals, regulatory breach and related censure, significant financial costs or penalty, reputational damage or lost competitive advantage
- Failure to implement key security and data handling requirements could result in data integrity issues

#### MITIGATION

- Global IT Policy and Standards supported by technology control and governance frameworks
- Technical testing and monitoring including vulnerability scanning and penetration testing
- Regular employee training and awareness activities to maintain a cyber-aware workforce
- Ongoing investment in security tools and capabilities
- Robust IT Change and Incident Management procedures, including crisis management and disaster recovery planning for critical systems
- High risk suppliers vetted and periodically reviewed
- AI governance structures established to support identification, assessment and management of AI-related risks

## PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

### ENVIRONMENT

**Risks relating to our ability to deliver our commitments to minimise the environmental impact of Imperial and align with evolving environmental regulations**

RISK PROFILE CHANGE

STRATEGIC IMPACTS

#### CHANGE IN YEAR

- Introduction of EU Corporate Sustainability Reporting Directive and Corporate Due Diligence Directive are pending the proposed EU Omnibus simplification package; however other upcoming regulatory requirements will apply to the Group within the next three years
- Disposable vape bans introduced in the UK and France during 2025
- The Group continues to face increasing climatic impacts across its global footprint
- Continued focus on ESG-related matters from investors and external stakeholders, with increased focus on energy resilience and water consumption

#### IMPACT

- Failure to effectively mitigate the environmental impacts of our products and processes on the external environment could lead to reputational damage or financial impacts for Imperial
- Failure to meet stakeholder expectations, or maintain parity with industry peers, may impact the Group's reputation as a sustainable business, potentially adversely affecting stakeholder sentiment or share price
- Suboptimal ESG ratings could result in reduced access to capital or increased financing costs
- Failure to sufficiently reduce carbon emissions in direct operations and the supply chain could result in increased carbon taxes
- Failure to comply with key ESG-related regulation, including environmental legislation, could result in a material impact to the Group, including, but not limited to, financial penalties
- Failure to comply with regulatory reporting requirements for non-financial data could result in legal, operational, and reputational consequences for Imperial

#### MITIGATION

- ESG agenda and communications, including ongoing performance and materiality assessment, aligned to Group strategic goals and targets
- Work ongoing to meet ESG recyclables target in Europe
- ESG Committee with executive-level representation in place to provide strategic oversight. Non-Financial Reporting Steering Committee and Environmental Compliance Working Group support this by contributing to mandatory disclosures (e.g. TCFD), managing compliance and monitoring performance
- Sustainable Tobacco Programme (STP), alongside reforestation initiatives, supports efforts to minimise the environmental footprint of leaf cultivation and contributes to emissions reduction
- Dedicated teams within Marketing and Procurement focusing on sustainability
- ESG KPIs and contractual clauses in place with relevant suppliers, as well as inclusion of ESG topics in the Supplier Code of Conduct and Supplier Relationship Management Programme

### TRANSFORMATION

**Risks relating to the design, implementation and benefit realisation of organisational change initiatives**

RISK PROFILE CHANGE

STRATEGIC IMPACTS

#### CHANGE IN YEAR

- Increasing size and scale of strategic transformation portfolio across the Group to support the 2030 Strategy
- High volume of change and resource demand required to support transformation programmes across the business
- Continued increase in scale and complexity of cross-functional integration requiring careful management of project interdependencies
- Increasing complexity in ensuring organisation design capabilities are aligned with business needs and strategic objectives
- Successful first deployment of new ERP system in priority market

#### IMPACT

- Ineffective business transformation could result in disruption to delivery of business objectives, non-achievement of intended benefits or higher cost of implementation than forecast
- High demand for local resources to support transformation may impact business plan delivery, employee relations, transition of critical processes or employee wellbeing

#### MITIGATION

- Transformation Board and Integration Working Group provide visibility and assurance on strategic portfolio delivery and oversight of portfolio risk management
- Transformation risk governance structure and Transformation Governance Policy
- Project intake process captures new project initiatives to manage impact on strategic portfolio
- Transformation Centre of Expertise working in conjunction with Independent Quality Assurance and Internal Audit to support successful delivery and oversight of key risk aspects
- Specialist Organisation Effectiveness Centre of Expertise safeguards design and development of organisational capabilities in line with strategic objectives

## PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

### SUPPLY CHAIN RESILIENCE

**Risks relating to the supply of materials or our ability to produce and distribute finished goods in line with plan, quality and cost targets**

RISK PROFILE CHANGE

STRATEGIC IMPACTS

#### CHANGE IN YEAR

- Tariffs introduced in the US have had limited impacts on cost of goods to date, with increased impacts expected if tariff policies remain unchanged and potential impacts above these expectations if there are further changes to tariff policies
- Geopolitical tensions have continued to increase, particularly in the Middle East, however so far there have not been any material impacts in the Group's key countries and regions
- Climate change is potentially increasing the frequency and intensity of adverse weather events such as hurricanes and flooding, impacting supply chains, notably cigar operations in our Caribbean factories and the Philippines

#### IMPACT

- Loss of a key manufacturing site/capacity could impact the Group's ability to meet production demands
- Failure to supply markets could lead to a loss of short-term sales volume and potentially erode consumer loyalty, which may impact longer-term sales volumes and brand value
- Failure to manage cost inflation could result in increased cost of goods
- Severe weather episodes could impact raw material supply, manufacturing sites and warehousing, potentially affecting short-term supply to markets
- A lack of availability of raw materials, or raw materials of poor quality, could impact short-term supply to markets
- Loss of critical systems could impact production and/or product supply to distributors or retailers resulting in revenue loss and reputation damage with customers and other stakeholders

#### MITIGATION

- Business Continuity Management Framework, including Operational Resilience Committee and requirements for Disaster Recovery Plans
- Monitoring and assessment of global geopolitical situation, with crisis teams assembled and actions taken as required
- Global Physical & Asset Security Programme
- Material stocks (leaf and non-tobacco) maintained in line with assessed supply continuity plans, and aligned to sales forecast requirements
- Production capacity planning includes agreed business continuity measures in the event of machine failure or site issue
- Supplier agreements, standards and practices include requirement to comply with Group policies, including quality requirements for goods and services supplied
- Ongoing risk assessments and supplier reviews including quality, ESG, and business continuity and contingency plans

### ETHICS & COMPLIANCE

**Risks relating to responsible and ethical behaviour, and compliance with certain specified laws and regulations by our organisation and employees, as well as requiring compliance by our business partners**

RISK PROFILE CHANGE

STRATEGIC IMPACTS

#### CHANGE IN YEAR

- Continued external trend of ESG-related litigation risks with external focus on human rights issues in international supply chains and greenwashing claims
- 'Failure to Prevent Fraud' offence under the Economic Crime and Corporate Transparency Act 2023 came into effect in September 2025
- Introduction of EU Corporate Due Diligence Directive, which would introduce further requirements to conduct due diligence throughout our global value chain, is pending the proposed EU Omnibus simplification package

#### IMPACT

- As with other corporates, litigation and other claims are pending against the Group. The interpretation of the law and the related judgments can lead to disputes or investigation and possible financial costs or reputational damage
- Failure to comply with regulations, or other legal or financial violations by the Group, its employees, subsidiaries or business partners, could result in investigation and financial penalties, regulatory censure or reputational damage
- Investigations or allegations of wrongdoing can demand significant management time, and can result in substantial costs which may not be fully recoverable in addition to significant reputational damage with stakeholders
- If any claim against the Group was to be successful, it might result in a significant liability for damages and could lead to further claims
- Failure to comply with key ESG-related regulation, including human rights legislation, could result in a material impact to the Group, including, but not limited to, financial penalties

#### MITIGATION

- Legal Matters Management, including Legal Matters to be Notified
- Code of Conduct, Supplier Code of Conduct, and other Group policies and standards covering ethics and compliance related topics, supported by staff training and Speak Up channels for reporting of concerns of wrongdoing, and Gifts and Entertainment Register
- ESG agenda and ESG Committee with executive-level representation covering Ethics & Compliance related topics
- Human Rights Policy and risk management framework, including governance processes and audits
- Sustainable Tobacco Programme, Leaf Partnership Projects, Leaf due diligence verifications and audits
- SEDEX (Supplier Ethical Data Exchange) used for supplier ethical trading risk assessments
- Leaf Compliance working group and Sustainable & Responsible Sourcing working group
- Ethics and compliance related due diligence on business partners, including screening of suppliers and business partners against sanctions lists and adverse media

## PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

### LIQUIDITY AND GOING CONCERN STATEMENT

The Group's policy is to ensure that we always have sufficient capital markets funding and committed bank facilities in place to meet foreseeable peak borrowing requirements.

The Group recognises there can be uncertainty in the external environment. However, during past periods of disruption, the Group effectively managed operations across the world and has proved it has an established mechanism to operate efficiently despite this uncertainty. The Directors consider that a one-off discrete event with immediate cash outflow is of greatest impact to the short-term liquidity of the Group.

The Directors have assessed the emerging and principal risks of the business, including stress testing a range of different scenarios that may affect the business. These included scenarios which examined the implications of:

- A one-off discrete event resulting in immediate cash outflow of c. £500 million, e.g. due to unexpected duty and tax payments; and/or other legal and regulatory risks materialising.
- A rapid and lasting deterioration to the Group's profitability because markets become closed to tobacco products or there are sustained failures to our tobacco manufacturing and supply chains. These assumed a permanent reduction in profitability of 10% from 1 October 2025.

The scenario planning also considered mitigation actions including reductions to capital expenditure, dividend payments and the share buyback programme. There are additional actions that were not modelled but could be taken including other cost mitigations such as staff redundancies, working capital management, retrenchment of leases and discussions with lenders about capital structure.

Under the reverse stress test scenario, after considering mitigation actions including reductions of capital expenditure, dividend payments and the share buyback programme, we have modelled that a 59% EBITDA reduction would lead the Group to have sufficient headroom until 30 November 2026. The Group believes this reverse stress test scenario to be remote given the relatively small impact on our trading performance and bad debt levels during the COVID-19 pandemic and political uncertainty with regard to Ukraine and Russia.

Based on its review of future cash flows covering the period through to 30 November 2026, and having assessed the principal risks facing the Group, the Board is of the opinion that the Group as a whole and Imperial Brands PLC have adequate resources to meet their operational needs for a period of twelve months from the date of approval of the financial statements, and concludes that it is appropriate to prepare the financial statements on a going concern basis.

### VIABILITY STATEMENT

The Board has reviewed the long-term prospects of the Group to assess its viability. This review, which is based on the business plan which was completed in July 2025, incorporated the activities and key risks of the Group together with the factors likely to affect the Group's future development, performance, financial position, cash flows, liquidity position and borrowing facilities as described in the 'Managing risk' section of this report on pages 66 to 68.

In addition, we describe in notes 21 to 22 on pages 167 to 176 the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposures to market, credit and liquidity risk.

#### Assessment

To report on the long-term viability of the Group, the Board reviewed the overall funding capacity and headroom available to withstand severe events and conducted a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The assessment assumes that any bank debt maturing in the next three years can be refinanced at commercially acceptable terms or via our current standby facility. The Board believes that three years is an appropriate time horizon given the current business portfolio and limited visibility beyond three years. This assessment also included reviewing and understanding both the impact and the mitigation factors in respect of each of those risks. The viability assessment has two parts:

- First, the Board considered the period over which it has a reasonable expectation that the Group will continue to operate and meet its liabilities, considering current debt facilities and debt headroom; and
- Second, it considered the potential impact of severe but plausible scenarios over this period, including:
  - assessing scenarios for each individual principal risk, for example commercial issues and the impact of regulatory challenges; and
  - assessing scenarios that involve more than one principal risk including multi-risk scenarios.

#### Findings

Viability review period

Whilst the Board has no reason to believe the Group will not be viable over a longer period, the period over which the Board considers it possible to form a reasonable expectation as to the Group's longer-term viability, based on the risk and sensitivity analysis undertaken, is the three-year period to September 2028.

This reflects the period used for the Group's business plans and has been selected because, together with the planning process set out above, it gives management and the Board sufficient, realistic visibility on the future in the context of the industry environment.

The Group's annual corporate planning processes include completion of a strategic review, preparation of a three-year business plan and a periodic re-forecast of current-year business performance and likely landing. The plans and projections prepared as part of these corporate planning processes consider the Group's cash flows, committed funding, forecast future funding requirements, banking covenants and other key financial ratios, including those relevant to maintaining our investment grade ratings. These projections represent the Directors' best estimate of the expected future financial prospects of the business, based on all currently available information.

The use of the strategic plan enables a high level of confidence in assessing viability, even in extreme adverse events, due to a number of mitigating factors such as:

- Flexibility of cash outflow with respect to the ability to manage dividend returns to investors, capital expenditure projects planned to take place within the three-year horizon, return of surplus capital to investors via share buyback, plus promotional marketing programmes
- The Group has mature business relationships and operates globally within well-established markets
- The Group's operations are highly cash generative, and the Group has access to the external debt markets to raise further funding

## PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

### RISK IMPACT REVIEW

For each of our principal risks, plausible risk impact scenarios have been assessed together with a multiple risk scenario. The following table summarises the key scenarios that were considered, both individually and in aggregate:

| RISK SCENARIOS MODELLED | LEVEL OF SEVERITY REVIEWED | LINK TO PRINCIPAL RISK |
|---|---|---|
| The consequences of adverse operating and commercial pressures, involving volume reduction and/or falls in margin, driven by unforeseen reductions in the size of the legitimate tobacco market or other changes in the level of consumer demand for our products. | The maximum quantifiable impact of all envisaged business risks, including the impact of a loss of market size and share and lack of pricing.<br><br>The value of these combined risks totals £0.6 billion over the three-year period under review.<br><br>A further worst-case scenario has also been considered, modelling a 10% reduction on remaining EBITDA after consideration of the isolated business risks. The value of this EBITDA modelled totals £1.4 billion over the three-year period under review. | • Pricing and excise change<br>• Regulatory change<br>• Supply chain resilience<br>• Technology & cyber resilience<br>• Product development<br>• Consumer and market trends<br>• Environment<br>• Ethics & Compliance<br>• Transformation |
| The possible costs associated with legal and other regulatory challenges, including competition enquiries and tax audits. | Failure to successfully defend existing and reasonably foreseeable future legal and regulatory challenges, at the expected financial exposure.<br><br>The value of these combined risks is c.£0.7 billion. | • Ethics & Compliance<br>• Environment |

None of the scenarios reviewed, either individually or in aggregate would cause Imperial Brands to cease to be viable.

Climate-related risks have been assessed as causes of a number of our underlying risks which are included within the scenario modelling, including, but not limited to, the failure to supply product due to weather-related impacts on individual factories, the cost of complying with environmental legislation such as carbon pricing, and the impact that climate change has upon the supply of raw materials (notably tobacco leaf).

In 2025, we updated our quantified climate scenario analysis with RCP 2.6 / Below 2°C and RCP 8.5 / 4°C pathways aligned with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) and Paris Agreement. The scenario analysis takes into consideration climate-related physical and transition risk to 2050, which we disclose in detail to 2050. The Group does not consider climate change to be a risk from a viability perspective. The Group holds c.12 months of leaf stock protecting against any shortage or incremental cost caused by a natural event; hence it would not materially impact the period under review. Any incremental cost would have an EBITDA impact lower than that modelled as part of the scenario testing.

### CONCLUSION

On the basis of this robust assessment of the emerging and principal risks facing the Group, and on the assumption that they are managed or mitigated in the ways disclosed, the Board's review of the business plan and other matters considered and reviewed during the year, and the results of the sensitivity analysis undertaken and described above, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 30 September 2028.

The Strategic Report, including the Company's Section 172 Statement on page 84 incorporated by reference, was approved by the Board and signed on its behalf.

By order of the Board.

**EMILY CAREY**
COMPANY SECRETARY

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# GOVERNANCE

## BOARD ACTIVITIES 2024/25

A summary of topics covered by the Board of Directors in its meetings during the financial year is provided below.

### OCTOBER 2024

**VIRTUAL MEETING**

- Approval of Trading Update, including share buyback programme

### NOVEMBER 2024

**LONDON**

- Strategy workshop, covering:
  - Combustibles and NGP
  - Manufacturing
  - Regulation outlook
  - Futureproofing our organisation – including data and AI

**VIRTUAL MEETING**

- Approval of Imperial Brands plc full-year results and Annual Report & Accounts

### JANUARY 2025

**BRISTOL**

- Annual General Meeting
- Strategy workshop, covering:
  - Consumers
  - Operational efficiency
  - Organisational design
  - Investor proposition
- Europe regional review
- UK business immersion showcase
- Employee engagement: Audit Committee break-out with the Finance function and Board lunch with Bristol-based colleagues

### MARCH 2025

**LONDON**

- Strategy: final review
- NGP review
- Combustibles and brands
- AAACE regional review
- Technology review
- Deep dive: Cyber security
- Deep dive: Modern Oral Nicotine

**LONDON/VIRTUAL**

- Capital Markets Day: Strategy launch

### APRIL 2025

**LONDON**

- Logista business review
- Deep dive: Developments in global markets and economic outlook
- Review of stakeholder feedback on strategy launch
- Corporate Affairs review

### MAY 2025

**VIRTUAL MEETING**

- Approval of Imperial Brands plc interim results
- Appointment of Lukas Paravicini as CEO and Murray McGowan as CFO

### JULY 2025

**SITE VISIT: GREENSBORO, USA**

- Briefing from US team on market overview, brands and corporate affairs
- Visit to US retail outlets with sales force
- External speaker: US regulatory landscape
- Employee engagement: Remuneration Committee event on Reward and Board lunch with US colleagues

### SEPTEMBER 2025

**LONDON**

- Transformation programme update
- Business Plan 2026
- Capital allocation
- Board and Committee effectiveness reviews

BOARD OF DIRECTORS AS AT 1 OCTOBER 2025

# A SKILLED AND EXPERIENCED BOARD

Ⓐ AUDIT COMMITTEE
Ⓟ PEOPLE, GOVERNANCE & SUSTAINABILITY COMMITTEE
Ⓡ REMUNERATION COMMITTEE
● COMMITTEE CHAIR

## THÉRÈSE ESPERDY
CHAIR

Ⓟ

**TENURE:**
Appointed to the Board in July 2016 and became Senior Independent Director in May 2019 before being appointed Chair in January 2020.

**NATIONALITY:**
American

**BIOGRAPHY**
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 US 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. Thérèse was previously senior independent director of National Grid plc.

**SKILLS AND EXPERIENCE**
Thérèse possesses deep experience of business, regulation and governance from her distinguished history of leadership within the banking sector and as a non-executive director across regulated sectors. She uses these skills to effectively engage, challenge and collaborate with the Board and senior management, enabling effective oversight of Imperial's strategy and performance.

**OUTSIDE INTERESTS**
Non-executive director of Moody's Corporation, where she chairs the compensation & human resources committee.

## LUKAS PARAVICINI
CHIEF EXECUTIVE OFFICER

**TENURE:**
Appointed CFO in May 2021 and CEO on 1 October 2025.

**NATIONALITY:**
Swiss

**BIOGRAPHY**
Lukas has a proven track record in multinational consumer goods companies around the world. He joined Imperial as Chief Financial Officer in 2021 from 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 Australian listed co-operative and the world's largest dairy exporter, with sales in 130 countries, including chief financial officer from 2013-2017 and chief operating officer, Global Consumer and Foodservice Business from 2017-2018. Prior to that, he spent 22 years with Nestlé in various senior finance and general management roles.

**SKILLS AND EXPERIENCE**
Lukas has enjoyed a successful career across a range of commercial and financial roles in consumer-focused, international companies. These roles have given him a deep knowledge of technology and its opportunities to enable change. Lukas's extensive business expertise, focus on performance and proven delivery of strategic and commercial transformation programmes makes him ideally suited to lead the Company in delivery of its strategy.

**OUTSIDE INTERESTS**
None.

## MURRAY McGOWAN
CHIEF FINANCIAL OFFICER

**TENURE:**
Appointed 1 October 2025.

**NATIONALITY:**
British

**BIOGRAPHY**
Murray joined Imperial Brands in 2020 as Chief Strategy & Development Officer, a role he retains following his appointment as Chief Financial Officer. Prior to Imperial, he worked in strategic, financial and operational leadership roles for high-profile consumer businesses, including Costa Coffee, Yum! Brands and Cadbury, having begun his career in the consumer and retail practice of McKinsey & Company.

**SKILLS AND EXPERIENCE**
As Chief Strategy & Development Officer, Murray led the development of Imperial's strategy, including the refreshed 2030 plan unveiled in March 2025. His strong leadership background from strategic, financial and operational roles in consumer businesses makes him well placed to drive Imperial's focus on delivery and execution as CFO.

**OUTSIDE INTERESTS**
Member of 'The 100 Group' of FTSE 100 finance directors.

## STEFAN BOMHARD
EXECUTIVE DIRECTOR

**TENURE:**
Appointed July 2020; will retire from the Board on 31 December 2025.

**NATIONALITY:**
German

**BIOGRAPHY**
Stefan was CEO of Imperial from 2020 to 30 September 2025, and will stay on the Board as an Executive Director until 31 December 2025.

He joined Imperial as CEO in 2020 from Inchcape plc, where he delivered successful transformational change during a five-year tenure as chief executive.

Prior to Inchcape, Stefan was president of Bacardi Limited's European region. Previous roles have included chief commercial officer of Cadbury plc and chief operating officer of Unilever Food Solutions Europe. This followed senior positions at Diageo (Burger King) and Procter & Gamble.

**SKILLS AND EXPERIENCE**
Stefan has brought experience managing strategic change and brand leadership from retail and consumer companies. His deep and wide-ranging career in FMCG and challenger businesses has given insight and direction to Imperial's performance and formation of the new strategy launched in March 2025.

**OUTSIDE INTERESTS**
Non-executive director of Compass Group plc (due to retire in January 2026), Flutter Entertainment plc (from 1 October 2025) and The Magnum Ice Cream Company (Netherlands).

## BOARD OF DIRECTORS AS AT 1 OCTOBER 2025 CONTINUED

### SUE CLARK
SENIOR INDEPENDENT DIRECTOR

A P R

**TENURE:**
Appointed Non-Executive Director in December 2018, Chair of the Remuneration Committee in February 2019 and Senior Independent Director in January 2020.

**NATIONALITY:**
British

**BIOGRAPHY**
Sue has strong international business credentials with over 20 years' executive committee and board-level experience in the FMCG, regulated transport and utility sectors. Sue was managing director of SABMiller Europe and an executive committee member of SABMiller plc, with P&L responsibility for a $7bn business. Sue was previously a non-executive director at Akzo Nobel NV and Bakkavor plc (where she was a remuneration committee member) and Britvic plc (where she chaired the remuneration committee).

**SKILLS AND EXPERIENCE**
Sue brings wide-ranging corporate governance and commercial experience across a number of industries, notably those with a consumer focus. Her expertise in corporate transactions, IR, regulation and FMCG businesses has been invaluable to the Board and her extensive non-executive career has enabled her to share deep insight in her roles as Senior Independent Director and Remuneration Committee Chair.

**OUTSIDE INTERESTS**
Non-executive director, senior independent director and remuneration committee chair of both Mondi plc and easyJet plc.

### NGOZI EDOZIEN
NON-EXECUTIVE DIRECTOR

P R

**TENURE:**
Appointed November 2021.

**NATIONALITY:**
American and Nigerian

**BIOGRAPHY**
Ngozi has over 35 years' experience in finance/private equity, general management and strategy/business development functions with multinational companies in Europe, the US and Africa. She has held roles in McKinsey & Company, Pfizer Inc., Actis LLP and JP Morgan. Previous non-executive director positions include Guinness Nigeria PLC, PZ Cussons PLC, Barloworld Limited, Stanbic IBTC Holdings PLC and Vlisco Group.

**SKILLS AND EXPERIENCE**
Ngozi brings a wealth of FMCG and regulated industry experience from a career in management consulting, banking/finance and the pharmaceutical industry. Her reflections on consumer sectors, the challenges of regulated businesses and interplay with corporate/public affairs and emerging markets has been insightful during the Board's consideration of strategy, sustainability and transformation topics.

**OUTSIDE INTERESTS**
Non-executive director of Bank of Africa/BMCE Group, Unilever Nigeria PLC and Ikeja Hotels PLC. Additionally, she is a private equity adviser to Verod Capital.

### ANDREW GILCHRIST
NON-EXECUTIVE DIRECTOR

A P

**TENURE:**
Appointed March 2023.

**NATIONALITY:**
American

**BIOGRAPHY**
Andrew has a proven track record of business development, strategic planning and business integration following two decades of operational and financial experience in the tobacco sector. He was Chief Financial Officer of Reynolds American Inc. until its acquisition by British American Tobacco (BAT) in 2017. Prior to this, Andrew held a range of leadership positions at Reynolds, including Chief Information Officer, Chief Commercial Officer and Business Development Director. Earlier in his career, he worked for BAT in marketing and planning roles.

**SKILLS AND EXPERIENCE**
Andrew brings exceptional experience and deep knowledge of the tobacco sector and its continuing transformation. His skillset enhances the Board's oversight of the delivery of Imperial's new strategy, as well as financial and performance issues.

**OUTSIDE INTERESTS**
None.

### JULIE HAMILTON
NON-EXECUTIVE DIRECTOR

P R

**TENURE:**
Appointed January 2024.

**NATIONALITY:**
American

**BIOGRAPHY**
Julie, who was Chief Commercial and Global Sales Officer at Diageo until August 2023, has over 30 years' experience in marketing, strategy and digital transformation. 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.

**SKILLS AND EXPERIENCE**
Julie brings broad knowledge of marketing and brands following a career in customer-focused, multinational corporates. Her deep experience of digital transformation has benefited the Board in its discussions on strategy and organisational change.

**OUTSIDE INTERESTS**
Non-executive director of Ontex Group NV, where she is a member of the remuneration and nomination committees.

### ALAN JOHNSON CMG
NON-EXECUTIVE DIRECTOR

A P R

**TENURE:**
Appointed January 2021.

**NATIONALITY:**
British and Italian

**BIOGRAPHY**
Alan had a 30+ year financial career in Unilever, including chief audit executive and chief financial officer of the Global Foods Division. He was CFO and then non-executive director of Jerónimo Martins SGPS, S.A. until 2016, and remains the independent chairman of the company's internal control committee.

He was non-executive director at DFID, president and chair of the board of the International Federation of Accountants and Board member and audit committee chair of the International Valuation Standards Council. Alan was a non-executive director at DS Smith plc until its acquisition by International Paper.

**SKILLS AND EXPERIENCE**
Alan has wide-ranging insight into investor relations, audit and strategy in both executive and non-executive capacities, following a lengthy career in global FMCG. His deep understanding of finance and performance gives a valuable perspective to the Board as Imperial implements its new strategy.

**OUTSIDE INTERESTS**
Non-executive director and audit committee chair of William Grant & Sons Ltd, chair of both the Stakeholder Advisory Council to the Audit & Ethics Standards Setting Boards and the Good Governance Academy.

## BOARD OF DIRECTORS AS AT 1 OCTOBER 2025 CONTINUED

### BOB KUNZE-CONCEWITZ
NON-EXECUTIVE DIRECTOR

P R

**TENURE:**
Appointed November 2020.

**NATIONALITY:**
Austrian

**BIOGRAPHY**
Bob is an experienced marketing professional and has held a number of senior roles at leading FMCG companies. In April 2024 he retired after 17 years as chief executive officer of Campari Group, a major player in the global spirits industry.

Bob previously held positions of increasing responsibility and global reach at Procter & Gamble, including global prestige products corporate marketing director.

He was previously a fellow at the Elis Institute in Rome and vice chairman of Altagamma, the Italian luxury goods association.

**SKILLS AND EXPERIENCE**
Bob brings exceptional knowledge of brand management and customer-focused FMCG businesses following a distinguished career in global companies. As former CEO of the Campari Group, his experience in leadership, consumer brands and creating long-term value for stakeholders is invaluable for Board discussions on strategy and performance.

**OUTSIDE INTERESTS**
Non-executive director and member of the audit and remuneration committees of the supervisory board of Carlsberg A/S, non-executive director of Campari Group and Luigi Lavazza S.p.A (where he is Chair and a member of the Remuneration and Audit Committees, respectively).

### JON STANTON
NON-EXECUTIVE DIRECTOR

A P R

**TENURE:**
Appointed May 2019.

**NATIONALITY:**
British

**BIOGRAPHY**
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 of The Weir Group plc, one of the world's leading engineering businesses, having previously been CFO 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, where he led global board-level relationships. Jon is a Chartered Accountant and a member of the Institute of Chartered Accountants in England and Wales.

**SKILLS AND EXPERIENCE**
Jon has wide ranging business, financial and board experience from a lengthy, distinguished career in multinational companies and accountancy. His executive role as CEO of a global FTSE 100 business gives invaluable perspective to the Board's consideration of strategy, performance and stakeholder issues.

**OUTSIDE INTERESTS**
Chief Executive of The Weir Group plc.

### EMILY CAREY
COMPANY SECRETARY

**TENURE:**
Appointed May 2023.

**NATIONALITY:**
British

**BIOGRAPHY**
Emily, a chartered accountant and Fellow of the Chartered Governance Institute, has enjoyed a 25-year career in finance, regulatory affairs, compliance, governance and company secretarial matters, with significant experience in the oil and gas and sports betting and gaming industries.

Prior to joining Imperial, Emily held a number of roles of increasing seniority including 14 years at BP plc and three years at Entain plc where she was Group Company Secretary.

> Our refreshed challenger strategy creates further opportunities, and the Board's strength and depth of experience ensure that sound and effective decision-making and stakeholder interests are managed within an appropriate risk and control framework.

**THÉRÈSE ESPERDY**
CHAIR

# BOARD LEADERSHIP

## THE RIGHT TEAM TO DELIVER GROWTH

### BOARD GENDER AS AT 30 SEPTEMBER 2025

| | |
|---|---|
| Male | 60% |
| Female | 40% |

### BOARD ETHNICITY AS AT 30 SEPTEMBER 2025

| | |
|---|---|
| White | 80% |
| Black, Black British, Caribbean or African | 10% |
| Mixed or Multiple Ethnic Groups | 10% |

### BOARD NATIONALITY

| | |
|---|---|
| British* | 3 |
| American* | 4 |
| German | 1 |
| Italian* | 1 |
| Swiss | 1 |
| Nigerian* | 1 |
| Austrian | 1 |

* Indicates dual nationality.

## WITH THE RIGHT SKILLS AND EXPERIENCE

### NON-EXECUTIVE DIRECTOR SKILLS, EXPERIENCE AND KNOWLEDGE

| | Thérèse Esperdy | Sue Clark | Ngozi Edozien | Andrew Gilchrist | Julie Hamilton | Alan Johnson | Bob Kunze-Concewitz | Jon Stanton |
|---|---|---|---|---|---|---|---|---|
| 1. FMCG and consumer insights | | ● | ● | ● | ● | ● | ● | |
| 2. Science and innovation | | ● | | | | | | ● |
| 3. Global business leadership and governance | ● | ● | ● | ● | ● | ● | ● | ● |
| 4. Finance and risk management | ● | ● | ● | ● | | ● | ● | ● |
| 5. People leadership and organisational transformation | ● | ● | ● | ● | ● | ● | ● | ● |
| 6. Corporate and regulatory affairs | ● | ● | ● | ● | | | ● | ● |
| 7. Consumer health | | ● | | ● | ● | | | |
| 8. Environment and sustainability | | ● | ● | | ● | | ● | ● |
| 9. Technology and digital | | | | ● | ● | ● | ● | ● |

### COMMITTEES

**PEOPLE, GOVERNANCE & SUSTAINABILITY COMMITTEE**

Read more on page 92

**AUDIT COMMITTEE**

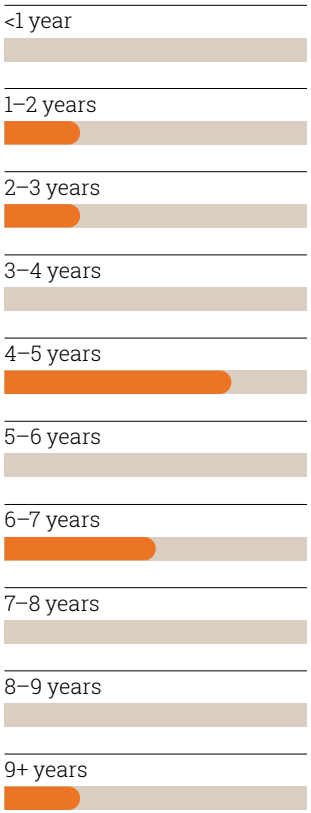
Read more on page 96

**REMUNERATION COMMITTEE**

Read more on page 102

## NON-EXECUTIVE DIRECTOR TENURE

### TENURE




## DRIVING EFFECTIVE DECISION-MAKING

### EFFECTIVE GOVERNANCE

The Board operates within a resilient and sustainable governance structure, enabling sound and effective decision-making in the interests of both the Company and its stakeholders.

### EXPERIENCED AND ENGAGED

The strength and depth of experience of the Company's Board facilitate the effective delivery of strategic and operational priorities within an appropriate risk framework.

## ROLE AND PURPOSE OF THE BOARD AND ITS COMMITTEES

## GOVERNANCE FRAMEWORK

The Board is responsible for the governance of the Company, undertaking its duties within a framework of clear authorities and governance structures.

The Board sets the tone for the Group from the top and delegates specific tasks to its Committees. Each of these Committees has specific written terms of reference issued by the Board, adopted by the respective Committee and published on our website. 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. Minutes of Committee meetings are circulated to all Board members.

To ensure Directors are kept up to date on developments and to enhance the overall effectiveness of the Board, the Board Chair and Committee chairs communicate regularly with the Chief Executive Officer and the Chief Financial Officer. Where appropriate, the Board convenes virtually outside of scheduled meetings to consider time-sensitive matters.

The Board has adopted a schedule of matters on which it must take the final decision. These include approving the Group's strategy, business plans, dividend, major financial announcements, and acquisitions and disposals exceeding defined thresholds.

See more on our **People, Governance & Sustainability** Committee on pages 92-95

See more on our **Audit Committee** on pages 96-101

See more on our **Remuneration Committee** on pages 102-118

## ROLE AND PURPOSE OF THE BOARD AND ITS COMMITTEES CONTINUED

Board members have access, collectively and individually, to the Company Secretary and are also entitled to obtain independent professional advice at the Company's expense, should they decide it is necessary in order to fulfil their responsibilities as Directors.

### Board roles and composition

While the Board shares collective responsibility for its activities, some roles have been defined in greater depth in the graphic on page 82. Standing committees are shown; ad hoc committees may be established to review and approve specific matters or projects.

### Executive Leadership Team

The Board delegates responsibility for developing and implementing strategy, and for the day-to-day running of the business, to Lukas Paravicini, Chief Executive Officer, who is assisted in his role by the Executive Leadership Team (ELT) comprising the members listed on page 21.

### Company Secretary

Advises the Board on corporate governance matters and compliance with Board procedures and corporate governance requirements.

## BOARD AND COMMITTEE MEMBERSHIP AND ATTENDANCE AS AT 30 SEPTEMBER 2025

| | Board | Audit Committee | Remuneration Committee | People, Governance & Sustainability Committee |
|---|---|---|---|---|
| **Non-Executive Directors** | | | | |
| Thérèse Esperdy[1] | 7/7 | | | 4/4[1] |
| Sue Clark[2] | 7/7 | 5/5 | 6/6[1] | 5/5 |
| Diane de Saint Victor[3] | 1/1 | | 1/1 | 1/1 |
| Ngozi Edozien[4] | 7/7 | | 5/6 | 5/5 |
| Andrew Gilchrist | 7/7 | 5/5 | | 5/5 |
| Julie Hamilton | 7/7 | | 6/6 | 5/5 |
| Alan Johnson[5] | 7/7 | 5/5[1] | 4/4 | 5/5 |
| Bob Kunze-Concewitz | 7/7 | | 6/6 | 5/5 |
| Jon Stanton | 7/7 | 5/5 | 6/6 | 5/5 |
| **Executive Directors** | | | | |
| Stefan Bomhard | 7/7 | | | |
| Lukas Paravicini | 7/7 | | | |

1. Denotes Board/Committee Chair.
2. Senior Independent Director.
3 Retired from the Board at the 2025 AGM in January.
4. Missed a virtual Remuneration Committee meeting due to technical difficulties.
5. Joined the Remuneration Committee on 1 February 2025.

As at 30 September 2025, the Company meets all three Board diversity targets specified by the UK Listing Rules, namely that: (a) at least 40% of the Board are women; (b) at least one senior Board position is held by a woman; and (c) at least one person on the Board is from a minority ethnic background. As at the date of this Report, fulfilment of these targets has not changed.

### GENDER DIVERSITY

| | Number of Board members | Percentage of the Board | Number of senior positions on the Board (CEO, CFO, SID and Chair) | Number in executive management | Percentage of executive management |
|---|---|---|---|---|---|
| Men | 6 | 60 | 2 | 6 | 50 |
| Women | 4 | 40 | 2 | 6 | 50 |

### ETHNIC DIVERSITY

| | Number of Board members | Percentage of the Board | Number of senior positions on the Board (CEO, CFO, SID and Chair) | Number in executive management | Percentage of executive management |
|---|---|---|---|---|---|
| White British or other White (including minority-white groups) | 8 | 80 | 4 | 7 | 60 |
| Mixed/Multiple Ethnic Groups | 1 | 10 | 0 | 0 | 0 |
| Asian/Asian British | 0 | 0 | 0 | 0 | 0 |
| Black/African/ Caribbean/Black British | 1 | 10 | 0 | 1 | 8 |
| Other ethnic group, including Arab | 0 | 0 | 0 | 0 | 0 |
| Not specified/prefer not to say | 0 | 0 | 0 | 4 | 32 |

The data collected is based upon the guidance published by the FCA in Policy Statement 22/3. The Company Secretary collated data on behalf of the Chair and Non-Executive Directors and executive management provide their data via Workday. All data is provided with consent and anonymity is protected.

### SENIOR MANAGEMENT AND DIRECT REPORTS[1] GENDER AS AT 30 SEPTEMBER 2025

| | |
|---|---|
| Male | 61% |
| Female | 39% |

1. Senior Management as defined by the Code.

SECTION 172

# STATEMENT ON SECTION 172 OF THE COMPANIES ACT 2006

Effective engagement with a wide range of stakeholders, including consumers, colleagues, governments and regulators, our customers, suppliers and investors, is key to the successful delivery of our strategy and vision in the long term.

During the year, the Directors acted in the way they considered, in good faith, most likely to promote the Company's long-term success for the benefit of its members as a whole, paying due regard to the matters set out in Section 172(1) of the Companies Act 2006. Those factors are as follows:

- The likely consequences of any decision in the long term
- The interests of the Company's employees
- The need to foster business relationships with suppliers, customers and others
- The impact of the Company's operations on the community and the environment
- The desirability of the Company maintaining a reputation for high standards of business conduct
- The need to act fairly as between members of the Company

Across our business we have a regular and ongoing dialogue with stakeholders and their views are taken into account, not only in matters put to the Board for a decision, but in the day-to-day management of our operations. In taking into account the various interests of all relevant stakeholders when making decisions, the Board recognises it is not always possible to achieve each stakeholder's preferred outcome. Which stakeholder group's interests are considered depends on the decision at hand. The Board endeavours to balance the different priorities and interests of our stakeholders in a way compatible with the long-term, sustainable success of the business and which aligns with our purpose, vision and behaviours.

How the Board considers stakeholder views and inputs, as well as Section 172(1) factors, in its decision-making is illustrated below and on pages 86 to 89.

## HOW THE BOARD CONSIDERS STAKEHOLDER VIEWS AND INPUTS

- The broad skillset and knowledge base of Board members promotes and enhances the diversity of thinking during Board discussions.
- The Board meeting calendar is planned by the Chair, Company Secretary and Chief Executive, with input from other key parties, such as the CFO, as required.
- The Board receives detailed papers in good time ahead of meetings to enable the time in meetings to be devoted to discussion, debate and challenge following any presentation that may also take place. As part of this process, relevant stakeholder interests are identified in the Board papers.
- The Board is responsible for setting the strategic direction of the Company, as outlined on page 82, and ensuring stakeholders are treated fairly as part of this is firmly embedded in the culture of the Company. Decisions are properly recorded in meeting minutes.
- Decisions are cascaded as appropriate and stakeholders engaged where necessary. Updates are provided to the Board to allow it to review and monitor impact, effectiveness and the fulfilment of its duties.

**SECTION 172** CONTINUED

## BOARD GOVERNANCE STATEMENTS

### Section 172 of the Companies Act 2006

Our formal statement is disclosed on page 84.

### Viability statement

On the basis of a robust assessment of the emerging and principal risks facing the Group, and the assumption that they are managed or mitigated in the ways disclosed on pages 66 to 75, the Board's review of the business plan and other matters considered and reviewed during the year, and the results of the sensitivity analysis undertaken, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 30 September 2028.

Read more on page 74

### Going concern basis

Having assessed the principal risks facing the Group, the Board is of the opinion that the Group as a whole and Imperial Brands PLC have adequate resources to meet operational needs for a period of 12 months from the date of approval of the financial statements and, therefore, concludes that it is appropriate to prepare the financial statements on a going concern basis.

Read more on page 74

### Principal risks and uncertainties

The processes and related reporting described in the Principal Risks and Uncertainties section on pages 66 to 75 enable the Audit Committee to review and monitor the effectiveness of our risk management and internal control systems and provide assurance to the Board, in accordance with the recommendations of the Code.

Read more on pages 66-75

### Fair, balanced and understandable

The Directors confirm that they consider, taken as a whole, this Annual Report and Financial Statements are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Read more on page 99

### Modern slavery statement

In compliance with the UK Modern Slavery Act, every year since 2016, Imperial Brands submits its Modern Slavery Statement, where we outline our commitments for the upcoming year. You can read our 2025 Modern Slavery Statement on our website. In 2025, Imperial Brands strengthened its modern slavery and human rights commitments through targeted audits, supplier engagement, and awareness initiatives, including the introduction of 'Human Rights Corners' for improved accessibility. All tobacco leaf suppliers participated in the Sustainable Tobacco Programme, supported by independent assessments and the Leaf Partnership Programme to address root causes of human rights risks. Ethical sourcing was reinforced through expanded Sedex and SMETA audit coverage, integration into procurement, and collaboration with Group Internal Audit to enhance internal oversight tools.

Read more on page 49

## COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The Board confirms that the Group complied with the principles and all relevant provisions of the UK Corporate Governance Code 2018 (the "Code") for the period under review, with the exception of Provision 19; further information on Chair tenure is provided on page 93. The Code is publicly available at www.frc.org.uk.

### 1. Board leadership and Company purpose

The Company is led by an effective and determined Board, focused on the long-term sustainable success of the Company, generating value for shareholders and other stakeholders, and contributing to wider society.

Read more on pages 77–83

### 2. Division of responsibilities

The Chair and the Chief Executive Officer have clearly defined and separate responsibilities, and there is an appropriate combination of Executive and independent Non-Executive Directors.

Read more on page 82

### 3. Composition, succession and evaluation

Appointments are subject to a formal, rigorous and transparent procedure. Succession plans, designed to promote diversity, including gender, social and ethnic backgrounds and cognitive and personal strengths, are in place for the Board and senior management. An evaluation of the Board and its Committees is undertaken annually, in line with the Code.

Read more on pages 92–95

### 4. Audit, risk management and internal control

Formal, transparent policies and procedures are in place to ensure the independence and effectiveness of the internal and external audit functions and the integrity of financial and narrative statements, and to manage and mitigate risks.

Read more on pages 96–101

### 5. Remuneration

The Company has remuneration policies and practices designed to support its strategy and promote long-term sustainable success. Executive remuneration is aligned to the Company's purpose and vision, and is clearly linked to the delivery of the Company's long-term strategy.

Read more on pages 102–118

> The Board endeavours to balance the different priorities and interests of our stakeholders in a way compatible with the long-term, sustainable success of the business.

STAKEHOLDER ENGAGEMENT

# BUILDING TRUST WITH OUR STAKEHOLDERS

Building and maintaining trust with our stakeholders underpins the success and reputation of Imperial Brands. Through stakeholder collaboration we aim to develop the Company, minimise our environmental impact, make a positive social contribution and uphold high standards of governance.

This section of the Annual Report provides insight into how stakeholder engagement is taken into consideration by the Board and the Executive Leadership Team (ELT) in their decision-making processes. It goes on to describe how we monitor the effectiveness of our engagement.

(i) Further information on how the Board has considered stakeholders when making key decisions is given on the following pages.

(ii) The Board's decision-making process is illustrated in our Section 172(1) statement on page 84 which is incorporated into the Strategic Report by reference.

| STAKEHOLDER GROUP | HOW THE BOARD CONSIDERS THIS STAKEHOLDER | HOW WE ENGAGE WITH THIS STAKEHOLDER & HOW WE MONITOR ITS EFFECTIVENESS | WHAT MATTERS TO THIS STAKEHOLDER / HOW IS VALUE CREATED FOR THIS STAKEHOLDER |
|---|---|---|---|
| **CONSUMERS**<br>Our strategy starts with our consumers. Millions of adults worldwide choose to enjoy our tobacco and next generation products. The better we understand the preferences of our consumers, the better we are able to serve them. This helps us grow our business, and it helps us identify and capitalise on opportunities as a challenger business. | • The Board participated in a UK business immersion event in Bristol. This afforded Board members the opportunity to get closer to the consumer by hearing directly from our sales teams about consumer behaviours, likes and dislikes. Board members were briefed on the product development, with a particular focus on nicotine and NGP product innovation<br>• Our CEO and CFO met separately with consumers in the UK, Germany and Australia during the year | • Regular data-led updates from the Global Consumer Organisation provide the Executive with evidence and an opportunity to challenge assumptions when making decisions related to our product portfolio<br>• Consumer roundtables and focus groups are held to understand consumers' specific requirements and preferences. Feedback from these focus groups is used in our decision-making for investments in brand refreshes and marketing and to assess the impact of our brand refreshes and marketing campaigns on consumers<br>• The Global Consumer Organisation, headed by the Chief Consumer Officer, leads consumer-listening initiatives across the Group<br>• We believe market share changes across products, channels and geographies reflect the effectiveness of our engagement with consumers | • Our focus groups informed us that adult consumers want a choice of brands and quality products at the right price points<br>• Consumer preferences such as cigarette pack formats, flavours and filters, as well as the choice of potentially less harmful NGP, evolve over time<br>• Fully understanding consumer needs allows us to remain relevant and underpins consumer loyalty to brands |

## STAKEHOLDER ENGAGEMENT CONTINUED

| STAKEHOLDER GROUP | HOW THE BOARD CONSIDERS THIS STAKEHOLDER | HOW WE ENGAGE WITH THIS STAKEHOLDER & HOW WE MONITOR ITS EFFECTIVENESS | WHAT MATTERS TO THIS STAKEHOLDER / HOW IS VALUE CREATED FOR THIS STAKEHOLDER |
|---|---|---|---|
| **COLLEAGUES**<br>Our colleagues are Imperial's most important asset and are critical to the success of the business. It is essential we create a supportive, safe and rewarding work environment to enable them to deliver our goals and develop their careers. We believe that a diverse and engaged workforce is imperative for business success. | • Collective responsibility for workforce engagement has been embedded into the Board's governance framework in the remit of the People, Governance & Sustainability Committee, of which every Non-Executive Director is a member<br>• The Board held 'Meet the Board' events with groups of colleagues in Bristol and Greensboro during the year, giving the Board the opportunity to hear colleagues' perspectives, allowing the Board to incorporate colleagues' views into its decision-making<br>• The Board also engages with a broad cross-section of employees by way of dinners, informal drinks and site visits<br>• CEO and leadership town hall meetings, in person and virtually, providing direct feedback opportunities | • 'Connections', our purpose, vision and behaviours development programme, continued, ensuring all colleagues experience training to enhance their understanding of these behaviours, and what they mean for them in their role<br>• Over 1,200 senior leaders are now equipped with skills in performance coaching through the Connected Leadership Programme: asking powerful questions, recognising and valuing difference and actively listening to engage and empower employee performance. These skills are now embedded within the Connected Performance framework, reinforcing a consistent approach to leadership and performance enablement across Imperial Brands<br>• We review the results of our annual workforce engagement in the Employee Experience survey, and ask people leaders to create action plans as a result of the survey and we review completion and progress of these plans. In 2024, we achieved a response rate of 83% with an engagement score of 74% which is 1% above the global benchmark. | • Continued progress on diversity & inclusion are taken seriously<br>• Responsibility and accountability, underpinned by a fair assessment of contribution, with senior managers leading by example<br>• Health, safety and wellbeing continue to be a priority |
| **CUSTOMERS**<br>Engaging with retailers provides useful insights into our consumers' behaviour and preferences. This helps us grow our business, even where there are regulatory headwinds, and identify opportunities to be a successful challenger. We work closely with distributors, wholesalers and retailers to ensure our products are available to adult consumers in a diverse range of outlets. These stakeholders play a crucial role in our business model. | • The Board has participated in US store and retail channel visits during the year. These visits provided the opportunity to talk directly to retailers and observe customers interacting with product information and sales staff<br>• Our CEO meets with customers throughout the year | • Our market cluster leadership teams engage with our customers to understand how to improve the effectiveness of their sales forces<br>• We work closely with our distributors to understand how we can best manage our relationships, and have a dedicated team to support distributor sales and build best practice in distributor management across the Company<br>• We use key account management practices to engage with our largest customers to better understand their needs and to create strong commercial partnerships to help our businesses create value together<br>• We monitor our performance relative to other FMCG companies through benchmarking surveys such as The Advantage Survey, run by an independent feedback specialist that works with the 25 biggest retailers and suppliers in the UK and globally; Imperial Brands was ranked Number 1 in the 2025 Advantage Survey<br>• We hold management roundtable events with regional customers to hear first-hand how Imperial is performing relative to peers<br>• We have KPIs to monitor progress against operational initiatives | • A diverse portfolio of quality products that appeal to consumers, with consistent communication on the launch pipeline and investment behind relevant brands<br>• Ease of ordering and a strong supply chain to maintain high levels of on-shelf availability<br>• Support to protect against illicit trade and underage sales and guidance through industry changes, such as display bans or plain packaging |

## STAKEHOLDER ENGAGEMENT CONTINUED

| STAKEHOLDER GROUP | HOW THE BOARD CONSIDERS THIS STAKEHOLDER | HOW WE ENGAGE WITH THIS STAKEHOLDER & HOW WE MONITOR ITS EFFECTIVENESS | WHAT MATTERS TO THIS STAKEHOLDER / HOW IS VALUE CREATED FOR THIS STAKEHOLDER |
|---|---|---|---|
| **GOVERNMENTS AND REGULATORS**<br>The regulation of tobacco and nicotine varies significantly across our global markets. We believe that reasonable and balanced regulation of tobacco and nicotine products is essential to support consumers on their harm reduction journey, and we seek constructive engagement with policy makers and regulators to achieve this. | • Our corporate strategy includes building a portfolio of next generation products (NGP) with potentially reduced harm<br>• During the year our Chief Corporate Affairs Officer presented the Corporate Affairs strategy to the Board. The Board also considers the Group's regulatory risks as part of its periodic review of Principal Risks and Uncertainties<br>• The Board received a briefing on the US regulatory landscape from an external speaker who was formerly a regulator<br>• Management provides updates to the Board as part of the regional business reviews, including, where relevant, any updates on regulatory changes<br>• The Board welcomes constructive engagement with regulators, with management being primarily responsible for understanding and ensuring compliance with applicable laws and regulations | • Management regularly drafts responses to government consultation exercises, highlighting the potential impact of any regulatory changes under consideration on our business, our consumers, customers, suppliers, workforce, and other stakeholders and, where relevant, sharing our scientific evidence and consumer research with government, and to explore policy alternatives<br>• We also assess regulatory impact on product design and marketing support around brand launches<br>• This monitoring allows the Board to take relevant legislation and regulation into account when making its decisions<br>• We track regulatory approval of products that we submit for listing in markets where this is required<br>• We review proposed new legislation and the Company's ability to be involved in the development of regulation effectively supporting public health objectives<br>• We monitor both direct and indirect feedback from regulators<br>• The Board would like to engage more with this stakeholder group | • Tobacco excise revenues<br>• Public health spending on smoking-related health issues<br>• Assessment of reduced harm from NGP<br>• Confidence that our business is operating in compliance with local laws and regulations in each government's or regulator's region<br>• Collaboration with law enforcement agencies countering illicit trade and preventing youth access to tobacco and nicotine products |
| **INVESTORS**<br>Our investors provide capital to the business with a view to receiving a return on that investment through capital growth and dividend returns. | • Our CEO, CFO and Chair have regular meetings with our major investors to update them on our performance, hear their views directly and consult with them<br>• The Board receives a report at every meeting on stock market performance, investor engagement, and investor/analyst feedback following all investor events<br>• Our AGM provides an opportunity for the Board to meet with investors | • Our Annual and Interim results presentations inform investors how the business is performing<br>• We maintain a programme of active dialogue with our key financial stakeholders, including institutional shareholders, potential investors, holders of our bonds and sell-side research analysts<br>• Our CEO, CFO and senior management present at various conferences throughout the year, including the Deutsche Bank Consumer Conference in Paris in June and the Barclays Global Consumer Staples Conference in Boston in September 2025<br>• In March 2025, our Chair, CEO, CFO and Executive Leadership Team presented the next phase of our strategy at our Capital Markets Day<br>• Our Chair met with our major shareholders following our CEO succession announcement | • Confidence in the Board that it has appropriate oversight of the management team<br>• Trust in the management team to have a strategy and operational plan to optimise value creation and ensure the long-term sustainability of returns, and to deliver on that strategy<br>• The setting of realistic expectations combined with transparent reporting of performance against KPIs, both financial and non-financial, including ESG metrics<br>• Disciplined capital allocation |

## STAKEHOLDER ENGAGEMENT CONTINUED

| STAKEHOLDER GROUP | HOW THE BOARD CONSIDERS THIS STAKEHOLDER | HOW WE ENGAGE WITH THIS STAKEHOLDER & HOW WE MONITOR ITS EFFECTIVENESS | WHAT MATTERS TO THIS STAKEHOLDER / HOW IS VALUE CREATED FOR THIS STAKEHOLDER |
|---|---|---|---|
| **SUPPLIERS**<br>Suppliers are essential partners in our business operations – and their commitment to quality, innovation, and ethical practices supports both our commercial success and our People and Planet agenda. | • The Board reviews and approves our Modern Slavery Statement annually<br>• Suppliers within our supply chain are included as part of the Board's ESG considerations (focus on sustainable & responsible sourcing and farmer's livelihood as part of our People and Planet strategy)<br>• Factory and site visits help the Board understand the complexities of our global supply chain | • Our Supplier Code of Conduct helps ensure we engage suppliers that meet our minimum standards<br>• Our Supplier Relationship Management 'SRM Connect' Programme creates further opportunities to align with suppliers on our strategic goals, strive for mutual growth and communicate to suppliers the importance of our People and Planet agenda and align with them on our broader company objectives<br>• All our suppliers undergo trading and financial screening checks and ongoing legal and trading compliance screening<br>• All new suppliers for Leaf, NTM (Non-Tobacco Materials) and NGP (Next Generation Products) must undergo a Supplier Qualification Programme, starting with a self-assessment covering business conduct, environmental management and labour practices (e.g. discrimination, child/forced labour, freedom of association, remuneration, working hours, health & safety)<br>• Critical NTM and NGP suppliers are required to undertake on-site quality assurance audits as part of onboarding and further risk-based audits after that<br>• Partner suppliers complete a self-assessment questionnaire on the Sedex platform (ethical trading risk assessment platform) covering the following categories at factory, office and facility level: Labour, Health & Safety, Environment, and Business Ethics. Those who contain high-risk findings are required to undertake an onsite detailed audit performed by certified auditors<br>• Our CEO met with and presented to suppliers at the SRM Connect conference in Warsaw in June where we discussed the supplier community's role in supporting the delivery of the 2030 strategy | • Sourcing products and services in a compliant, sustainable and socially conscious manner<br>• Fair and ethical treatment, openness and transparency. If they have a concern, suppliers can use the Speak Up process<br>• Supporting and developing farming communities and promoting sustainable agriculture through STP and our People and Planet farmer livelihood and welfare ambition<br>• We make a positive impact within our suppliers' tobacco-growing communities through our Leaf Partnership programme that addresses a lack of access to basic needs |

Further information on the Board's decision-making process and how it considers stakeholders is illustrated in our **Section 172(1) statement** on page 84, which is incorporated into the **Strategic Report** by reference

HOW THE BOARD MONITORS CULTURE

# CREATING A HIGH-PERFORMANCE CULTURE

Our journey to a high-performance culture has already delivered results. We introduced five core behaviours, developed our people and have plans to build on this success and to become an even stronger challenger business.

### Our behaviours

Acting with the highest standards of behaviour is both the right thing to do and the way in which we will deliver sustainable growth over the long term.

We have developed the skills, tools and ways of working to deliver strong operational and financial performance. We introduced core behaviours, developed colleagues through training and put our leaders through intensive coaching to help them nurture high-performing teams. Our culture became more collaborative, accountable and inclusive.

- Everything we do starts with the consumer in mind
- We make it our business to understand consumers
- We bring rigour to the choices we make – we're curious, ask questions, use facts and data, seek alternative views to test our thinking
- Combine data and insight, as well as our instinct and experience to make decisions
- Deliver quality in the work we do

### Underpinning mindset

- Everything we do starts with the consumer – we're here because of them
- Knowing our consumers is the key to unlocking our future success
- Good decisions are made by combining data, insight and experience

- Share our knowledge and experience with others
- Listen to and respect the expertise of our colleagues
- Influence not dictate
- Trust others – we don't need to control everything
- Balance local agendas with central needs (keep the bigger picture in mind)
- Compete outside, not inside

### Underpinning mindset

- It's part of my job to help others to be successful
- I don't have to control everything
- Working collaboratively with others will deliver better outcomes for all of us

- Make time to welcome people
- Acknowledge and appreciate what others bring
- Take care of each other – no exceptions
- Celebrate differences as a strength
- Show our authentic selves
- Bring honesty, openness and humility to tough conversations

### Underpinning mindset

- I am welcome
- I am valued
- The more diverse we are, the stronger our business will be

- Be accountable and hold others to account
- Deliver what you promise
- Stay relentlessly focused on agreed priorities
- Let go of things that aren't important anymore
- Challenge constructively and be open to being questioned yourself
- Don't blame others

### Underpinning mindset

- A commitment is a commitment
- It's okay to speak up
- When I do the right thing, my contribution will be judged fairly

- Anticipate future opportunities and challenges
- Stay one step ahead, always
- Balance long-term performance and short-term delivery
- Work to make things better
- Embrace change and welcome innovation – be willing to try new things and ready to learn from setbacks

### Underpinning mindset

- I believe in our success
- It's important to try new things
- Learning from our failures and setbacks is how we learn to be successful

**HOW THE BOARD MONITORS CULTURE** CONTINUED

# CULTIVATING A HIGH-PERFORMANCE CULTURE

Culture is assessed through regular reporting to the Board and Executive Leadership Team, using data from activities such as engagement and pulse surveys, town halls and a multi-channel communications programme, along with other indicators, including safety trends and whistleblowing reports.

The People, Governance & Sustainability Committee assists the Board in examining diversity, inclusion, and talent management, while the Remuneration Committee helps the Board evaluate executive performance and ensure our pay and reward strategies align with our core behaviours, culture and purpose.

Our goal is to foster an environment that inspires, engages, and helps all colleagues reach their full potential, becoming a stronger challenger business.

Monitoring and evaluating our culture and behaviours plays a vital role in this effort.

## SITE VISITS

Regular site visits are scheduled as part of the Board's annual programme so that Directors can gain further insight into Imperial's culture by meeting colleagues, observing the Group's activities, and seeing how our systems and processes support the workforce in delivering performance.

## EMPLOYEE ENGAGEMENT PROGRAMME

Every Non-Executive Director, individually and working together as the People, Governance & Sustainability Committee, has responsibility for workforce engagement; this is considered to be effective as it allows every Board member to participate rather than channelling engagement through a single Director.

## ENGAGEMENT SURVEY

The Board reviews the results of the annual employee engagement survey, along with data on how engaged our workforce is compared to peer companies. Actions resulting from the engagement survey are monitored by the Board until completion. Directors also take part in an employee engagement programme aimed at providing the Board with employees' views on Imperial's culture to better guide Board decisions.

## WORKFORCE POLICIES AND PRACTICES

The Board monitors wider workforce policies and practices to ensure they meet Imperial's values and support the long-term sustainable success of the Company.

## PEOPLE TOPIC UPDATES

Directors receive updates on key People topics. The Board further monitors the work of the Group's business employee resource groups (BERGs) which helps the Board better understand concerns of diverse groups within the workforce.

## CODE OF CONDUCT

The Code of Conduct sets out what Imperial stands for and how it operates. The Board approves the Code and reviews its engagement programme, including training and communication.

## EMPLOYEE CONCERNS PROGRAMME

Directors regularly review the findings of the Group's whistleblowing and employee concerns processes, including trends data and investigation closure.

## REWARD ENGAGEMENT

Members of the Remuneration Committee participate in a focus group session with a cross-section of employees to discuss executive remuneration and wider workforce pay practices.

PEOPLE, GOVERNANCE & SUSTAINABILITY COMMITTEE

# REPORT OF THE PEOPLE, GOVERNANCE & SUSTAINABILITY COMMITTEE

## KEY RESPONSIBILITIES

- Oversight of the Company's people and culture policies and practices to ensure they align with the Group's values, strategy, performance and risk management framework
- Ongoing review of Board and Executive Leadership Team succession planning
- Management and mitigation of key ESG and ethics and compliance (E&C) risks
- Management and oversight of the Group's ESG and E&C performance

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**Dear shareholder,**
I am pleased to introduce this year's report for the People, Governance & Sustainability Committee.

It has been a busy year for the Committee, with a strong focus on leadership succession and development, as well as continuing to strengthen the skills and experience Imperial Brands will need across the organisation to implement the new strategy.

During the year our executive succession planning supported a smooth CEO transition, as Stefan Bomhard retired as CEO and Lukas Paravicini and Murray McGowan were appointed as CEO and CFO respectively. Using input from external search consultants Spencer Stuart[1], the Committee considered internal and external candidates for each role, mindful of the skillsets required as the Group embarks on the next phase of its strategy. The Committee concluded that both Lukas and Murray were the best candidates to lead Imperial in the next phase of the strategy and recommended their appointment to the Board.

Non-Executive Director succession remained a focus on our agenda in 2025. Our candidate search looked for global transformation experience in large, multinational companies as a helpful addition to the Board as we oversee the next phase of the strategy.

Given this profile, we were pleased to appoint Abbe Luersman as a Non-Executive Director, effective January 2026.

Outside succession and development, the Committee continued to oversee all aspects of Imperial's governance and sustainability agenda, reviewing the non-financial reporting programme and welcoming the newly appointed Ethics & Compliance Director.

Looking ahead to 2026, the Committee's focus will remain on talent and development, views of the workforce as Imperial implements the new strategy and oversight of the Group's ESG and Ethics & Compliance programmes.

Thérèse M. Esperdy

**THÉRÈSE ESPERDY**
CHAIR OF THE PEOPLE, GOVERNANCE & SUSTAINABILITY COMMITTEE

1. Spencer Stuart is a signatory to the Executive Search Firms' Voluntary Code of Conduct and had no other connection with the Company or its Directors during the year.

## PEOPLE, GOVERNANCE & SUSTAINABILITY COMMITTEE CONTINUED

### Role of the People, Governance & Sustainability Committee

The People, Governance & Sustainability Committee provides oversight of the Company's people and culture policies and practices to ensure they align with the Group's values, strategy, performance and risk management framework. It keeps succession plans for the Board and the Executive Leadership Team under review. The Committee monitors the management and mitigation of key environmental, social & governance (ESG) and ethics and compliance (E&C) risks as well as the Group's ESG and E&C performance.

### Activities during the year

Succession planning

**Executive**

The Committee routinely reviews succession plans for the Board and Executive Leadership Team over the long, medium and short term, taking into account the skills and capabilities needed to implement the Group's evolving strategy. Executive succession planning is underpinned by a comprehensive talent review process, including talent mapping of external candidates and identified areas of focus and coaching for internal candidates as part of the succession pathway.

As recognised succession candidates for the roles of CEO and CFO, Lukas Paravicini and Murray McGowan underwent rigorous evaluations, including an external third-party assessment, to identify the skills and qualities both could bring to these roles. The Committee supplemented this assessment with benchmarking of external candidates. Following Stefan Bomhard's retirement, the Committee utilised this work to confirm the suitability of Lukas and Murray for the roles of CEO and CFO (and in Murray's case, as an Executive Director of the Board).

In addition, the Committee reviewed the Group's broader talent model, which considered the pipeline for potential leaders across different management grades and programmes to identify and develop future leaders within the organisation.

**Non-Executive**

The Committee remained active in its consideration of NED succession, reviewing the tenure, skills, experience and diversity of existing Board members and succession plans for the chairs and membership of the Committees. Following these reviews, criteria for an additional NED were agreed to bolster the skills and experience of the Board in the areas of transformation and organisational design. An external search consultancy, Lygon Group[1], was appointed to undertake the search, with the Committee and Executive Directors interviewing short-listed candidates.

The Committee concluded that Abbe Luersman would be a strong addition as a Non-Executive Director given her deep experience as an HR leader in global, listed businesses and wide-ranging experience in transformation programmes. Abbe will join the Board in January 2026.

**Chair succession**

The Committee undertakes succession planning for the Chair as part of its regular work programme. Imperial's Chair, Thérèse Esperdy, joined as a Non-Executive Director in July 2016 and was appointed Chair in 2020 – thereby reaching her nine-year tenure in July 2025. With the succession of Lukas and Murray to the roles of CEO and CFO, the Board considered that the needs of the Group would be best met by Thérèse remaining as Chair to provide continuity during the Executive transition and maintaining oversight of management's delivery of the new strategy. In reaching this decision, the Board reviewed feedback from investors and advice from its brokers.

The succession process for the role of Chair is led by Sue Clark, Imperial's Senior Independent Director, with support from the wider Committee.

1. Lygon Group is a signatory to the Executive Search Firms' Voluntary Code of Conduct and had no other connection with the Company or its Directors during the year.

## PEOPLE, GOVERNANCE & SUSTAINABILITY COMMITTEE'S ACTIVITIES 2024/25

**A summary of topics covered by the People, Governance & Sustainability Committee in its meetings during the financial year is provided below.**

### NOVEMBER 2024

- Results of the Employee Experience survey
- Talent programme review
- Diversity & Inclusion review – including Parker Review targets and progress
- FY24 Health and Safety performance review
- FY24 whistleblowing tool cases
- 2024 ESG report, including assurance update from the external auditors

### JANUARY 2025

- ESG remuneration targets
- Ethics & Compliance report
- Board Committee composition, rotation and succession planning

### APRIL 2025

- Executive succession
- Group ESG Committee Terms of Reference
- Ethics & Compliance report
- ESG report
- Non-financial reporting assurance and approach for 2025 Annual Report and Accounts
- Proposal for 2025 evaluation of the Board and its Committees

### JULY 2025

- NED search update
- Chair succession

### SEPTEMBER 2025

- NED search update
- Chair succession
- Executive Leadership Team portfolio changes and performance review
- TCFD reporting overview
- Annual review of Code of Conduct programme
- Ethics & Compliance Director: first 100 days' reflections
- Review of Non-Executive Directors' skills, tenure, time commitment and independence in proposing for re-election

## PEOPLE, GOVERNANCE & SUSTAINABILITY COMMITTEE CONTINUED

### Sustainability
During the year, the Committee received updates on the Group's ESG and E&C programmes, including periodic reports using the Group's sustainability strategy pillars and Code of Conduct categories. The Committee held deep-dive updates on TCFD reporting and the Group and Supplier Codes of Conduct, hearing directly from the new E&C Director on her initial observations of Imperial's E&C programme.

The Committee made recommendations to the Remuneration Committee regarding ESG-linked remuneration targets and outcomes, including analysing methodology to ensure targets were appropriately achievable whilst remaining stretching.

### Non-financial reporting assurance
The Committee reviewed non-financial materials intended for disclosure or publication and their associated assurance, including the Modern Slavery Act statement, ESG section of the Annual Report and ESG Performance Summary. The Committee met with the Group's auditors to review the assurance processes around non-financial reporting and assess the impact of delays to the Corporate Sustainability Reporting Directive (CSRD) rules on Imperial's reporting framework.

### Employee engagement
As part of the Board's employee engagement programme, every Non-Executive Director, individually and working together as the People, Governance & Sustainability Committee, has responsibility for workforce engagement. This is considered to be effective as it allows every Board member to participate rather than channelling engagement through a single Director and insights are heard collectively. The Committee reviews the mechanism for employee engagement and its effectiveness on an annual basis as part of the Committee evaluation.

In 2025, employee engagement sessions were aligned with the themes of the Board's agenda for the year – intended to better inform the Board's discussions and decision-making. Directors met with a broad cross-section of our workforce, including colleagues from our Finance function, our Bristol office and ITG Brands in the US. Members of the Remuneration Committee met colleagues from ITG Brands in Greensboro to understand views on reward. Feedback and themes from each session were discussed by the Board at its subsequent meetings.

As part of its annual evaluation, the Committee concluded that the employee engagement programme remained effective and was appropriate for Imperial, given its structure and business model. The evaluation asked that further opportunities for engagement be found when the Board visits overseas operations in 2026.

### Diversity
The Committee continued to appraise appointments to the Board from the perspective of its commitment to diversity in its composition and succession plans. The proportion of women on the Board at 30 September 2025 was 40%, with a 45% proportion of women in our Executive Leadership Team. Female representation on the Board meets the UK Listing Rules and the FTSE Women Leaders Review diversity benchmark target of 40%, and the UK Listing Rules and FTSE Women Leaders Review target for at least one senior Board position to be held by a woman: in our case both the Chair and the Senior Independent Director.

The Board has two Directors who identify as being from an ethnic minority background, meeting the Parker Review's current recommendation of at least one Director. One member of our Executive Leadership Team identifies as being from an ethnic minority background.

During the year, the Committee monitored progress against Imperial's diversity, equity and inclusion ambition and the Parker Review objectives on ethnic minority representation. The Committee considered employee data to inform policy and practice. Information on Board and executive management diversity is on page 83.

### Independence
The independence of NEDs is reviewed and confirmed annually by the Committee. In accordance with the provisions of the UK Corporate Governance Code, the Chair was considered independent at the time of appointment to the Board and role, and the Board considers all other NEDs to be independent.

### Conflicts of interest
The Company's Articles of Association allow the Board to authorise potential conflicts of interest as they arise and to impose such limits as appropriate. In addition, the Board Conflicts of Interest policy sets out guidance and process for the identification and approval of conflicts of interest. This and the register of Directors' commitments maintained by the Company Secretary informs the Committee's assessment of a Non-Executive Director's independence when proposing a Director for election or re-election to the Board.

### Time commitment and outside appointments
Each NED is expected to commit sufficient time to the Board and the Company. Time commitments for Directors are reviewed by the Committee on a regular basis, including ahead of recommendation for appointment to the Board, on changes in role (joining additional Committees or taking on further responsibility) and prior to approving external appointments.

If any Director wishes to take on an additional external appointment, they are required to seek permission from the Board. During the year, the Board approved the appointments of Julie Hamilton as a non-executive director of Ontex Group NV and Stefan Bomhard as a non-executive director of Flutter Entertainment plc and the Magnum Ice Cream Company, having concluded that both would continue to have sufficient time to dedicate to their role at Imperial.

### AGM and reappointment of Directors
All Directors, with the exception of Stefan Bomhard, are being submitted by the Company for re-election at the 2026 Annual General Meeting, with Abbe Luersman and Murray McGowan to be proposed for election. In its recommendations to the Board for election/re-election, the Committee undertook an assessment of each Director, including performance and, for each NED, their continued independence and time commitment.

### Director induction
Upon appointment, all Directors receive a comprehensive induction, tailored to their individual skills and experience and the Committees they will join.

Ahead of his appointment as an Executive Director (and Chief Financial Officer), Murray McGowan received an induction programme covering the duties of a UK-listed company director and Board governance, including briefings from the General Counsel, external legal counsel and Company Secretary.

Feedback is sought from Directors undertaking their induction programme and in the Committee's evaluation to ensure the programme remains effective.

## PEOPLE, GOVERNANCE & SUSTAINABILITY COMMITTEE CONTINUED

### Board training

Beyond initial induction, Directors receive ongoing training and development during the year. This includes sessions during Board visits, such as the Board's visit to ITG Brands in Greensboro where members visited our sales channels and observed our AI-enabled sales programmes in action. Training is also delivered through targeted 'NEDucation' sessions with external and internal subject matter experts. During 2025, NEDucation sessions were held on Modern Oral Nicotine, developments in global markets, the impact of tariffs on trade policy and the macro-economic outlook.

### Review of the People, Governance & Sustainability Committee

For its 2025 evaluation, the Committee undertook an internally facilitated review using an anonymised online questionnaire. The evaluation confirmed that the Committee was operating effectively, with positive feedback on the CEO and CFO succession process. The evaluation examined how the Committee had managed its expanded remit during the year, with consensus that this had been done effectively and that the Committee was the right place for oversight of ESG and E&C issues. It was agreed that ELT succession planning, the Employee Engagement survey and assurance of ESG reporting would remain areas of focus for 2026.

### Board evaluation

An evaluation of the Board, its Committees, the Chair and individual Directors is undertaken on an annual basis.

### Actions from the 2024 Board review

The Board undertook an internally facilitated review, with the outcomes and agreed actions being focused on by the Board throughout the year. Progress against these actions include:

| 2024 Action | Actions taken during the year |
|---|---|
| **Board meeting logistics**<br>Further refinement of meeting and agenda logistics to create more space for reflection. | • The Chair, CEO, Committee Chairs and Company Secretary reviewed the forward agendas for each forum for FY25 to ensure key topics were covered but any overlap removed and the cadence of agenda items remained appropriate.<br>• Focus on pre-meetings, more effective use of Board breakfasts and dinners and targeted briefing papers. |
| **Risk management and controls programme**<br>Continued oversight of the ongoing development of the risk management and controls programme. | • The Board received regular updates on the development of the risk management and controls programme, with the Audit Committee focusing on Internal Audit and reporting progress to the Board.<br>• Changes to risk reporting tested and discussed with the Board to enable greater insight by Directors.<br>• Briefing sessions on Provision 29 requirements and progress on implementation. |
| **Strategy**<br>Concluding the comprehensive evaluation of components of the next five-year strategy. | • Workshop sessions held to review and test component strategy elements before aggregating into a proposal for 2030.<br>• Review of the assumptions underpinning the proposed strategy and how these would be monitored going forward. |

### 2025 Board review

An internally facilitated Board review was held in 2025, led by the Chair and Company Secretary. The Chair's performance review was led by the Senior Independent Director and a review of the CEO's performance was led by the Chair. In addition, the Chair held one-to-one meetings with each NED which covered their individual performance.

Feedback from the review was consolidated and presented to the Board. The review concluded that the Board and its Committees continued to operate effectively, with the right balance of skills, experience and diversity to oversee the Group's strategy.

Highlighted actions to further enhance the Board's effectiveness during 2026 included:

- Monitoring the implementation of the strategy and keeping a watching brief on whether fast-paced changes to the sector, markets or regulation need a strategic response.
- Keeping the development of the risk management and controls programme under review as it continues to mature.
- Ensuring regular coverage of progress and impact of the Group's transformation programme on the Board's agenda.

AUDIT COMMITTEE

# AUDIT COMMITTEE REPORT

## KEY ACHIEVEMENTS AND OUTCOMES

- Transition of Committee Chair
- Analysis and understanding of ECCTA requirements and Company's preparedness
- Regional and functional deep dives, including Tax, Treasury and Insurance
- Transformation programme update

## LOOKING AHEAD

- Continuation of the Company's preparations for the implementation of Provision 29 of the Corporate Governance Code
- Transformation programme accounting
- Review and Approval of Auditor Independence Policy

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**Dear shareholder,**
I am pleased to present the Audit Committee Report for the year ended 30 September 2025, a year in which I took over as Committee Chair from Jon Stanton. I would like to thank Jon for his excellent leadership of the Committee during his tenure as Chair, and for his assistance during my transition to the role.

My succession as Committee Chair was not the only change of note this year. We welcomed a new external audit partner, Kath Barrow, who took over as the Lead Audit Partner as part of mandatory rotation requirements. I look forward to working with Kath and to a meaningful, constructive and appropriately challenging engagement. I would like to express the Committee's thanks to Marcus Butler, whom Kath replaced, for his service.

The Committee has spent time during the year looking at risk and controls, not only as part of its routine responsibility supporting the Board, but also as the Company prepares for the implementation of Provision 29 of the UK Corporate Governance Code 2024, which requires a review of the effectiveness of the internal control framework.

The Committee has continued to provide assurance over the integrity of the Group's financial statements and related announcements, supported the Board at the year-end with the assessment of the Company's Annual Report as being fair, balanced and understandable, as well as providing a high level of scrutiny over judgements made by management in key accounting matters.

The key relationships between the Committee and Internal Audit and with the Company's external auditor, were maintained across the year, with regular private meetings taking place in addition to time during Committee meetings. Ensuring the independence and objectivity of the external auditor is critical for the Committee.

The Committee maintained its ongoing programme of engagement with regional finance directors, central function heads and finance specialists across the year, enabling Committee members to get into greater detail on specific matters and the varying challenges faced across the business. Time was also spent on a more informal basis with members of the Finance and IT teams, again providing Committee members with valuable insights on aspirations, opinions and ambitions, as well as providing an opportunity to engage with these employees, including hearing about working for Imperial Brands.

The following pages provide an insight into the range of activities and deliberations of the Audit Committee during the financial year, supported by a fuller list of key matters considered by the Audit Committee set out on pages 98 to 99.

**ALAN JOHNSON**
CHAIR OF THE AUDIT COMMITTEE

## AUDIT COMMITTEE CONTINUED

### Role of the Audit Committee

The Audit Committee assists the Board in fulfilling its corporate governance responsibilities relating to financial and narrative reporting, and controls. This includes oversight of the Group's internal control systems, risk management process and framework, the Group Internal Audit department and the external auditor.

It also involves ensuring the integrity of the Group's financial statements and related announcements.

This report sets out how the Audit Committee has discharged its duties in accordance with the UK Corporate Governance Code 2018 (the Code) for the year ended 30 September 2025, and details the key matters considered and findings during the year.

### Key responsibilities

In line with the authority delegated by the Board, the Audit Committee:

- Reviews and challenges the critical management judgements and estimates which underpin the financial statements, drawing on the views of the external auditor in making an informed assessment, particularly in relation to each of the key matters detailed on pages 98 to 99
- Maintains appropriate oversight over the work and effectiveness of Group Internal Audit, including confirming it is appropriately resourced, reviewing its audit findings and monitoring management's responses
- Monitors and evaluates the effectiveness of Imperial's risk management and internal control systems, including obtaining assurance that controls are operating effectively and are evidenced as such through, for example, the internal self-certification exercise and subsequent internal audit testing
- Reviews the adequacy and security of the Company's procedures for detecting fraud, and its systems and controls for preventing bribery
- Scrutinises the independence, approach, objectivity, effectiveness, compliance and remuneration of the external auditor
- Assesses the going concern status and medium-term viability of the Group
- Assists the Board in confirming that, taken as a whole, the Annual Report is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy (see page 99)

### About the Audit Committee

#### Membership

Membership and attendance of the Committee can be found on page 83.

Biographical details of the current members of the Audit Committee are set out on pages 78 to 80. Members of the Audit Committee are appointed by the Board following recommendation by the People, Governance & Sustainability Committee. Alan Johnson assumed the role of Audit Committee Chair during the year, succeeding Jon Stanton who remained a member of the Committee.

In addition to the members of the Committee, other regular attendees during the year were as follows: Board Chair, Chief Executive, Chief Financial Officer, General Counsel, Company Secretary, Global Finance Director, Director of Internal Audit, Deputy Company Secretary (as Secretary to the Committee), Group Financial Controller, Global Tax Director and EY.

#### Governance

The Audit Committee consists entirely of independent Non-Executive Directors as defined by the Code. The Audit Committee chair, and both Jon Stanton and Andrew Gilchrist meet the Code's standard of having recent and relevant financial experience and also have competence in accounting and/or auditing. The Board is satisfied that the Committee as a whole has the required competence relevant to the sector in which the Company operates, supported by the FMCG experience of Sue Clark, Andrew Gilchrist and Alan Johnson.

The Audit Committee's terms of reference state it must meet at least three times a year. The quorum for meetings is two.

At each meeting, both the Director of Group Internal Audit and EY had the opportunity to meet with the Audit Committee without management present.

The Audit Committee is authorised to seek external legal advice and other independent professional advice as it sees fit.

#### Audit Committee evaluation

An internal evaluation of the Board and Committees was undertaken in 2025. Further information on the process undertaken can be found within the People, Governance & Sustainability Committee report, on page 95.

The evaluation confirmed the Audit Committee continues to function well, maintaining a constructive and healthy relationship with the external auditor. Risk is a focus area for the Board and Audit Committee, with internal control and assurance around risk, and the attestation of the Group's material internal controls, being critical areas for the Committee, particularly with the implementation of Provision 29 of the UK Corporate Governance Code 2024 and the Committee's role supporting the Board. A change to the Audit Committee Chair during the year, a new EY Lead Audit Partner, and the change of Chief Financial Officer on 1 October 2025 were all noted, with an acknowledgement that strong relationships would need to be maintained across that matrix.

### Audit Committee's activities 2024/25

A summary of the topics covered by the Audit Committee in its meetings during the financial year is provided below. In addition to the matters listed, the Committee also held private review meetings, separately, with internal and external audit, as well as engaged with members of management as required for deep dives where issues required greater scrutiny.

## AUDIT COMMITTEE CONTINUED

### Significant financial reporting matters

The Audit Committee considered the appropriateness of the following areas of significant judgement, complexity or estimation in connection with the FY25 financial statements:

| Matter considered | How the Committee addressed this |
|---|---|
| **Taxation**<br>(See notes 8 and 23 to the financial statements for further information)<br><br>The Group is subject to taxation in a number of international jurisdictions, requiring significant management judgement in relation to effective tax rates, tax compliance and the reasonableness of tax provisions, which could materially affect the Group's reported results.<br><br>The Group is subject to periodic challenges by local tax authorities on a range of matters and there are uncertain tax positions in relation mainly to the following principal matters: German branch capital structure; German transfer pricing; German CFC review; UK Enquiries for Transfer Pricing and Financing.<br><br>The French tax authority challenge in respect of an intra-Group disposal was finalised successfully in favour of the Group. | The Audit Committee received a detailed update from management at each Committee meeting on the status of ongoing enquiries and tax audits with local authorities; the Group's effective tax rate for the current year; recognition of material assets, including deferred tax assets; and the level of provision for known and potential liabilities. In addition, the Audit Committee discussed material positions with the external auditor in support of developing an independent perspective on the positions presented.<br><br>The Audit Committee received specific progress reports in connection with the positive outcome of the French tax litigation; German tax authority audits into debt and equity allocation to branches; transfer pricing on financing and CFC review; UK tax authority enquiries into financing and transfer pricing. Ongoing mutual agreement procedures impacting provisions and reporting disclosures were further discussed.<br><br>The Audit Committee reviewed the status of each material tax judgement, including a range of possible outcomes, noted that independent third-party support had been obtained for each judgement, and agreed that the level of tax provisions and disclosures was appropriate.<br><br>The Audit Committee continued to consider the appropriateness of items treated as adjusting and concluded that the items satisfied tax adjusting item criteria on the basis of materiality and nature. |
| **Litigation matters and competition investigations**<br>The Group is exposed to litigation matters arising from claimants seeking remedies from the Company or its subsidiary companies. A small number of claims alleging smoking-related health effects, NGP-related product litigation (in the US only) and a claim arising from specific US legislation (Helms Burton) remain ongoing. One element of the US States' settlement agreements remains unresolved (Delaware), employment related claims arising from a number of legacy disputes are ongoing, and the Group faces one ESG related claim (see notes 25 and 30). Decisions by two national Competition Authorities in the EU are under appeal and proceedings continue. | The Audit Committee reviewed all material litigation matters. During the year it considered reports from the Group's lawyers which confirmed that the Group continues to have meritorious defences to a number of actual and threatened legal proceedings. The Committee further discussed the Group's position in respect of the unresolved Delaware US States' settlement agreements, including consideration of reports from external counsel, and the Group's basis for appeal.<br><br>The Audit Committee concluded that risks in respect of these actual and threatened legal proceedings and litigation matters otherwise covered in this report, along with any proceedings appealing competition authority decisions, are appropriately disclosed or provided for in the Group's Annual Report and Accounts. |
| **Going concern and viability statement**<br>The Directors are required to consider whether it is appropriate to prepare the financial statements on a going concern basis and explain how they have assessed the prospects of the Company over a longer period, particularly in the context of uncertainty in the external environment.<br><br>Management performed a comprehensive series of stress tests to confirm that the going concern basis and viability statement remain appropriate. These tests are described in the going concern statement on page 74. The tests involved the stress testing of the resilience of the Group to certain changes in trading conditions that may come about as a result of the global economic environment, as well as realisation of other key risks, including climate change and the impact of the share buyback programme. | The Audit Committee reviewed the tests on operating cash flows, the ongoing resilience of demand and supply, and disruption to global supply chains. The Audit Committee noted the Group's ability to raise funds, with significant oversubscription to the Group's debt financing offers even in challenging markets.<br><br>These allowed the Audit Committee to form an opinion as to the ability of the Group to remain a going concern for a period of 12 months from the date of approval of the financial statements and make its recommendation to the Board. The Audit Committee determined this was appropriate given the Group's cash flow resilience and strong access to funding when required, and also noted that the going concern period was in line with statutory requirements.<br><br>The Audit Committee also considered management's view of the Group's ability to remain viable, for the agreed three-year period, following the forecast realisation of a number of key risks, including climate related, together with potential mitigating actions, and concluded that it is appropriate to sign off the Group's viability statement. |
| **Revenue recognition**<br>There is a risk that revenue could be overstated through the inclusion of sales which are not in compliance with the Group's revenue recognition policy. | Discussions were held with management and the external auditor which satisfied the Audit Committee that the Group's criteria for revenue recognition continued to be appropriate. The Audit Committee is satisfied that the Group's policy was operating effectively. No breaches were found during the year. |

## AUDIT COMMITTEE CONTINUED

| Matter considered | How the Committee addressed this |
|---|---|
| **Goodwill and intangible asset impairment reviews**<br>(See note 12 to the financial statements for further information)<br><br>Goodwill and intangible assets form a major part of the Group's balance sheet, and their current valuations must be supported by future prospects. Additional internal validation was prepared in respect of long-term market prospects, facilitating three-year modelling and taking account of updates to the near and medium-term business planning process.<br><br>The Audit Committee also considered detailed reporting from, and held discussions with, the external auditor. | Following these reviews the Audit Committee concluded that there is significant headroom above the carrying value of goodwill.<br><br>The Audit Committee concluded that there was no requirement to impair goodwill and intangibles, and that the disclosure of sensitivities was appropriate, and on this basis the Committee approved the disclosures in the financial statements. |
| **Fair, balanced and understandable**<br>The Board is required to state that the Group's external reporting is fair, balanced and understandable. The Audit Committee is requested by the Board to provide advice to support the assertion. | The Audit Committee received a report from management summarising the processes that had been undertaken to ensure that the Group's external reporting is fair, balanced and understandable. This included, but was not limited to, the following: (i) a full document review by the Disclosure Committee, including ensuring no undue reporting of good news and material information is given due prominence; (ii) engagement of a cross-functional group of subject matter experts and content owners in the preparation and review of materials, including the Executive Leadership Team, Group Corporate Communications, Group Finance, Group Internal Audit, Group Legal, Investor Relations, ESG team and Company Secretariat; (iii) input and advice from appropriate external advisers, including the Company's brokers, legal advisers, and external audit challenge and scrutiny; (iv) emerging practice and guidance from relevant regulatory bodies; and (v) regular meetings involving the key contributors to the document, during which specific consideration was given to the fair, balanced and understandable assertion.<br><br>During the year the Audit Committee has continued its review of the use of Adjusted Performance Measures (APMs), including ensuring the appropriate balance of reported and adjusted measures in the Annual Report. The Committee concluded that the APMs used would be consistent with those used in FY24, with no new measures or changes proposed or adopted.<br><br>After consideration of the Annual Report against these criteria the Audit Committee recommended to the Board, which accepted the recommendation, that taken as a whole the Annual Report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. |
| **Property, plant and equipment impairment reviews**<br>(See notes 2 and 13 to the financial statements for further information)<br><br>On 1 October 2025 the Group announced its intention to cease production at its Langenhagen factory in Germany. This factory site holds approximately £225 million property, plant and equipment and the value of these assets is dependent upon future cash flows.<br><br>An impairment review and associated valuation of the recoverable value of the factory assets was conducted. This valuation, prepared on a fair value less costs of disposal basis, determined that the recoverable value was lower than the carrying amount of the factory assets. An impairment charge of £101 million was recognised against the carrying value of these assets. | Following this review the Audit Committee concluded that there was a significant reduction in the carrying value of these assets and it was correct to recognise the impairment.<br><br>The Audit Committee also concluded that there was appropriate disclosure of this matter, and on this basis the Committee approved the notes in the financial statements. |

## AUDIT COMMITTEE CONTINUED

### Governance, risk management and internal control

Assessing and managing the risks faced by the Group is fundamental to achieving our strategic objectives, safeguarding our stakeholders' interests and protecting the Group from reputational or legal challenges. This is reflected in our risk management framework, which ensures significant risks are identified, managed and monitored.

The Board has responsibility for the oversight of the Group's internal control systems, risk management process and framework. The Board delegates to the Audit Committee the review of the effectiveness of the system of risk management.

The Group's risk management approach is described in the Principal Risks and Uncertainties section on pages 66 to 73 and is designed to manage, rather than eliminate, the significant risks the Group may face. Consequently, our internal controls can only provide reasonable, and not absolute, assurance over our principal risks.

During the year the Board considered the Group's 'bottom-up' risk assessment, which included consideration of both current and emerging risks and issues as discussed in the Principal Risks and Uncertainties section on pages 66 to 73.

### Monitoring the effectiveness of risk management

The Audit Committee is responsible for oversight of the ongoing effectiveness of the Company's approach to risk management as approved by the Board.

The Board and Audit Committee received regular updates throughout the year on the continued development of the Group's internal control systems, risk management process and framework, as well as on the results of risk assessments and internal control effectiveness assessments. During this financial year, the Committee received updates on the approach to compliance with the new Code Provision 29, effective for the Company from FY27 onwards.

The Board and Audit Committee have been informed of, and reviewed, all significant whistleblowing reports and reported frauds in the year, including financial, and are comfortable that none of these gave rise to evidence of systemic non-compliance with relevant laws and regulations, and in aggregate were not material.

The Audit Committee receives presentations from the Executive on their respective functions. This direct dialogue with the Audit Committee provides further assurance to the Audit Committee regarding the effective management of significant risks to the Group.

Reporting provided to the Audit Committee enables the review and monitoring of the effectiveness of our risk management and internal control systems. The Audit Committee has considered and confirmed to the Board that this is in accordance with the recommendations of the Code and the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, and that such systems were in place throughout the year and up to the date of the approval of the financial statements.

### FRC Corporate Reporting Review

During the year the Company was notified that the FRC had carried out a review of the Company's annual report and accounts for the year ended 30 September 2024 in accordance with Part 2 of the FRC Corporate Reporting Review Operating Procedures. The Committee discussed the review, noting that there were no questions or queries which the FRC wished to raise, but minor enhancements to the Company's Streamlined Energy and Carbon Reporting (SECR) and Financial Instruments disclosure could be made to improve reporting for users of the accounts. The Committee noted the inherent limitations of the FRC's review, that it is based solely on the annual report and accounts and does not benefit from detailed knowledge of the Company's business or an understanding of the underlying transactions entered into, but is conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework. The Committee further noted that the FRC's letter provides no assurance that the annual report and accounts are correct in all material respects and that the FRC's role is not to verify the information provided to it but to consider compliance with reporting requirements.

### Internal audit

Group Internal Audit (GIA) is responsible for providing objective assurance on the adequacy and effectiveness of the risk management and internal controls framework.

During the year GIA performed a risk-based audit programme aligned to the Group's strategic priorities, resulting in relevant recommendations and insights to further strengthen the Group's control framework.

The Audit Committee reviewed key reports from GIA at each Audit Committee meeting to monitor the effectiveness of the control framework and considered the effectiveness and results of the audits undertaken by GIA, and monitored management responses to the audit matters raised.

The Audit Committee also met independently with the Director of Internal Audit.

The Audit Committee reviewed the effectiveness of GIA through post-audit surveys and KPI reporting, and monitors progress on GIA's own strategic priorities through updates provided.

The Audit Committee also reviewed and approved the FY26 GIA plan, including the scope, risk coverage and resources to deliver it.

### External audit

The Audit Committee is responsible for oversight of EY as the Group's external auditor, agreeing its audit strategy and related work plan, as well as approving its fees. At the Committee's January 2025 meeting EY set out its external audit plan for the year, which continued to build on its previous experience, EY's continued focus on audit quality and the feedback it received from management, the Board and the Audit Committee.

EY provided the Audit Committee with an overview of its evolving audit strategy, tailored to the Group, including its audit risk assessment, Group audit materiality and scope, and the key areas of its proposed audit approach.

The Audit Committee considered the external auditor's feedback, management letter and half year review. EY also provided feedback to relevant Group and local management in a number of debrief sessions and audit close meetings.

The Audit Engagement Letter detailing the provision of statutory audit and half year review services in respect of FY25 was considered and approved in a prior year.

## AUDIT COMMITTEE CONTINUED

The Audit Committee has held regular private meetings with EY and is satisfied that EY has been given full access and complete transparency by management throughout the year.

### Independence of our external auditor

As part of the continual requirement to ensure the independence and objectivity of EY as our external auditor, the Audit Committee maintains and regularly reviews our Auditor Independence Policy (AIP). This policy, which provides clear definitions of services that the external auditor may and may not provide as determined by the FRC's Revised Ethical Standard published in December 2019, can be found on our website at www.imperialbrandsplc.com.

Our AIP requires that the Group Audit Partner rotates after a maximum of five years. Kath Barrow was appointed as our Group Audit Partner in respect of our FY25 Annual Report and Accounts and the coming years (subject to the reappointment of EY by shareholders at our AGM), replacing Marcus Butler, who completed five years as our Group Audit Partner at the conclusion of FY24.

Our AIP states that EY may only provide non-audit services where those services do not conflict with its independence. It also establishes a formal authorisation process, including tendering for individual non-audit services expected to generate fees in excess of £100,000, and prior approval by the Audit Committee for allowable non-audit work that EY may perform. Non-audit services are also documented as part of EY's pre-concurrence processes under the International Ethics Standards Board for Accountants (IESBA) Code. Guidelines for the recruitment of employees or former employees of EY, and for the recruitment of our employees by EY, are contained in the AIP.

During the year EY undertook limited non-audit work, all of which was required by law for the auditor to undertake and/or assurance or attestation-related. This non-audit work was awarded to EY due to its knowledge of the Group and it being deemed best placed to provide effectively the services required. In the current year, non-audit fees were 7% (2024: 11%) of total audit-related fees (see note 4). EY did not undertake any advisory or consultancy work for the Group. Following the auditor independence reviews during the year, the Audit Committee concluded that the level of non-audit fees is appropriate in the light of the above activities, and the Audit Committee does not believe that the objectivity or independence of the external audit has been impaired as a result of this non-audit work.

To ensure compliance with the AIP, during the year the Audit Committee carried out four auditor independence reviews, including consideration of the remuneration received by EY for audit services, audit-related services and non-audit work. The Audit Committee also considered reports by both management and EY, which did not raise any concerns in respect of EY's independence, and confirmed that EY maintains appropriate internal safeguards to ensure its independence and objectivity. The outcome of these reviews was that performance of the relevant non-audit work by EY was in compliance with the policy and was the most cost-effective way of conducting our business. No conflicts of interest were found to exist between such audit and non-audit work. The Audit Committee therefore confirmed that the Company and Group continue to receive an independent audit service provided by EY.

### Audit fees

In the current year audit fees were £10.7 million (2024: £10.5 million) (see note 4).

### Audit quality

The Board and Audit Committee place great importance on ensuring that the Group receives a high-standard and effective external audit and any recommendation to reappoint the auditor is based on continuing satisfactory performance. The key tool in assessing the performance of our external auditor is an audit effectiveness questionnaire. The questionnaire covers audit scope, planning, quality and delivery, challenge and communication, and independence, and is completed by members of the Audit Committee, and senior managers and finance executives from across the Group. The outcome of the effectiveness review suggested that EY had delivered a high-quality and effective audit, demonstrating strong technical expertise and relationships and improved project management. Based on its consideration of the responses, together with its own ongoing assessment, for example through the quality of EY's reports to the Audit Committee and the Committee's interaction with the Lead Audit Partner, the Audit Committee remains satisfied with the efficiency and effectiveness of the audit.

The results of the FRC's Audit Quality Inspection for 2024/25 were published during the year (while no review of the audit of the Company's consolidated financial statements was undertaken as part of that process). The Audit Committee noted the findings and acknowledged that the FRC graded the majority of audits carried out by EY as good or requiring only limited improvements and, for a fifth consecutive year, none requiring significant improvement.

### Audit tender

The external audit was last tendered in 2019. EY was awarded the audit in February 2019, with a 1 October 2019 start date. The next time the audit will be tendered will likely be in 2029, as required by regulation. The Audit Committee will continue to review the independence and the quality of the external audit to assess whether a tender should be undertaken in advance of the regulatory requirement.

The Committee's view is that the current proposed timing is in the best interests of shareholders, as the Group will receive fresh challenge from the new Lead Audit Partner appointed in FY25, while continuing to benefit from an effective and efficient audit. The Company is in compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

The Audit Committee recommended to the Board that EY be reappointed as external auditor at the next AGM.

### Statement of auditors' responsibilities

EY is responsible for forming an independent opinion on the financial statements of the Group as a whole and on the financial statements of Imperial Brands PLC as presented by the Directors. In addition, it also reports on other elements of the Annual Report as required by legislation or regulation and reports its opinion to members. Further details of EY's opinions start on page 126.

REMUNERATION REPORT

# ANNUAL STATEMENT FROM THE REMUNERATION COMMITTEE CHAIR

Rewarding our leaders for performance.

## YEAR HIGHLIGHTS

### Committee focus in 2025

- Reinforcing remuneration structures that support the successful delivery of the Group's existing five-year strategy while laying the groundwork for the next strategic phase.
- Remuneration decisions to support Board succession including appointment terms for new CEO and CFO.
- Reviewing the wider workforce reward framework to ensure it reflects the strategic ambitions, behaviours, and evolving people priorities.
- Preparing for the EU Pay Transparency Directive with a focus on compliance and clarity.

### Looking ahead to 2026

- Undertaking a triennial review of the Directors' Remuneration Policy ensuring it supports our 2030 strategy, including a robust shareholder engagement programme.
- Continuing to prioritise the attraction and retention of international high-performing individuals.
- Consideration of global pay practices in relevant talent markets, to inform review of Directors' Remuneration Policy as well as wider workforce reward.
- Aligning the wider workforce reward strategy with the Group's next strategic phase, ensuring it supports performance, engagement, and long-term value creation.

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**Dear shareholder,**
On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 30 September 2025.

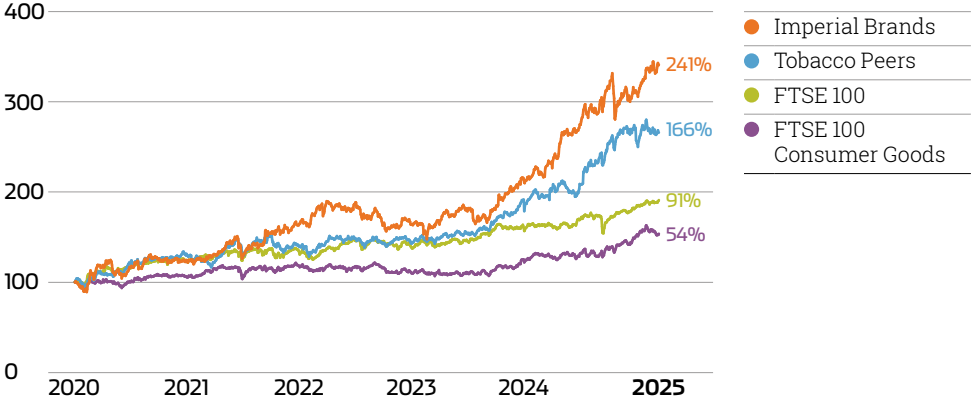
**Strategic context**
2025 marked the final year of the Company's five-year strategy launched in 2021. Over that period Imperial Brands has transformed its combustible tobacco business, built a strengthened platform in next generation products (NGP) and delivered outstanding returns to shareholders. Total shareholder return over the five-year strategy period to 30 September 2025 was 241%, significantly outperforming the FTSE 100 market.

In March 2025 we set out our 2030 strategy, which will build on the firm foundations in place to drive sustainable value in our combustibles and NGP businesses and generate another five years of sustainable growth and shareholder value. We will continue to adopt our distinctive challenger approach, developing a deep understanding of our consumers and equipping our people to perform with agility in a high-performance culture, as we become a more efficient organisation led by data.

During the FY25 financial year, we delivered consistent growth despite a more uncertain global economic environment. Resilient pricing over a broad base of markets led to growth in tobacco net revenue of 3.7%. In next generation products, strong growth in the US and Europe led to constant currency net revenue growth of 13.7%. This supported adjusted operating profit growth and cash generation in line with the Group's guidance. The Company's ongoing disciplined approach to capital allocation has underpinned investment in the business and a strong and efficient balance sheet. Taking dividends and share buybacks together, total capital returns were £2.8bn in FY25. Over the past five years from FY21 to FY25, we have delivered a cumulative c. £10 billion of capital returns to shareholders.

**REMUNERATION REPORT** CONTINUED

### Total shareholder return performance over five-year strategy to 30 September 2025




### Remuneration outcomes for FY25

#### Annual Bonus Plan

The FY25 Annual Bonus was based on stretching financial measures with 40% based on adjusted operating profit, 15% on adjusted operating cash conversion, 15% on market share, and 10% on NGP/consumer health (NGP net revenue). Strategic objectives formed the remaining 20% of the bonus.

Adjusted operating profit grew 4.6%, driven primarily by an improved profitability in combustible tobacco and strong pricing. Focused working capital management drove strong adjusted operating cash conversion of 97%, which continues to support targeted investment and shareholder returns. Market share remained stable.

In NGP, we achieved overall net revenue growth of 13.7% in a highly competitive market. We will continue to retain our disciplined investments in NGP while building scale in our existing footprint, balancing our objective to build a sustainable and profitable business.

Adjusted operating profit and market share measures were achieved at target, with cash conversion delivering above target level and NGP out-turn achieving between the cut-in and target range.

The Executive Directors performed well against their strategic objectives. For Stefan Bomhard, achievements included the successful development and launch of our new five-year 2030 strategy, with a new operating model agreed and continued progress of key activities in building a sustainable NGP business including OND rollout in the US. Lukas Paravicini's achievements against objectives included driving working capital improvements, improved NGP profitability growth in Europe and AAACE, and progress in our objective to transform the Company's technology and data capabilities with strengthened data foundations.

In aggregate, as a percentage of maximum, Stefan received a bonus of 64.4% and Lukas received a bonus of 62.9%. Further details on performance measures and achievements against targets are shown on page 108. Both Stefan Bomhard and Lukas Paravicini have met their shareholding guidelines in full and therefore the Committee determined that 25%, rather than 50%, of their bonus will be deferred into Imperial Brands shares for three years.

The Committee considered the outcomes in relation to the performance of the business and wider stakeholder experience, and it was determined that no discretion was warranted.

#### Long-Term Incentive Plan

The LTIP awards made in February 2023 were subject to TSR (40%), EPS (40%) and ROIC (20%) performance conditions and the Committee considered the performance out-turns against the targets set.

Under the TSR element, Imperial was ranked 4/24 against the FMCG peer group, therefore this element vested in full.

The EPS element vested at 18.3% out of 40% weighting. In line with the Committee's approach since the announcement of the share buyback programme and best practice guidelines, the Committee excluded the benefit of the share buyback on vesting of the EPS element. This methodology resulted in a reduction in EPS used for the LTIP calculation versus our reported actual EPS. Further adjustments were made relating to acquisitions and disposals in line with the Committee's agreed principles, and certain material non-recurring items, consistent with the approach taken last year. Further details are provided on page 109.

Three-year average ROIC was 19.6% based on average FX rates, consistent with the approach taken last year. ROIC was just below the stretching threshold level set at the start of the performance period and consequently there was no vesting under this element.

The Committee considered the outcomes in relation to the performance of the business and wider stakeholder experience over the three-year performance period. The Committee confirmed that 58.3% of the overall maximum award will vest.

### Supporting our colleagues

Despite ongoing macroeconomic volatility around the world, FY25 saw some steadying of the inflationary environment. The Committee recognises that inflation has remained very challenging for our workforce in certain locations and has continued to monitor its impact, taking action where necessary.

Annual salary budgets for FY26 have been set with consideration for both wage and price inflation. Across the countries we operate in, this year salary increases will typically range from 3% to 10% (excluding higher increases made in countries experiencing hyperinflation), with average increases in the UK workforce at 3.9% for FY26.

### Board succession

As announced on 14 May 2025, Stefan Bomhard stepped down as CEO on 30 September 2025 after five years, during which time he led the turnaround in our combustible tobacco business, a strengthened platform in next generation products and delivered outstanding returns to shareholders. Stefan will continue to serve as an Executive Director on the Board until 31 December 2025 to support the Management transition.

Following a rigorous selection process, the Board was delighted to appoint Lukas Paravicini as CEO from 1 October 2025. Lukas joined Imperial Brands in May 2021 as CFO and a core member of the refreshed executive team – he has been instrumental in driving consistent growth over the past four years and was an important architect of our 2030 strategy. With an outstanding leadership track record, the Board looks forward to the continued delivery of value for our stakeholders under Lukas' leadership.

**REMUNERATION REPORT** CONTINUED

On appointment, Lukas' annual salary was set at £1,400,000, a reduction versus his predecessor's salary (£1,447,637 from 1 October 2024). The Committee believes this salary reflects Lukas' exceptional track record and experience, as well as the highly competitive sector and market landscape. Assuming that a 3.9% workforce-aligned increase would have been applied to his predecessor's salary for 1 October 2025, the new salary represents a c.7% decrease on his predecessor.

Effective from 1 October 2025, Murray McGowan (Chief Strategy and Development Officer since 2021) succeeded Lukas as CFO and became a member of the Board. Murray's base salary on appointment was set at £775,000, a reduction versus his predecessor's salary (£816,413 from 1 October 2024).

All other remuneration arrangements for Lukas and Murray are in line with our approved Remuneration Policy, as set out on page 106.

As outlined above, Stefan will continue as an Executive Director of the Board until 31 December 2025, supporting a successful Management transition and will remain available until his departure date on 14 May 2026. He will not receive an FY26 LTIP award but will remain eligible for a pro-rated annual bonus, subject to performance, for the three months of FY26 in which he remains in active service as an Executive Director.

Stefan's departure arrangements will be in line with our approved Remuneration Policy. His outstanding deferred shares will be retained and will vest on the normal dates. Outstanding LTIP awards will be pro-rated for time and subject to performance, with vesting on the normal dates. Further details are provided on page 109.

### FY26 Annual bonus and LTIP

The Committee carefully considered the measures and targets for FY26 across both the Annual Bonus and LTIP and has sought to ensure a set of metrics that balance the goals of our 2030 strategy across key financial measures, continued growth in NGP and commitment to our long-term sustainability goals, recognising that we continue to operate in an uncertain and challenging macroeconomic and geopolitical environment.

The Annual Bonus performance metrics for FY26 will remain unchanged: organic adjusted operating profit at constant currency (40% weighting), market share growth (15% weighting), cash conversion (15% weighting), ESG/NGP consumer health (10% weighting) and strategic scorecard (20% weighting).

During the year the Committee considered the operation of the strategic element of the Annual Bonus, with a focus on how the structure can promote and further embed an enterprise mindset and collective accountability across our high performing Executive Leadership Team (ELT). For FY26, the scorecard will be based on a single ELT scorecard, replacing individual objectives, directly aligned to key objectives in our 2030 strategy.

The FY26 LTIP will be granted in February 2026. The measures for the award will remain unchanged and are: organic adjusted EPS growth at constant currency (weighting 40%), relative TSR (weighting 20%), return on invested capital (weighting 15%), cumulative free cash flow measure (weighting 15%), and ESG climate change (weighting 10%). The targets are detailed on page 106.

As part of the triennial review of the Directors' Remuneration Policy, the Committee will undertake a fuller evaluation of the performance metrics underpinning both the Annual Bonus and LTIP to ensure they continue to support our strategic objectives and drive long-term sustainable value creation.

### Chair fees

The Committee reviewed and approved a 3.9% fee increase for the Company Chair, in line with the average UK workforce rate. Thérèse Esperdy's fee therefore will be £713,654 pa from 1 October 2025.

### Workforce engagement during the year

The Committee played an active role in the Board's employee engagement programme, further detailed on pages 91 and 94. These sessions continue to serve as a meaningful platform for open dialogue around key themes on the Board's agenda for the year, including Imperial's organisational transformation, our strategy, market challenges, and evolving regulatory landscapes. As in previous years, we dedicated one of our listening sessions to the area of reward.

This year marked the fifth consecutive year we have hosted a dedicated reward session, and engagement levels remained exceptionally high. Held at our US office, the reward discussion explored several important themes including:

- Strengthening the link between performance and reward, reflecting our transformation over the past five years to a more inclusive, performance-driven culture
- Supporting the next phase of our strategic journey and incentivising a high-performance culture
- Leveraging reward to attract, retain, and motivate the very best talent over the long term
- Our commitment to ESG, including how we encourage and reward ethical and responsible behaviours

I'm grateful for the ongoing openness, active participation, and genuine interest our colleagues bring to these sessions. Their thoughtful contributions are deeply valued, and I want to extend my sincere thanks for their continued engagement.

### Conclusion

The Board is proud of the progress we have made, and the value created for our stakeholders, over the last five-years. As we move into our next strategic phase, the Committee will carry out a comprehensive review of the Directors' Remuneration Policy to be put to a shareholder vote at the 2027 AGM. Our review will focus on ensuring that the Policy continues to support our ambitious 2030 strategy and enables us to retain, attract and incentivise a world-class Executive Leadership Team in a highly competitive and evolving external landscape.

Should you have any questions or feedback, please get in touch with me at RemcoChair@impbrands.com. We hope that you will support the Annual Report on Remuneration at our AGM.

**SUE CLARK**
CHAIR OF THE REMUNERATION COMMITTEE

**REMUNERATION REPORT** CONTINUED

## REMUNERATION AT A GLANCE

### 2025 PERFORMANCE HIGHLIGHTS

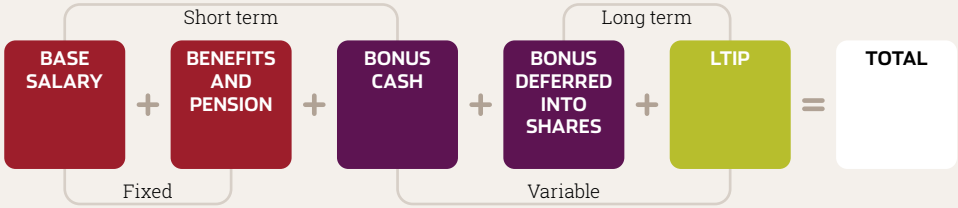
**+50.6%** Total Shareholder Return

**£1.25bn** Share buyback in 2025

**+13.7%** NGP Net revenue

**+4.6%** Adjusted operating profit growth

### REMUNERATION STRUCTURE




### OUR EXECUTIVE PAY PRINCIPLES

- To attract and retain the very best global talent
- To reward executives well for maximising shareholder returns sustainably and delivering long-term quality growth that benefits all our stakeholders
- To motivate executives to consistently perform to the best of their ability
- To reinforce the behaviours that support our values
- To align executive reward with the experience of our shareholders through encouraging share ownership and an 'ownership' mindset
- To balance restraint with fair reward for contribution, in the way we reward executives, as we do for the wider workforce

### TOTAL REMUNERATION IN 2025 (£,000)

Fixed pay · Annual Bonus · LTIP

| | Stefan Bomhard | Lukas Paravicini |
|---|---|---|
| Base salary | £1,448 | £816 |
| Benefits and pension | £219 | £125 |
| Total fixed pay | £1,667 | £941 |
| Annual Bonus | £1,865 | £1,027 |
| LTIP | £4,968 | £1,934 |
| **Total remuneration** | **£8,500** | **£3,902** |

### EXECUTIVE DIRECTORS' VARIABLE REMUNERATION OUTCOMES FOR 2025

| **Annual Bonus** | Maximum % | Out-turn as a % of maximum | % of weighting achieved |
|---|---|---|---|
| Adjusted operating profit growth at constant currency | 40% | 24.0% | 60.0% |
| Adjusted operating cash conversion | 15% | 12.4% | 82.9% |
| Weighted market share growth | 15% | 9.0% | 60.0% |
| ESG – Consumer health NGP Net Revenue | 10% | 1.5% | 14.5% |
| Strategic/individual – Stefan Bomhard | 20% | 17.5% | 87.5% |
| Strategic/individual – Lukas Paravicini | 20% | 16.0% | 80.0% |
| **Total Stefan Bomhard** | **100%** | **64.4%** | **64.4%** |
| **Total Lukas Paravicini** | **100%** | **62.9%** | **62.9%** |

| **Long-Term Incentive Plan** | Maximum % | Out-turn as a % of maximum | % of weighting achieved |
|---|---|---|---|
| Adjusted EPS growth at constant currency | 40% | 18.3% | 45.8% |
| Return on invested capital (ROIC) | 20% | 0.0% | 0.0% |
| Relative TSR | 40% | 40.0% | 100.0% |
| **Total** | **100%** | **58.3%** | **58.3%** |

## REMUNERATION REPORT CONTINUED

### Summary of Directors' Remuneration Policy and implementation in FY26

Our Directors' Remuneration Policy was approved by shareholders at our AGM held on 31 January 2024 with a vote of 95.51%. The below summarises the Policy and how we intend to implement pay arrangements for FY26. A full version of the Policy can be found on pages 147 to 153 of our Annual Report and Accounts 2023 available on the Company website.

| Element | Implementation for FY26 | Base salary as at Oct 25 |
|---|---|---|
| **Salary**<br>Set considering Company and individual performance, role and responsibility changes, peer market data and general increases for wider workforce.<br><br>Increases generally effective 1 October. | Lukas Paravicini | £1,400,000 |
| | Murray McGowan | £775,000 |
| **Pension & Benefits**<br>Provision aligned with the wider workforce (max 14%).<br><br>Benefits include Car (or cash allowance in lieu), health insurance, life insurance and income protection insurance. Other benefits may be provided where appropriate (workforce related or to be competitive in local markets). Reasonable business-related expenses may be provided. Where appropriate, benefits may include tax thereon. | Deliver in line with Policy. | |
| **Annual Bonus**<br>Maximum opportunity 200% of base salary.<br><br>Subject to performance measures to reflect Group KPIs.<br>50% deferred into an award of shares for three years, up until the minimum shareholding guideline of 300% of gross base salary has been met. Once met, the Committee may determine that a lower portion is deferred into shares (subject to a minimum deferral of 25%).<br><br>Malus and clawback provisions are in place. | Measures and weightings | |
| | Adjusted operating profit growth at constant currency | 40% |
| | Adjusted operating cash conversion | 15% |
| | Weighted market share growth | 15% |
| | ESG – Consumer health/NGP net revenue | 10% |
| | Strategic scorecard | 20% |
| | Underlying targets are commercially sensitive and will be fully disclosed in next year's Annual Report | |

**Long-Term Incentive Plan**

Maximum opportunity: CEO: 350% of base salary, CFO: 250% of base salary.

Performance period of three financial years, plus a retention of net-of-tax number of vested LTIP award shares for two years post vesting.

Malus and clawback provisions are in place.

| Measures, weightings and targets | | Cut-in | Target | Max |
|---|---|---|---|---|
| Adjusted EPS growth at constant currency[1] | 40% | 2.0% | 4.2% | 5.8% |
| Return on invested capital (ROIC) | 15% | 18.7% | 21.4% | 22.2% |
| Cumulative free cash flow (CFCF) | 15% | £5.7bn | £6.6bn | £7.3bn |
| Relative TSR | 20% | Median | N/A | UQ |
| ESG – Climate / Carbon reduction | 5% | 76.2% | 78.3% | 79.1% |
| ESG – Climate / Energy reduction | 5% | 5.5% | 10.7% | 11.6% |

1. EPS targets shown above exclude the benefit of the Company's share buyback programme. This methodology aligns with the Investment Association guidance.

**Shareholding requirement**

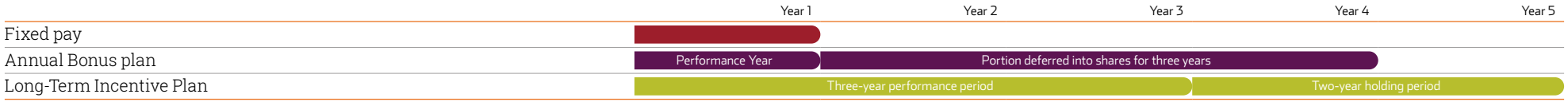
Expected to build a shareholding in the Company's shares to a minimum value of 300% of base salary.

Requirement to hold shares after cessation of employments to the value of the shareholding guideline (or existing shareholding if lower at the time) for a period of one year, with the requirement reducing to half the shareholding guideline for the second year.

| | Shareholding as % of base salary |
|---|---|
| Lukas Paravicini | 386% |
| Murray McGowan | 333% |

Shareholding based on salary as at 1 October 2025

### Time horizons for remuneration



**REMUNERATION REPORT** CONTINUED

## ANNUAL REPORT ON REMUNERATION

The Annual Report on Remuneration has been split into the following sections:

- The remuneration earned by our Directors for the financial year ended 30 September 2025
- Details of share awards granted, share interests held and historical CEO total single figure versus shareholder returns
- How Directors' remuneration compares with employee pay including the CEO pay ratio, our relative spend on pay and current dilution
- Remuneration Committee membership and work undertaken during the year, details of advice received and consideration of shareholders' views

### 1. REMUNERATION EARNED BY OUR DIRECTORS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2025

#### Single Total Figure of Remuneration for each Director (Audited)

| Executive Directors | Year | Salary £'000 | Benefits £'000[1] | Pension £'000[2] | Total fixed pay | Annual Bonus £'000[3] | LTIP £'000[4] | Other £'000 | Total variable pay | Total pay |
|---|---|---|---|---|---|---|---|---|---|---|
| Stefan Bomhard | **2025** | **1,447** | **17** | **203** | **1,667** | **1,865** | **4,968** | **–** | **6,833** | **8,500** |
| | 2024 | 1,400 | 17 | 196 | 1,613 | 2,346 | 6,606 | 6 | 8,958 | 10,571 |
| Lukas Paravicini | **2025** | **816** | **11** | **114** | **941** | **1,027** | **1,934** | **–** | **2,961** | **3,902** |
| | 2024 | 790 | 2 | 111 | 903 | 1,323 | 2,648 | – | 3,971 | 4,874 |
| **Total** | **2025** | **2,263** | **28** | **317** | **2,608** | **2,892** | **6,902** | **–** | **9,794** | **12,402** |
| Total | 2024 | 2,190 | 19 | 307 | 2,516 | 3,669 | 9,254 | 6 | 12,929 | 15,445 |

1. Stefan Bomhard benefits include an annual car allowance of £15,000 and private medical insurance. Lukas Paravicini benefits include a company car, a health cash plan and security costs (including tax gross-up).
2. Each individual received a cash supplement of 14% of salary in lieu of membership of the pension fund.
3. Annual Bonus for the year ended 30 September 2025. As both Stefan Bomhard and Lukas Paravicini have met their shareholding guideline, the Committee determined that 25% of the bonus earned for FY25 will be deferred into shares for three years.
4. LTIP represents the value of the FY23-25 LTIP awards with a performance period ended on 30 September 2025. As these awards do not vest until February 2026 they are based on a share price of £31.19, being the three-month average to 30 September 2025, and an estimate of dividend roll-up based on announced dividend payable on 31 December 2025. Of the FY23-25 LTIP value shown, £1,641k and £639k relates to share price appreciation for Stefan Bomhard and Lukas Paravicini respectively. The LTIP value for FY24 has been restated to reflect the actual vesting value as at 15 February 2025.

| Non-Executive Directors | Fees £'000 | | Taxable benefits[1] | | Total | |
|---|---|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 | **2025** | 2024 |
| Thérèse Esperdy | **687** | 664 | **31** | 61 | **718** | 725 |
| Sue Clark[2] | **178** | 150 | **–** | 2 | **178** | 152 |
| Diane de Saint Victor (departed 29 January 2025) | **37** | 93 | **–** | 2 | **37** | 95 |
| Ngozi Edozien[3] | **122** | 105 | **13** | 13 | **135** | 118 |
| Andrew Gilchrist[3] | **122** | 105 | **19** | 20 | **141** | 125 |
| Alan Johnson[2] | **135** | 93 | **3** | 6 | **138** | 99 |
| Bob Kunze-Concewitz | **110** | 93 | **4** | 3 | **114** | 96 |
| Julie Hamilton[3] | **122** | 67 | **19** | 19 | **141** | 86 |
| Jon Stanton[2] | **129** | 121 | **3** | 1 | **132** | 122 |
| **Total** | **1,642** | 1,491 | **92** | 127 | **1,734** | 1,618 |

1. Benefits in kind for Non-Executive Directors relate to the reimbursement of travelling expenses to meetings held at the Company's registered office, and assistance towards tax advisory services for non-UK based Non-Executive Directors.
2. Sue Clark's fees include payments in respect of Senior Independent Director of £30,000 and Chair of the Remuneration Committee fees of £37,500 pa respectively. Alan Johnson's fees include payment in respect of chair of the Audit Committee fees of £37,500 pa for period 1 February 2025 to 30 September 2025. Jon Stanton's fees include payment in respect of chair of the Audit Committee fees of £37,500 pa for the period 1 October 2024 to 31 January 2025.
3. Ngozi Edozien, Andrew Gilchrist and Julie Hamilton's amounts include a payment of £12,000 in respect of a non-European travel allowance in recognition of the extra time commitment required for travel.

The aggregate remuneration of all Executive and Non-Executive Directors under salary, fees, benefits, cash supplements in lieu of pensions, Annual Bonus and LTIP was £14,136k (2024 restated: £17,063k).

## REMUNERATION REPORT CONTINUED

### Determination of 2025 Annual Bonus (Audited)

The 2025 Annual Bonus was based on a scorecard of measures. Details of the measures, their weightings, targets and extent of achievement are set out in the table below.

| Measure | Weighting | Cut-in | Target | Max | Achievement | Payout |
|---|---|---|---|---|---|---|
| Adjusted operating profit at constant currency | 40% | 1.0% | 4.6% | 6.0% | 4.6% | 24.0% |
| Adjusted operating cash conversion | 15% | 90% | 93% | 100% | 97.0% | 12.4% |
| Weighted market share | 15% | -3bps | 0bps | +5bps | 0bps | 9.0% |
| Consumer health – NGP net revenue (£m)[1] | 10% | 370m | 406m | 456m | 379m | 1.5% |
| Strategic/individual – Stefan Bomhard | 20% | – | – | – | 87.5% | 17.5% |
| Strategic/individual – Lukas Paravicini | 20% | – | – | – | 80.0% | 16.0% |
| **Total bonus Stefan Bomhard** | 100% | | | | | 64.4% of max |
| **Total bonus Lukas Paravicini** | 100% | | | | | 62.9% of max |

1. At internal rates.

The Committee set the following strategic goals for the Executive Directors:

**Stefan Bomhard**

| Strategic/individual measures and targets | Performance assessment highlighting key achievements |
|---|---|
| Successful development and launch of new five-year strategic plan (15%) | • New strategy fully developed with clear KPIs and approved by the Board in January 2025.<br>• Successful launch of the strategy at Capital Markets Day well received by stakeholders and reflected in positive investor survey results with feedback survey scores above benchmark. Clear medium term guidance provided to the market.<br>• Transformation activities related to the evolved strategy operationalised and mapped out for deployment. |
| Build a sustainable NGP business (5%) | • Continued NGP profitability growth achieved in Europe and AAACE.<br>• Positive OND revenue growth achieved.<br>• Exceeded Zone US market share target.<br>• Significant increase in Heated Tobacco net revenue growth, exceeding target.<br>• Heated Tobacco market share growth targets achieved across Italy and Poland. |
| **Strategic/individual payout as a % of maximum bonus:** | **17.5%** |
| **Total payout as a % of maximum bonus:** | **64.4%** |

**Lukas Paravicini**

| Strategic/individual measures and targets | Performance assessment highlighting key achievements |
|---|---|
| Drive shareholder value (10%) | • Continued delivery of NGP profitability growth, with Europe and AAACE regions exceeding target.<br>• Improved cash flow with average working capital reduction exceeding target over FY24.<br>• Operating expenditure control for Global IT and Unify delivered with final figures ahead of targets for both OPEX and CAPEX.<br>• Effective, risk adjusted funding to support our operations achieved with all in cost of debt ahead of target. |
| Continue company transformation and new five-year strategic plan readiness (10%) | • Successful Unify roll out continued, planned go-lives achieved in line with programme plans.<br>• Ambition of data led organisation on track with significant progress achieved in the areas of Data Foundation, Platform and Organisation.<br>• Roll out of Integrated Business Planning achieved in Europe, with preparations for US and AAACE launch on track for FY26.<br>• Business Resilience improvement targets on track with net revenue at risk reduced significantly ahead of target. |
| **Strategic/individual payout as a % of maximum bonus:** | **16.0%** |
| **Total payout as a % of maximum bonus:** | **62.9%** |

### Individual Annual Bonus payments:

| Executive Directors | Total Annual Bonus £'000 Maximum | Actual[1] |
|---|---|---|
| Stefan Bomhard | £2,895 | £1,865 |

1. As Stefan Bomhard and Lukas Paravicini have met their shareholding guideline, the Committee determined that only 25% of bonus earned for FY25 will be deferred into shares for three years.

### Individual Annual Bonus payments:

| Executive Directors | Total Annual Bonus £'000 Maximum | Actual[1] |
|---|---|---|
| Lukas Paravicini | £1,633 | £1,027 |

**REMUNERATION REPORT** CONTINUED

### Long-Term Incentive Plan awards vesting (Audited)

Performance awards vesting in February 2026 are based on performance measured over the three-year period ended 30 September 2025.

In line with best practice, the methodology excludes the benefit of share buybacks on vesting of the EPS element. Consistent with the treatment last year, further adjustments were made in line with our existing principles around case-by-case consideration of acquisitions and disposals, and the treatment of cash flows was aligned to our Alternative Performance Measures (APM) policy in relation to certain material, non-recurring items. The treatment of ROIC was aligned to the adjustment made last year, although there was no vesting under this element.

| Measure | Weighting | Cut-in (25% vesting) | Target (60% vesting) | Maximum (100% vesting) | Actual performance | Percentage of award vesting |
|---|---|---|---|---|---|---|
| Adjusted EPS growth at constant currency (average annual growth) | 40% | 4.4% | 5.3% | 6.3% | 4.9% | 18.3% |
| Return on invested capital (ROIC) (average annual) | 20% | 20.2% | 20.6% | 21.0% | 19.6% | 0.0% |
| Relative TSR (return over three financial years) | 40% | Median | n/a | Upper quartile | 4/24 | 40.0% |
| Achievement | | | | | | 58.3% |

Adjusted EPS excludes the impact of share buybacks and associated financing costs.

In respect of acquisitions and disposals made during the period, the Committee applied its agreed principles of consideration on a case-by-case basis. The methodology applied adjusted out the impact of the disposal of the Russian operations and the US OND and Logista acquisitions from the EPS metrics.

An adjustment was made in respect of a cash outflow relating to inherited, historic tax litigations carried on the balance sheet. This was to align it to the treatment under our Alternative Performance Measures (APM) policy in relation to distorting non-recurring items.

The TSR measure compared the Company's performance against the following companies: Altria Group, Anheuser-Busch InBev, British American Tobacco, Brown-Forman, Carlsberg, Carnival, Clorox, Constellation Brands, Diageo, Heineken, Henkel, Japan Tobacco, Kimberly-Clark, Kirin Holdings, L'Oréal, Monster Beverage, Pernod Ricard, PepsiCo, Philip Morris International, Procter & Gamble, Reckitt Benckiser Group, Unicharm and Unilever.

Vested awards are subject to a two-year holding period.

### CEO retirement

As announced on 14 May 2025, Stefan Bomhard will retire from the Board on 31 December 2025 and will remain available to support transition until his departure date on 14 May 2026. Stefan's departure arrangements will be in line with our approved Remuneration Policy.

No increase was made to his salary at 1 October 2025 and his salary at the time of departure will be £1,446,637. He will not receive an FY26 LTIP award. He will remain eligible for a pro-rated annual bonus, subject to performance, for the three months in which he remains in active service as an Executive Director. This will be subject to share deferral in the normal way.

His outstanding deferred shares will be retained and will vest on the normal dates. Outstanding LTIP awards will be pro-rated for time and subject to performance, with vesting on the normal dates. Stefan will also be subject to post-cessation shareholding requirements.

Full details will be provided in a s430(2b) statement shortly after stepping down and in the 2026 DRR.

### Chair and Non-Executive Director fees

Effective 1 October 2025 the following increases will apply:

- Chair's fee will increase from £686,866 to £713,654 pa.
- NED base fee will increase from £90,000 to £93,510 pa.
- Senior Independent Director fee will increase from £30,000 to £31,170
- Chairs of the Remuneration and Audit Committees' fees will increase from £37,500 to £38,963 pa.
- Committee membership fees will increase from £10,000 to £10,390 pa.

### Payments for loss of office and payments to former Directors (Audited)

No payments to report

**REMUNERATION REPORT** CONTINUED

## 2. DETAILS OF SHARE AWARDS GRANTED, SHARE INTERESTS HELD AND HISTORICAL CEO TOTAL SINGLE FIGURE VERSUS SHAREHOLDER RETURNS

### Performance awards granted during the year (Audited)

When determining the Directors' awards, the Committee took into account the prevailing share price performance over the year and the number of shares awarded as a result.

| | Date of grant | Share price[1] | Number of nil-cost options | Face value | Amount of base salary | End of performance period |
|---|---|---|---|---|---|---|
| Stefan Bomhard | 15 February 2025 | £27.80 | 181,473 | £5,044,949 | 350% | 30 September 2027 |
| Lukas Paravicini | 15 February 2025 | £27.80 | 73,102 | £2,032,236 | 250% | 30 September 2027 |

1. Valued using the closing share price the trading day prior to grant.

The targets for the above performance awards are as follows:

| | | Minimum performance (25% vesting) | Target performance (60% vesting) | Maximum performance (100% vesting) |
|---|---|---|---|---|
| Measure | Weight | Cut-in | Target | Max |
| Adjusted EPS growth at constant currency | 40% | 3.3% | 4.5% | 5.5% or higher |
| Return on invested capital (ROIC) (average annual) | 15% | 18.9% | 20.9% | 21.7% or higher |
| Cumulative free cash flow (CFCF) (£bn) | 15% | £5.5bn | £6.4bn | £7.1bn or higher |
| Relative TSR | 20% | Median | N/A | Upper quartile |
| ESG – Scope 1 & 2 emissions reduction | 5% | 73.0% | 75.0% | 76.0% |
| ESG – Energy reduction | 5% | 5.0% | 7.0% | 8.0% |

Adjusted EPS excludes the impact of share buybacks and associated financing costs.

The TSR comparator group comprises the following companies: Altria Group, Anheuser Busch InBev, British American Tobacco, Carlsberg B, Coca-Cola Company, Constellation Brands, Diageo, Heineken, Japan Tobacco, Kimberly-Clark, Kirin Holdings, L'Oréal, Monster Beverage, Pernod Ricard, PepsiCo, Philip Morris International, Procter & Gamble, Reckitt, Unicharm, and Unilever.

Each measure operates independently and is capable of vesting regardless of the Company's performance in respect of the other metrics. The Committee retains discretion to adjust up or down including to zero the number of shares that vest taking into account a number of factors including personal or corporate performance and circumstances that were unforeseen at the date of grant.

## REMUNERATION REPORT CONTINUED

### Share interests and incentives (audited)

| | | Shares held at earlier of 30 September 2025 and leaving date | | Dividends reinvested post-year-end | Conditional awards and options held at earlier of 30 September 2025 and leaving date | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Shares held at 30 September 2024 | Owned outright[1] | Subject to a holding period | Owned outright | Awards unvested and subject to performance conditions | Awards unvested and subject to continued employment | Options unvested and subject to continued employment | Vested but not exercised | Options exercised during the year |
| **Executive Directors** | | | | | | | | | |
| Stefan Bomhard | 244,772 | 408,668 | 282,208 | – | 672,368 | 129,016 | 581 | – | 237,614 |
| Lukas Paravicini | 64,887 | 128,741 | 114,466 | 1,673 | 267,688 | 84,162 | – | – | 95,253 |
| **Non-Executive Directors** | | | | | | | | | |
| Thérèse Esperdy[2] | 61,861 | 61,881 | – | – | – | – | – | – | – |
| Sue Clark | 8,628 | 8,767 | – | 29 | – | – | – | – | – |
| Diane de Saint Victor[3] | 6,737 | 6,945 | – | – | – | – | – | – | – |
| Ngozi Edozien[4] | 644 | 1,563 | – | 4 | – | – | – | – | – |
| Andrew Gilchrist[2] | 6,239 | 6,239 | – | – | – | – | – | – | – |
| Alan Johnson | 1,061 | 3,058 | – | – | – | – | – | – | – |
| Bob Kunze-Concewitz | 50,974 | 50,974 | – | – | – | – | – | – | – |
| Julie Hamilton[2] | 500 | 500 | – | – | – | – | – | – | – |
| Jon Stanton | 3,402 | 3,527 | – | 26 | – | – | – | – | – |

1. The number of shares owned outright includes those shares subject to a holding period.
2. Thérèse Esperdy, Andrew Gilchrist and Julie Hamilton's shares are in the form of American Depositary Receipts.
3. Diane De Saint Victor stepped down from the Board on 29 January 2025.
4. Ngozi Edozien's share amount of 1,563 includes 1,253 American Depositary Receipts.
5. There have been no changes in Director share figures reported in the table above, between 30 September 2025 and the date this report was signed, other than the dividend reinvestment post-year-end figures included in the table.

Our middle market share price at the close of business on 30 September 2025, being the last trading day of the financial year, was £31.58 and the range of the middle market price during the year was £21.42 to £31.90.

Full details of the Directors' share interests are available for inspection in the Register of Directors' Interests at our registered office.

### Executive shareholdings (audited)

| | Shares held at start of year[1] | Shares held at end of year[1] | Increase in shares held during year | Value of shares held at start of year[2] £'000 | Value of shares held at end of year[3] £'000 | Difference in value £'000 | Shareholding required (% salary) | Current shareholding (% salary/fees)[4] | Requirement met – in full[5] |
|---|---|---|---|---|---|---|---|---|---|
| Stefan Bomhard | 328,786 | 477,046 | 148,260 | 7,145 | 15,065 | 7,920 | 300 | 1,041% | Yes |
| Lukas Paravicini | 102,067 | 173,347 | 71,280 | 2,218 | 5,474 | 3,256 | 300 | 671% | Yes |

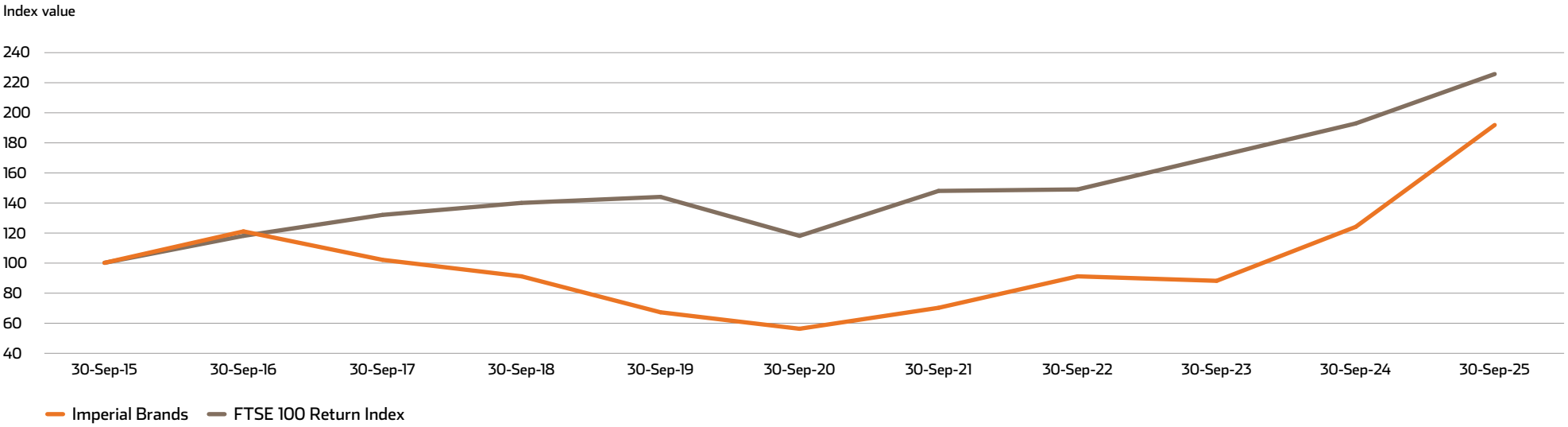
1. Shares held is inclusive of shares owned outright, those vested but subject to a holding period awarded, including shares awarded under the Deferred Share Bonus Plan being the deferred element of the Annual Bonus.
2. Based on a share price of £21.73, being the closing price on 30 September 2024.
3. Based on a share price of £31.58, being the closing price on 30 September 2025.
4. Current shareholding percentages are calculated based on salary as at 30 September 2025.
5. Stefan Bomhard and Lukas Paravicini joined the Board on 1 July 2020 and 1 May 2021, respectively, and both have satisfied their obligation to build their shareholding to 300% of salary within five years.

## REMUNERATION REPORT CONTINUED

### Review of past performance

The chart below shows the value of £100 invested in the Company on 1 October 2015 compared with the value of £100 invested in the FTSE 100 Index for each of our financial year-ends to 30 September 2025. We have chosen the FTSE 100 Index as it provides the most appropriate and widely recognised index for benchmarking our corporate performance over a 10-year period.

### TOTAL SHAREHOLDER RETURN PERFORMANCE




### Change in Chief Executive Officer remuneration

| | 2025 Stefan Bomhard | 2024 Stefan Bomhard | 2023 Stefan Bomhard | 2022 Stefan Bomhard | 2021 Stefan Bomhard | 2020 Stefan Bomhard | 2020 Joerg Biebernick | 2020 Dominic Brisby | 2020 Alison Cooper | 2019 Alison Cooper | 2018 Alison Cooper | 2017 Alison Cooper | 2016 Alison Cooper |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total remuneration £'000 | 8,500 | 10,571 | 8,900 | 5,432 | 3,421 | 1,104 | 963 | 943 | 448 | 2,137 | 3,935 | 4,657 | 5,404 |
| Annual Bonus as a percentage of maximum | 64.4 | 83.8 | 71.6 | 84 | 64.1 | 40[1] | 40[1] | 40[1] | 40[1] | 31[2] | 87 | 60 | 72 |
| Shares vesting as a percentage of maximum | 58.3 | 74.5 | 85 | 19.8[3] | 30.8[4] | nil | nil | nil | nil | nil | 20 | 44.4 | 45.7 |

1. 48.4% was the formulaic out-turn; however, the Remuneration Committee accepted the CEO's recommendation and used its discretion to reduce this to 40%.
2. 51% was the formulaic out-turn; however, the Remuneration Committee used its discretion and reduced this to 31%.
3. Relates to vesting of Long-Term Incentive Plan (excluding Recruitment Award).
4. Relates to vesting of Recruitment Award based on performance criteria of former employer.

**REMUNERATION REPORT** CONTINUED

## 3. HOW DIRECTORS' REMUNERATION COMPARES WITH EMPLOYEES' REMUNERATION

There is a strong alignment between how we approach pay for our Executive Directors and the wider workforce, with a focus on performance-related pay and similar performance metrics in our Annual Bonus and LTIP. Our reward packages are designed to attract, incentivise and retain the best talent, driven by market practice, skills and experience.

| Executive Directors | | UK employees |
|---|---|---|
| Increase in line with or below wider workforce | Salary | Average increase of 3.9% for FY26 |
| Mix of financial/strategic measures, with a portion of bonus deferred into award over shares | Annual Bonus | Mix of financial/strategic measures 100% paid in cash |
| Performance metrics measured over three years, with two-year holding period after vesting | LTIP | Performance metrics measured over three years. No holding period |
| 14% cash or contribution into Company's pension fund | Pension | The majority of UK employees receive a contribution of 14% of salary |
| £250 per month and three-year savings period | Sharesave | £250 per month and three-year savings period |

### Consideration of colleagues' views

Our colleagues remain at the centre of our business. Throughout the year, the Board continued its programme of employee engagement sessions, providing valuable opportunities to hear directly from our people on a wide range of topics — including organisational transformation, strategy, market dynamics, and regulatory developments. A key focus of this year's dialogue was reward, which we explored in a session held in our US office. Participants engaged in thoughtful discussions around how the Committee aligns executive remuneration with broader pay practices across the organisation, and shared their perspectives on reward at Imperial Brands. Now in its fifth year, this dedicated reward session continues to attract high levels of engagement, underscoring its relevance and impact. This year the session explored:

- The alignment of performance and reward, reflecting our journey over the past five years toward a more inclusive, performance-driven culture
- The next phase of our strategic evolution and how we incentivise a high-performance mindset
- The role of reward in attracting, retaining, and motivating top talent for long-term success
- Our commitment to ESG, including how we encourage and recognise ethical and responsible behaviours

The Board remains deeply committed to listening to colleagues and values the insights this forum provides into what matters most to our people. These perspectives inform our decisions and actions throughout the year. We look forward to continuing the conversation in FY26, ensuring we remain closely attuned to the evolving priorities of our diverse global workforce.

## REMUNERATION REPORT CONTINUED

### Percentage change in Board remuneration

The table below shows the percentage change in the salary, benefits and Annual Bonus for the Directors, between 2025 and 2024, as well as the disclosures for financials years 2024 through to 2020.

#### Year-on-year change in pay for Directors compared with UK employees

| | **2025** | | | 2024 | | | 2023 | | | 2022 | | | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Salary (%)** | **Benefits (%)** | **Annual Bonus (%)** | Salary (%) | Benefits (%) | Annual Bonus (%) | Salary (%) | Benefits (%) | Annual Bonus (%) | Salary (%) | Benefits (%) | Annual Bonus (%) | Salary (%) | Benefits (%) | Annual Bonus (%) | Salary (%) | Benefits (%) | Annual Bonus (%) |
| **Executive Director** | | | | | | | | | | | | | | | | | | |
| Stefan Bomhard (from 1 July 20) | 3.4 | 0.0 | (20.5) | 4.5 | 6.3 | 22.3 | 3.0 | (5.9) | (12.2) | 2.5 | 0.0 | 34.3 | 58.6[2] | 183.3[2] | 540.6[2] | – | – | – |
| Lukas Paravicini (from 1 May 21) | 3.3 | 450.0[1] | (22.4) | 5.1 | (50.0) | 24.6 | 3.0 | (73.3) | (11.9) | 140.1[2] | 150.0[2] | 241.4[2] | – | – | – | – | – | – |
| **Non-Executive Directors** | | | | | | | | | | | | | | | | | | |
| Thérèse Esperdy | 3.5 | (49.2) | – | 3.9 | 22.0 | – | 3.1 | 22.0 | – | 2.5 | 0.0 | – | 24.7 | (100) | – | 353.3[2] | (41.3) | – |
| Sue Clark | 18.7 | (100.0) | – | 4.2 | 0.0 | – | 2.1 | (50.0) | – | 2.2 | 0.0 | – | 7.0 | (100) | – | 55.4 | (50.0) | – |
| Alan Johnson (from 1 January 21) | 45.2[3] | (50.0) | – | 4.5 | 100.0 | – | 2.3 | (40.0) | – | – | – | – | – | – | – | – | – | – |
| Andrew Gilchrist (from 1 March 23) | 16.2 | (5.0) | – | 78.0[2] | 0.0 | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Bob Kunze-Concewitz (from 1 November 20) | 18.3 | 33.3 | – | 4.5 | 0.0 | – | 2.3 | (40.0) | – | 11.5[2] | 0.0 | – | – | – | – | – | – | – |
| Jon Stanton | 6.6 | 200.0 | – | 3.4 | 0.0 | – | 2.6 | (50.0) | – | 1.8 | 0.0 | – | 17.9 | (100) | – | 187.9[2] | 0.0 | – |
| Ngozi Edozien (from 15 November 21) | 16.2 | 0.0 | – | 4.0 | 0.0 | – | 16.1[2] | (100.0) | – | – | – | – | – | – | – | – | – | – |
| Diane de Saint Victor (from 15 November 21)[4] | (60.2) | (100.0) | – | 4.5 | (33.3) | – | 15.6[2] | (40.0) | – | – | – | – | – | – | – | – | – | – |
| Julie Hamilton (from 31 January 24) | 82.1[2] | 0.0 | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| All UK employees | 5.2 | 14.7 | 6.3 | 4.8 | 12.0 | 3.1 | 6.6 | 5.9 | 4.1 | 2.7 | 7.3 | 2.9 | 0.0 | 2.4 | 7.9 | 6.69 | (5.72) | 32.44 |

1. Increase is due to one-off security costs incurred in the year related to move to Chief Executive role from 1 October 2025.
2. Increase reflects first full year.
3. Increase is due to becoming Chair of the Audit Committee and joining the Remuneration Committee during the year.
4. Diane de Saint Victor departed the Board on 29 January 2025.
5. A year-on-year comparison is not possible in the year that a Director joins the Board.

**REMUNERATION REPORT** CONTINUED

## CEO pay ratio

The table below shows the multiple of our CEO's pay ratio to median, lower quartile and upper quartile pay in the UK. The calculations are based on methodology Option A as defined by the regulations and by calculating the pay and benefits of all UK employees on a full-time equivalent basis. Option A was chosen as it is the most robust approach. The CEO pay ratio is based on comparing the CEO's pay to that of Imperial Brands' UK-based employee population, a large proportion of whom are in sales roles. The Committee anticipates that the ratios are likely to be volatile over time, largely driven by the CEO's incentive outcomes which are dependent on Group-wide results.

The pay levels shown for the percentiles reflect remuneration for the 12 months to 30 September 2025.

| Financial year | Calculation methodology | P25 (lower quartile) x:1 | P50 (median) x:1 | P75 (upper quartile) x:1 |
|---|---|---|---|---|
| 2025 | A | 142.1 | 112.2 | 67.7 |
| 2024[1] | A | 179.9 | 119.1 | 78.6 |
| 2023 | A | 156.6 | 116.0 | 72.0 |
| 2022 | A | 98.0 | 75.8 | 49.6 |
| 2021 | A | 60.7 | 48.4 | 31.1 |
| 2020 | A | 50.2 | 38.7 | 24.4 |
| 2019 | A | 53.0 | 36.5 | 22.0 |

| | Stefan Bomhard | P25 (lower quartile) | P50 (median) | P75 (upper quartile) |
|---|---|---|---|---|
| Total remuneration | £8,499,609 | 142.1 | 112.2 | 67.7 |
| Base salary | £1,447,637 | 31.0 | 23.5 | 15.5 |

1. 2024 CEO pay ratios have been updated to reflect the value of the updated 2024 CEO single figure which incorporates long-term incentives based on actual vesting, rather than the estimate used for the 2024 disclosure.

The CEO total remuneration pay ratio has decreased across all percentiles, due to a decrease in CEO total remuneration driven by lower incentive out-turns. The CEO base salary ratio has remained broadly static, confirming that the variance is driven by performance-related variable pay.

The salary component for FY25 at each quartile is £46,636 (P25), £61,473 (P50) and £93,116 (P75). The equivalent total pay numbers are £59,801 (P25), £75,737 (P50) and £125,553 (P75).

The Committee is satisfied that the overall picture presented by the 2025 pay ratios is consistent with the reward policies for our UK employees. The Committee takes into account these ratios when making decisions around the Executive Director pay packages, and Imperial Brands takes seriously the need to ensure competitive pay packages across the organisation.

## Relative importance of spend on pay

The table below shows the expenditure and percentage change in overall spend on employee remuneration, dividends and share buybacks.

| £ million unless otherwise stated | **2025** | 2024 | Percentage change |
|---|---|---|---|
| Executive Directors' total remuneration[1, 2] | **12** | 15 | (20.0) |
| Overall expenditure on pay[2] | **967** | 923 | 4.8 |
| Dividend paid in the year | **1,558** | 1,299 | 19.9 |
| Share buybacks in the year[3] | **1,235** | 1,020 | 21.1 |

1. Executive Directors' total remuneration is based on the total single figure for all Executive Directors and is included to provide a comparison between Executive Director and overall employee pay.
2. Excludes employer's social security costs.
3. In FY25, expenditure includes £1,227 million of share buybacks and £8 million of fees and stamp duty.

## Share plan flow rates

The rules of each of the Company's share plans contain provisions limiting the grant of options and awards to shares representing no more than 10% of the issued share capital of the Company over a period of 10 years (or, in the case of options and awards granted under the LTIP and Deferred Share Bonus Plan, 5% of issued share capital over the same 10-year period). As at 30 September 2025, an aggregate total of 1% of the Company's issued share capital (including shares held in treasury) is subject to options and awards under our executive and all-employee share plans.

## Summary of options and awards granted

| Limit on awards | Cumulative options and awards granted as a percentage of issued share capital (including those held in treasury) | Options and awards granted during the year as a percentage of issued share capital (including those held in treasury) |
|---|---|---|
| 10% in 10 years | 3.7 | 0.4 |
| 5% in 10 years (executive plans) | 3.1 | 0.3 |

## External board directorships

The Committee recognises that external non-executive directorships are beneficial for both the Executive Director concerned and the Company. Each serving Executive Director is restricted to one external non-executive directorship in a listed company and may not serve as the chair of a FTSE 100 company. At the discretion of the Board, Executive Directors are permitted to retain fees received in respect of any such non-executive directorship.

During the financial year, Stefan Bomhard served as a non-executive director of Compass Group PLC and was permitted to retain the £103,500 fee received from this position.

**REMUNERATION REPORT** CONTINUED

## Executive Directors' service agreements

| Executive Director | Date of contract | Expiry date | Compensation on termination following a change of control |
|---|---|---|---|
| Stefan Bomhard | 31 January 2020[1] | Terminable on 12 months' notice | No provisions |
| Lukas Paravicini | 11 April 2021[2] | Terminable on 12 months' notice | No provisions |

1. Service agreement dated 31 January 2020 with a start date of 1 July 2020.
2. Service agreement dated 11 April 2021 with a start date of 1 May 2021.

Copies of Executive Directors' service agreements are available to view at the Company's registered office.

### 4. REMUNERATION COMMITTEE MEMBERSHIP AND DUTIES

The Board is ultimately accountable for executive remuneration, but has delegated this responsibility to the Committee, at least three of whose members are independent Non-Executive Directors. The Chair, who is a member of the Committee, was independent on appointment. We consider this independence fundamental in ensuring that Executive Directors' and senior management's remuneration is set by those who have no personal financial interest, other than as shareholders, in the matters discussed. To reinforce this independence, a standing item at each Committee meeting allows the members to meet without any Executive Director or other manager being present.

Biographical details of the current members of the Remuneration Committee are set out at pages 78 to 80. Members of the Committee are appointed by the Board following recommendation by the People, Governance & Sustainability Committee.

The Committee considers its key responsibility as being to support the Company's strategy and its short and long-term sustainable success. This is ensured by the adherence to our executive pay principles set out on page 105 and to the Directors' Remuneration Policy which together set the right conditions for high-calibre executives to deliver and, further, to provide long-term benefits to all stakeholders. It also determines the specific remuneration package, including service agreements and pension arrangements, for the Chair, each Executive Director and our Executive Leadership Team. When setting the policy for Executive Director remuneration, the Committee reviews workforce remuneration and related policies to ensure the alignment of incentives and rewards across the Group.

The Committee's other responsibilities include:

- Maintaining a competitive Remuneration Policy appropriate to the business environment of the countries in which we operate, thereby ensuring we can attract, retain and motivate high-calibre individuals throughout the business;
- Aligning Executive Directors' and senior management's remuneration with the interests of long-term shareholders and other stakeholders whilst ensuring that remuneration is fair but not excessive and reflects the contribution made;
- Setting measures and targets for the performance-related elements of variable pay;
- Oversight of our overall policy for employee remuneration, employment conditions and our employee share plans; and
- Ensuring appropriate independent advisers are appointed to provide advice and guidance to the Committee.

The Committee's terms of reference are available on our website www.imperialbrandsplc.com

When carrying out its duties the Committee considers the Remuneration Policy and practices in the context of provision 40 of the UK Corporate Governance Code, as follows:

**Clarity –** The Remuneration Policy sets out clearly each element of remuneration limits in terms of quantum and the discretions the Committee can apply. The DRR sets out the arrangements clearly and transparently. Questions on the remuneration arrangements can be raised at the AGM and through our employee engagement programme.

**Simplicity –** The remuneration structure for our Executive Directors consists of fixed pay (base salary, pension and benefits), Annual Bonus and a Long-Term Incentive Plan. Our remuneration structures throughout the organisation are simple in nature and understood by employees.

**Risk –** A number of features within the Remuneration Policy exist to manage different kinds of risks; these include:

- Malus and clawback provisions operating across all discretionary incentive plans;
- Deferral of remuneration and holding periods;
- Remuneration Committee discretion to override formulaic out-turns to ensure incentive payouts reflect underlying business performance and shareholder experience;
- Limits on awards specified within the policy and plan rules; and
- Regular interaction with the Audit Committee and PGS Committee.

**Predictability –** The Committee regularly reviews the performance of in-flight awards so it understands the likely outcomes.

## REMUNERATION REPORT CONTINUED

**Proportionality –** The Committee is against rewarding poor performance and, therefore, a significant portion of remuneration is performance-based and dependent on delivering the Company's strategy. Performance targets are based on a combination of measures to ensure there is no undue focus on a single measure.

**Alignment –** There is a clear progression of remuneration throughout the workforce with performance measures supporting the key performance indicators and the long-term sustainability of the business. The Committee reviews the Remuneration Policy, taking into account the feedback received from shareholders and the impact on the wider workforce.

### Remuneration Committee meetings 2024/25

The Remuneration Committee met for five scheduled meetings during the year. Details of the main activities covered in the meetings are set out below.

| | Nov-24 | Jan-25 | Mar-25 | May-25 | Jun-25 | Sep-25 |
|---|---|---|---|---|---|---|
| Approval of Bonus (FY24) and LTIP (2022-2024) out-turns | ● | | | | | |
| Review of Executive Directors' remuneration dashboard | ● | | | | ● | ● |
| Review of CEO pay ratio and approval of DRR (FY24) | ● | | | | | |
| Approval of Bonus (FY25) and LTIP (2025-2027) targets and weightings | ● | ● | ● | | | |
| Discussion on workforce remuneration | | | | | | ● |
| Review of forecasts for in-flight Bonus and LTIP out-turns | ● | | | | ● | ● |
| Approval of CEO departure terms, and new CEO and CFO appointment | | | | ● | | |
| Review of EUPTD readiness | | | | | ● | |
| Discussion of Bonus (FY26) and LTIP (2026-2028) | | | | | | ● |
| Approval of base salaries for Executive Leadership Team and Chair's fee | | | | | | ● |
| Review of the Committee's terms of reference | | | | | | ● |

The Remuneration Committee members as at the November 2024 and January 2025 meeting were Sue Clark (Chair), Bob Kunze-Concewitz, Diane de Saint Victor, Ngozi Edozien, Jon Stanton and Julie Hamilton with all in attendance at the November and January meetings. Diane de Saint Victor stepped down as a Director of the Company, and ceased to be a member of the Committee, on 29 January 2025, and Alan Johnson joined the Committee on 1 February 2025. All Committee members attended the March, May, June and September 2025 meetings, with the exception of Ngozi Edozien who was unable to attend the May meeting. Other regular attendees include the Chief Executive Officer, Chief Finance Officer, Company Secretary, Chief People and Culture Officer, Global Reward Director and the Committee's principal adviser. None of the individuals were present for any decisions relating to their own remuneration

### Remuneration Committee evaluation 2024/25

The Board and its Committees undertook an internally facilitated review of its effectiveness during FY25. The evaluation concluded that the Committee was performing effectively, with a good balance achieved between motivating the Executive and ensuring that shareholder interests were met. Areas of focus for FY25 included the format of meetings and deep dives on the forthcoming EU regulations on pay and gender pay comparisons across the Group.

Further information on the Board evaluation is on page 95

### Advice provided to the Remuneration Committee

Deloitte LLP was the independent adviser to the Committee throughout FY25 and were paid fees of £234,700 for their services during the year.

Deloitte is a member of the Remuneration Consultants Group and complies with its Code of Conduct which sets out guidelines to ensure that its advice is independent and free of undue influence. Deloitte LLP provided other advisory including corporate tax and technology consulting services in the year.

### Other companies which provided advice to the Remuneration Committee are as follows:

Alithos Limited undertook total shareholder return (TSR) calculations up to December 2024 and they were paid £3,250 for these services. From January 2025 the Committee approved for Deloitte to provide all TSR-related advice and data, with the cost of these services is included in the figure above.

Willis Towers Watson provided market pay data and was paid £42,800 for these services. Willis Towers Watson also provided actuarial and wider reward-related services to the Company. The Committee remains satisfied that the provision of those other services in no way compromises their independence.

All advisers are paid on the basis of actual work performed rather than on a fixed fee basis.

## REMUNERATION REPORT CONTINUED

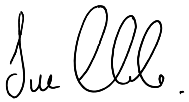
### VOTING ON THE REMUNERATION REPORT AT THE 2025 AGM

At the 2025 AGM there was a vote to approve the Directors' Remuneration Report. We received a strong vote of support in favour of our Directors' Remuneration Policy at our 2024 AGM.

| Resolution | Votes for including discretionary votes | Percentage for | Votes against | Percentage against | Total votes cast excluding votes withheld | Votes withheld[1] | Total votes cast including votes withheld |
|---|---|---|---|---|---|---|---|
| Directors' Remuneration Report | 500,019,614 | 97.36 | 13,584,442 | 2.64 | 513,604,056 | 425,122 | 514,029,178 |
| Directors' Remuneration Policy | 673,024,462 | 95.51 | 31,631,996 | 4.49 | 704,656,458 | 696,086 | 705,352,544 |

1. Votes withheld are not included in the final figures as they are not recognised as a vote in law.

At the 2026 AGM, shareholders will be invited to vote on the 2025 Directors' Remuneration Report (advisory vote).



**SUE CLARK**
CHAIR OF THE REMUNERATION COMMITTEE

# DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 30 September 2025.

This Directors' Report, together with our Strategic Report, forms the management report required under the Disclosure Guidance and Transparency Rules (DGTR). The Company has chosen, in accordance with Section 414 C(11) of the Companies Act 2006, to include certain matters in the Strategic Report that would otherwise be required to be disclosed in the Directors' Report. The Strategic Report can be found on pages 1 to 75 and includes an indication of future likely developments of the Company, details of important Company events and the Company's business model and strategy. The Corporate Governance information on pages 76 to 101 and the Directors' Responsibilities Statement on page 124 are incorporated into the Directors' Report by reference. The Directors' Report, including the information incorporated by reference, fulfils the requirements of the Corporate Governance Statement for the purposes of the DGTR.

Specifically, the following disclosures and those referred to under 'Other information' on page 123 have been included elsewhere in the Annual Report and are incorporated into the Directors' Report by reference:

| Disclosure | Page |
|---|---|
| Future developments in the business | 14 |
| Going concern statement | 74 |
| Viability statement | 74 |
| Disclosure of greenhouse gas emissions, energy consumption and energy efficiency action | 45 |
| Statement of Directors' responsibilities | 124 |
| Disclosure of information to the auditor | 124 |
| Financial risk management | 167 |
| Shareholder information | 216 |

## Equal opportunities

We regard equality and fairness as a fundamental right of all our people. We aim to create a work environment that allows equal opportunities so people are employed fairly, safely and in compliance with applicable employment laws and regulation. We respect each person for who they are and what they can contribute and provide the same opportunity for career development and promotion regardless of disability, physical or mental health, age, race, origin, gender, sexual orientation, political views, religion, marital status or any other legally protected status.

## Charitable and political donations

As part of our responsible approach, we continued to support a number of communities in which we operate by allocating a central budget. This budget largely funds our support of the Eliminating Child Labour in Tobacco Growing (ECLT) Foundation and our support of Hope for Justice. In addition, a number of our subsidiaries donate to charitable and community endeavours from local budgets.

All charitable donations and partnership investments are subject to the requirements of our Code of Conduct.

No political donations were made to UK political parties, organisations or candidates during the year (2024: nil). This approach is aligned with our Group policy and Code of Conduct.

One of the Group's US legal entities, ITG Brands LLC ('ITG Brands'), reported political contributions totalling £21,505 (US$28,000) (2024: £57,960 (US$72,450)) for the financial year 2025 to US political organisations and to non-federal-level political party and candidate committees in accordance with their contributions programme. No corporate contributions were made to federal candidates or party committees and all contributions were made in accordance with applicable laws. All ITG Brands contributions are assessed and approved in accordance with ITG Brands' policies and procedures and to ensure appropriate oversight and compliance with applicable laws. No other political contributions were reported during the year. Therefore, the Group's total amount of contributions to non-UK political parties during the year was £21,505 (2024: £57,960).

## Powers of Directors and share capital

The business of Imperial is managed by the Board which may exercise all the powers of the Company, subject to the provisions of the Articles of Association and the Companies Act 2006. Authority is sought from shareholders at each Annual General Meeting to grant the Directors powers, in line with institutional shareholder guidelines and relevant legislation, in relation to the issue and buyback by the Company of its shares.

Details of our share capital are shown in note 26 to the financial statements. All shares other than those held in treasury are freely transferable and rank pari passu for voting and dividend rights.

As at 30 September 2025 we held 62,589,137 shares in treasury, which represented approximately 7.19% of the Company's issued share capital and had an aggregate nominal value of £6,258,914.

## DIRECTORS' REPORT CONTINUED

We have not cancelled these shares but hold them in a treasury shares reserve within our profit and loss account reserve, and they represent a deduction from equity shareholders' funds.

### Repurchases of own shares

On 6 October 2022, we announced a commitment to return surplus capital to shareholders through regular annual share buybacks if circumstances were right and in line with our five-year strategy to deliver sustainable growth and enhanced shareholder returns. The first buyback programme amounting to £1 billion completed on 11 September 2023. The second buyback programme amounting to £1.1 billion, announced on 5 October 2023, completed on 29 October 2024. The third buyback programme amounting to £1.25 billion buyback programme completed on 29 October 2025.

On 7 October 2025, we announced a further £1.45 billion buyback programme, to be completed no later than 28 October 2026.

At its AGM on 29 January 2025, the Company obtained shareholder authorisation for the buyback of up to 83,850,000 shares (the '2025 Buyback Authority'), renewing and replacing a similar authority granted at the AGM held on 31 January 2024. 44,612,248 ordinary shares with a nominal value of 10 pence each were purchased in FY25 (representing 5.13% of the called up share capital of the Company as at 30 September 2025), of which 29,272,448 were purchased under the 2025 Buyback Authority. The aggregate amount of consideration paid by Imperial in FY25 was £1.22 billion. The 2025 Buyback Authority will expire at the earlier of the close of business on 31 March 2026 and the end of the AGM of the Company to be held in 2026.

As at close of business on 7 November 2025, a total of 50,093,216 million further shares could still be repurchased under the 2025 Buyback Authority before it expires.

The Board continues to regard the ability to repurchase issued shares in suitable circumstances as an important part of Imperial's financial management. The Directors will continue to exercise this power only when, in the light of market conditions prevailing at the time, they believe that the effect of such purchases will be to increase earnings per share and will be likely to promote the success of the Company for the benefit of its members as a whole, representing an appropriate mechanism to return capital to investors alongside a progressive dividend. Other investment opportunities, appropriate gearing levels and the overall position of the Company are taken into account when exercising this authority. A resolution will be proposed at the 2026 AGM to renew the authority for the Company to purchase its own shares, up to specified limits and in line with institutional shareholder guidelines, for a further year. The proposal will be described in more detail in the 2026 Notice of AGM. For all recent share buyback programmes, Imperial has entered into irrevocable, non-discretionary arrangements with a broker in order to reduce the issued share capital of the Company.

### Insurance and indemnities

Imperial maintains directors' and officers' liability insurance which provides appropriate cover for legal action brought against its Directors and Officers. The Company has also granted indemnities to each of its Directors to the extent permitted by law. Qualifying third-party indemnity arrangements for the benefit of Directors, in a form and scope which comply with the requirements of the UK Companies Act 2006, were in force throughout the year and up to the date of this Annual Report.

### Interest in voting rights

As at 30 September 2025 and the date of this report, the Company has been notified in accordance with Chapter 5 of the DGTR of the following interests in its shares. The Company has not been notified of any changes to these interests as at the date of this report.

| Disclosure | Number of ordinary shares at the date of notification (millions) | Percentage of issued share capital at the date of notification |
|---|---|---|
| Capital Group Companies Inc | 105 | 12.99[1] |
| Spring Mountain Investments Ltd | 48 | 5.86[2] |
| BlackRock | 53 | 5.25[1] |

1. Direct holding.
2. Indirect holding.

Information provided to the Company under the DGTRs is publicly available via the regulatory information services, and on our website at https://www.imperialbrandsplc.com/investor-hub/stock-exchange-announcements.

### Results and dividends

We include a review of our operational and financial performance on pages 26 to 37.

The profit attributable to equity holders of the Company for the financial year was £2,071 million, as shown in our consolidated income statement. Note 3 to the financial statements gives an analysis of revenue and operating profit.

An analysis of net assets is provided in the consolidated balance sheet and the related notes to the financial statements.

We pay quarterly dividends. The first and second dividends for financial year 2025 were paid on 30 June 2025 and 30 September 2025 respectively. The third dividend will be paid on 31 December 2025 and, subject to AGM approval, the final dividend will be paid on 31 March 2026 to our shareholders on the Register of Members at the close of business on 20 February 2026. The associated ex-dividend date will be 19 February 2026.

Following a review by the Audit Committee at its meeting in November 2025, which confirmed the accounts showed distributable reserves sufficient to support the third interim and final dividends and the expected interim dividends in financial year 2026, the Directors have declared and propose dividends in respect of FY25 as follows:

| Ordinary shares | **2025 £ million** | 2024 £ million |
|---|---|---|
| Interim paid – June 2025 40.08p per share | 328 | 193 |
| Interim paid – September 2025 40.08p per share | 324 | 192 |
| Declared interim – December 2025 40.08p per share | 322 | 459 |
| Proposed final – March 2026 40.08p per share | 322 | 459 |
| Total ordinary dividends 160.32p per share (2024: 153.42p) | 1,314 | 1,303 |

**DIRECTORS' REPORT** CONTINUED

## Pension fund

The Global Pensions Committee provides global oversight on both risk and reward elements of the Group's pension arrangements.

The Committee's objectives include tackling the risks inherent in the Group's defined benefit pension schemes as well as reward matters.

The Group has three main pension arrangements, the largest being the Imperial Tobacco Pension Fund, which is not controlled by the Board but by a trustee company. Its board consists of five Directors nominated by the Company, one Director nominated by employee members and two Directors nominated by current and deferred pensioners. This trustee company is responsible for the assets of the pension fund, which are held separately from those of the Group and are managed by independent fund managers. The pension fund assets can only be used in accordance with the fund's rules and for no other purpose. The Company maintains Pension Trustee Liability insurance, for action resulting from a pension-related claim.

## Articles

The Company's Articles of Association do not contain any entrenchment provisions and, therefore, may be altered or added to, or completely new Articles may be adopted, by special resolution, subject to the provisions of the Companies Act 2006.

## Significant agreements

The agreements summarised below are those which we consider to be significant to the Group as a whole and which contain provisions that take effect or give the other party or parties a specific right to alter or terminate them if we are subject to a change of control following a takeover bid.

1. The Group has seven credit facility agreements that provide that, unless the lenders (as defined within each agreement) otherwise agree, if any person or group of associated persons and/or any connected persons acquires the right to exercise more than 50% of the votes exercisable at a general meeting of the Company, the respective borrowers (as defined within each agreement) must repay any outstanding utilisation owed by them under the facility agreement and the total commitments under that facility agreement will be cancelled.

   The seven credit agreements are:

   – a facility agreement dated September 2025 under which certain banks and/or financial institutions make available to Imperial Brands Finance PLC a committed credit facility of €3,000 million until March 2029, with annual one-year auto-extensions;

   – a credit facility agreement dated September 2025 under which a certain bank makes available to Imperial Brands Finance PLC committed credit facilities of £200 million until September 2026; and

   – five credit facility agreements dated September 2025 under each of which a certain bank makes available to Imperial Brands Finance PLC committed credit facilities of £100 million until September 2026.

   The Company acts as guarantor for the above credit facility.

2. Three insurance companies (the Sureties) have each made available to Imperial Tobacco Pension Trustees Limited a surety bond, in each case issued on a standalone basis but in aggregate forming an amount of £120 million, until December 2028. These surety bonds are subject to deeds of counter-indemnity each dated April 2023 and made on substantially the same terms provided by the Company, Imperial Brands Finance PLC and Imperial Tobacco Limited.

   If any person or group of associated persons (as defined within each agreement) acquires the right to exercise more than 50% of the votes exercisable at a general meeting of the Company, the Sureties may demand that Imperial Tobacco Limited, amongst other things, pay a sum to a cash collateral account equal to but not exceeding the aggregate amount outstanding under each guarantee.

3. In addition, three insurance companies (the US Sureties) have made available to ITG Brands a Supersedeas bond, in the amount of $405,684,291.52, with no expiry date. This bond is subject to three deeds of indemnity each dated April 2025 and made on substantially the same terms provided by the Company, ITG Brands LLC and ITG Holdings USA, Inc. (the Indemnitors).

   If any person or group of associated persons (as defined within each agreement) acquires the right to cast, or control the casting of, more than one half of the maximum number of votes that might be cast at a general meeting of the Company, the Sureties may demand that the Indemnitors pay a sum to a cash collateral account equal to but not exceeding the amount outstanding under the bond.

4. Imperial Brands Finance PLC has issued bonds under a Global Medium Term Notes (GMTN) Debt Issuance Programme. The Company acts as guarantor.

   The final terms of these series of notes contain change of control provisions under which the holder of each note will, subject to any earlier exercise by the Issuer, have the option to require the Issuer to redeem or, at the Issuer's option, purchase that note at its nominal value if: (a) any person, or persons acting in concert or on behalf of any such person(s), becomes interested in: (i) more than 50% of the issued or allotted ordinary share capital of the Company; or (ii) such number of shares in the capital of the Company carrying more than 50% of the voting rights normally exercisable at a general meeting of the Company; and (b) as a result of the change of control, there is either: (i) a reduction to a non-investment grade rating or withdrawal of the investment grade rating of the notes which is not raised again, reinstated to or replaced by an investment grade rating during the change of control period specified in the final terms; or (ii) to the extent that the notes are not rated at the time of the change of control, the Issuer fails to obtain an investment grade credit rating of the notes within the change of control period as a result of the change of control.

**DIRECTORS' REPORT** CONTINUED

The bonds Imperial Brands Finance PLC issued in such manner and which are still outstanding as of 30 September 2025 are as follows:

- 1 July 2024 US$1,250m 5.500% guaranteed notes due 2030;
- 1 July 2024 US$750m 5.875% guaranteed notes due 2034;
- 12 February 2025 €800m 3.875% guaranteed notes due 2034 and 4 September 2025 €200m 3.875% guaranteed notes due 2034*;
- 1 July 2025 US$850m 4.500% guaranteed notes due 2028;
- 1 July 2025 US$850m 5.625% guaranteed notes due 2035; and
- 1 July 2025 US$500m 6.375% guaranteed notes due 2055.

* On or around 14 October 2025, these notes became fungible with the original €800m issue to create a single, consolidated series of €1,000m 3.875% guaranteed notes due 2034.

5. Imperial Brands Finance PLC and Imperial Brands Finance Netherlands B.V. have also issued bonds under Euro Medium Term Notes (EMTN) Debt Issuance Programmes. The Company acts as guarantor.

   The final terms of these series of notes contain change of control provisions under which the holder of each note will, subject to any earlier exercise by the Issuer, have the option to require the Issuer to redeem or, at the Issuer's option, purchase that note at its nominal value if: (a) any person, or persons acting in concert or on behalf of any such person(s), becomes interested in: (i) more than 50% of the issued or allotted ordinary share capital of the Company; or (ii) such number of shares in the capital of the Company carrying more than 50% of the voting rights normally exercisable at a general meeting of the Company; and (b) as a result of the change of control, there is either: (i) a reduction to a non-investment grade rating or withdrawal of the investment grade rating of the notes which is not raised again, reinstated to or replaced by an investment grade rating during the change of control period specified in the final terms; or (ii) to the extent that the notes are not rated at the time of the change of control, the Issuer fails to obtain an investment grade credit rating of the notes within the change of control period as a result of the change of control.

   a) The bonds Imperial Brands Finance PLC issued in such manner and which are still outstanding as of 30 September 2025 are as follows:

   - 26 September 2011 £188 million 5.500% guaranteed notes due 2026;
   - 28 February 2014 €650 million 3.375% guaranteed notes due 2026;
   - 28 February 2014 £500 million 4.875% guaranteed notes due 2032; and
   - 12 February 2019 €750 million 2.125% guaranteed notes due 2027.

   b) The bonds Imperial Brands Finance Netherlands B.V. issued in such manner and which are still outstanding as of 30 September 2025 are as follows:

   - 18 March 2021 €1,000 million 1.750% guaranteed notes due 2033; and
   - 15 February 2023 €1,050 million 5.250% guaranteed notes due 2031.

6. Imperial Brands Finance PLC has also issued bonds in the US under the provisions of Section 144a and Regulation S respectively of the US Securities Act (1933). The Company acts as guarantor.

   The final terms of this series of notes contain change of control provisions under which the holder of each note will, subject to any earlier exercise by the Issuer, have the option to require the Issuer to redeem or, at the Issuer's option, purchase that note at 101% of its nominal value if: (a) (i) any person (as such term is used in the US Securities Exchange Act of 1934 (the Exchange Act)) becomes the beneficial owner of more than 50% of the Company's voting stock; or (ii) there is a transfer (other than by merger, consolidation, amalgamation or other combination) of all or substantially all of the Company's assets and those of its subsidiaries to any person (as such term is used in the Exchange Act); or (iii) a majority of the members of the Company's Board of Directors is not continuing in such capacity; and (b) as a result of the change of control, there is a reduction to a non-investment grade rating or withdrawal of the investment grade rating of the notes which is not raised again, reinstated to or replaced by an investment grade rating during the change of control period specified in the final terms.

   The bonds issued in such manner and which are still outstanding as of 30 September 2025 are as follows:

   - 26 July 2019 US$400 million 3.500% guaranteed notes due 2026;
   - 26 July 2019 US$1,000 million 3.875% guaranteed notes due 2029; and
   - 27 July 2022 US$1,000 million 6.125% guaranteed notes due 2027.

### Waiver of dividends

In respect of UKLR 6.6.1R (11) and (12) the trustee of the Imperial Tobacco Group PLC Employee and Executive Benefit Trust and the Imperial Tobacco Group PLC 2001 Employee Benefit Trust agrees to waive dividends payable on the Group's shares it holds for satisfying awards under various Imperial Brands PLC share plans.

### 2025 Annual General Meeting vote

At the Annual General Meeting in 2025, the Company received strong support for all its resolutions.

### Post-year-end events

Share buybacks

As noted above, on 7 October 2025 the Company announced a further share buyback programme of up to £1.45 billion of shares in the period to 28 October 2026.

### 2026 Annual General Meeting

This year's AGM will be held at the Bristol Marriott Royal Hotel on 28 January 2026 at 9.30am.

Details of the resolutions to be put to the meeting can be found in the Notice of Annual General Meeting sent to shareholders and made available on the Company's website.

**DIRECTORS' REPORT** CONTINUED

## UK Listing Rules 6.6.1

For the purposes of the UK Listing Rules, the information required to be disclosed by UKLR 6.6.1R can be found on the pages set out below:

| Section | Information | Page |
|---|---|---|
| (1) | Interest capitalised | n/a |
| (2) | Publication of unaudited financial information | n/a |
| (3) | Details of long-term incentive schemes | n/a |
| (4) | Waiver of emoluments by a Director | n/a |
| (5) | Waiver of future emoluments by a Director | n/a |
| (6) | Non pre-emptive issues of equity for cash | n/a |
| (7) | Non pre-emptive issue by major subsidiary undertakings | n/a |
| (8) | Listed subsidiary | n/a |
| (9) | Contracts of significance | 121/122 |
| (10) | Provision of services by a controlling shareholder | n/a |
| (11) | Shareholder waivers of dividends | 122 |
| (12) | Shareholder waivers of future dividends | 122 |
| (13) | Compliance with controlling shareholder rules | n/a |

## Other information

In accordance with the Companies Act 2006, the following items have been included in other sections of this Annual Report:

- a fair review of the business, as required by the Companies Act 2006, is included in the Strategic Report;
- the information in our Governance Report, including information on our Directors and rules around their appointment and replacement, is included in this Directors' Report by reference;
- future developments in the business are included in the investment case commencing on page 14;
- information relating to our people, including colleague engagement, is included in the Stakeholder Engagement section on page 86, Safe and Inclusive workplace on pages 49 to 53 and on pages 84 and 90 to 91 in our Governance Report;
- our principal risks are detailed on pages 69 to 73;
- information relating to our sustainability approach that supports our environmental, social and governance agenda is included on pages 39 to 53;
- responsibilities to a broader stakeholder group, including suppliers, consumers and customers, are included on pages 47 to 48 and 86 to 89;
- information on our greenhouse gas emissions is included on page 45;
- the Directors of the Company are listed on pages 78 to 80;
- the Company, through various subsidiaries, has established branches in a number of different countries in which the Group operates; and
- our report under the Streamlined Energy and Carbon Reporting requirements can be found on page 45.

The Strategic Report and this Directors' Report were approved and signed by order of the Board.

**EMILY CAREY**
COMPANY SECRETARY
17 November 2025
Imperial Brands PLC
Incorporated and domiciled in England and Wales No: 3236483

## DIRECTORS' REPORT CONTINUED

### Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards. In addition, the Directors have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group and Parent Company for that period.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and consistently apply suitable accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS accounting standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- state whether the Group financial statements have been prepared in accordance with UK-adopted International Accounting Standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the Group financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

In preparing the Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company on a consolidated and individual basis, and to enable them to ensure that the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Parent Company and its subsidiaries and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Directors are responsible for the maintenance and integrity of the Parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors in office as at the date of this report, whose names and functions are listed on pages 78 to 80, confirms that, to the best of their knowledge:

- the Group and Parent Company financial statements, which have been prepared in accordance with UK-adopted International Accounting Standards and UK GAAP FRS 101 respectively, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Parent Company on a consolidated and individual basis;
- the Strategic Report and the Directors' Report contained in the Annual Report and Accounts include a fair review of the development and performance of the business and position of the Group and Parent Company, together with a description of the principal risks and uncertainties that they face;
- there is no relevant audit information (that is, information needed by EY in connection with preparing its report) of which EY is unaware; and
- each has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish EY is aware of that information.

The Directors consider that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group and the Parent Company's position and performance, business model and strategy.

This Statement of Directors' Responsibilities was approved by the Board and signed on its behalf.

The Strategic Report and the Directors' Report were approved by the Board and signed on its behalf.

By order of the Board.

**EMILY CAREY**
COMPANY SECRETARY
17 November 2025
Imperial Brands PLC
Incorporated and domiciled in England and Wales No. 3236483

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| Consolidated Statement of Changes in Equity | 139 |
| Consolidated Cash Flow Statement | 141 |
| Notes to the Consolidated Financial Statements | 142 |

# FINANCIALS

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPERIAL BRANDS PLC

| Group | Parent company |
|---|---|
| Consolidated balance sheet as at 30 September 2025 | Balance sheet as at 30 September 2025 |
| Consolidated income statement for the year then ended | Statement of changes in equity for the year then ended |
| Consolidated statement of comprehensive income for the year then ended | Related notes I to X to the financial statements including material accounting policy information |
| Consolidated statement of changes in equity for the year then ended | |
| Consolidated statement of cash flows for the year then ended | |
| Related notes 1 to 35 to the financial statements, including: material accounting policy information and the supplementary information on pages 193 to 201. | |

## OPINION

In our opinion:

- Imperial Brands PLC's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2025 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Imperial Brands PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2025 which comprise:

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## INDEPENDENCE

We are independent of the group and parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPERIAL BRANDS PLC CONTINUED

### CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- confirming our understanding of the directors' going concern assessment process, including the controls over the review and approval of the business plan and cash flow forecasts covering the period of twelve months from date of approval of the financial statements;
- assessing the appropriateness of the duration of the going concern assessment period of twelve months from date of approval of the financial statements and considering the existence of any significant events or conditions beyond this period based on our procedures on the group's business plan, cash flow forecasts and from knowledge arising from other areas of the audit;
- verifying inputs against the board-approved business plan, cash flow forecasts and debt facility terms, and reconciling the opening liquidity position to the year end position as at 30 September 2025;
- Agreeing borrowing facilities to agreements to confirm both their availability to the group and the forecast debt repayments through the going concern assessment period and to validate that there are no financial covenants in relation to the borrowing facilities;
- evaluating management's historical forecasting accuracy and the consistency of the going concern assessment with information obtained from other areas of the audit, such as our audit procedures on the business plan and cash flow forecasts which underpin management's goodwill impairment assessments;
- testing the assessment, including forecast liquidity under base and downside scenarios, for clerical accuracy;
- assessing whether assumptions made, including those relating to current economic challenges, were reasonable and in the case of downside scenarios, appropriately severe, in light of the group's relevant principal risks and uncertainties and our own independent assessment of those risks;
- assessing management's considerations related to material climate change impacts in the going concern period;
- evaluating the amount and timing of identified mitigating actions available to respond to a severe but plausible downside scenario, and whether those actions are feasible and within the group's control;
- performing independent stress testing on management's assumptions including applying incremental adverse cash flow sensitivities. Our sensitivities included the impact of certain severe but plausible scenarios identified in other areas of our audit, including litigation and tax, materialising within the going concern period; and,
- performing reverse stress testing on management's base case scenario to understand how severe conditions would have to be to breach liquidity and whether the reduction in EBITDA that result in breaches to liquidity has no more than a remote possibility of occurring;
- assessing the appropriateness of the going concern disclosure on page 142.

### OUR KEY OBSERVATIONS:

- The directors' assessment forecasts that the group will maintain sufficient liquidity throughout the going concern assessment period in the base case scenario. Management also assessed:
  - a severe but plausible downside scenario corresponding to a 10% permanent reduction in EBITDA, which would result in a minimum level of headroom of £1.0bn in March 2026.
  - a reverse stress test scenario corresponding to a permanent reduction in EBITDA of 59% which would result in liquidity being eroded in March 2026. This scenario is not considered plausible.

  We have not identified any climate-related risks that could materially impact the group's forecasts to the end of the going concern period.
- Controllable mitigating actions available to management over the going concern assessment period, including reductions to non-declared dividend payments and uncommitted share buybacks, are sufficient to ensure liquidity in both management's plausible downside scenario and the audit team's additional downside sensitivities.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

In relation to the group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPERIAL BRANDS PLC CONTINUED

### OVERVIEW OF OUR AUDIT APPROACH

| | |
|---|---|
| **Audit scope** | • We performed an audit of the complete financial information of 5 components and audit procedures on specific balances for a further 11 components. We performed central procedures on financial statement line items as detailed in the "Tailoring the scope" section below. |
| **Key audit matters** | • Revenue recognition, including management override of controls<br>• Management override of controls or errors related to KPIs<br>• Uncertain tax positions<br>• Litigations |
| **Materiality** | • Overall group materiality of £159m which represents 5% of Profit before tax. |

### AN OVERVIEW OF THE SCOPE OF THE PARENT COMPANY AND GROUP AUDITS SCOPING

#### Tailoring the scope

In the current year our audit scoping has been updated to reflect the new requirements of ISA (UK) 600 (Revised). We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures, with input from our component auditors, to identify and assess risks of material misstatement of the Group financial statements and identified significant accounts and disclosures. When identifying components at which audit work needed to be performed to respond to the identified risks of material misstatement of the Group financial statements, we considered our understanding of the Group and its business environment, the applicable financial framework, the group's system of internal control at the entity level, the existence of centralised processes, applications and any relevant internal audit results.

We determined that centralised audit procedures can be performed on the group as a whole in the following financial statement lines: Investments, Finance costs, Intercompany eliminations, Intangibles (brands and goodwill), derivatives and borrowings.

Additionally, we determined that centralised audit procedures can be performed on specific components by our shared service centre team, which forms part of the integrated primary team, in the following audit areas:

| Key audit area on which procedures were performed centrally | Countries with components subject to central procedures |
|---|---|
| Revenue | UK, Germany, USA, Australia, Poland |
| Distribution, advertising and selling costs | UK, Germany, Australia, Poland |
| Administrative and other operating expenses | UK, Germany, Australia, Poland |
| Trade receivables | UK, Germany, Australia |

Procedures in relation to cash were performed centrally for the group with the exception of components in Morocco, Poland and Logista.

We identified 5 components as individually relevant to the Group due to financial size of the component relative to the group. We then identified a further 9 components as individually relevant to the Group based on the materiality of specific accounts relative to the Group.

For those individually relevant components, we identified the significant accounts where audit work needed to be performed at these components by applying professional judgement, having considered the group significant accounts on which centralised procedures will be performed, the reasons for identifying the financial reporting component as an individually relevant component and the size of the component's account balance relative to the group significant financial statement account balance.

We then considered whether the remaining group significant account balances not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the group financial statements. We selected 2 components of the group to include in our audit scope to address these risks.

Having identified the components for which work will be performed, we determined the scope to assign to each component.

Of the 16 components selected, we designed and performed audit procedures on the entire financial information of 5 components ("full scope components"). For 9 components, we designed and performed audit procedures on specific significant financial statement account balances or disclosures of the financial information of the component ("specific scope components"). For the remaining 2 components, we performed specified audit procedures to obtain evidence for one or more relevant assertions.

Our scoping to address the risk of material misstatement for each key audit matter is set out in the Key audit matters section of our report

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPERIAL BRANDS PLC CONTINUED

### INVOLVEMENT WITH COMPONENT TEAMS

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the Group audit engagement team, or by component auditors operating under our instruction.

The Group audit team continued to follow a programme of planned visits that has been designed to ensure that the Senior Statutory Auditor visits full scope components with other senior members of the audit team visiting selected specific scope locations. During the current year's audit cycle, visits were undertaken by the primary audit team to the component teams in USA, Germany, Spain, Morocco and Poland, as well as the shared service centre in Poland and in the Philippines. These visits involved discussing the audit approach with the component team and any issues arising from their work, meeting with local management and reviewing relevant audit working papers on risk areas. The Group audit team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. Where relevant, the section on key audit matters details the level of involvement we had with component auditors to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

### CLIMATE CHANGE

Stakeholders are increasingly interested in how climate change will impact Imperial Brands. The group has determined that the most significant future impacts from climate change on their operations will be from:

- An increase in material costs due to increases in operating costs of suppliers and raw materials;
- Increased costs from emerging regulation such as carbon taxation;
- Changes in the tobacco crop yield that may lead to agricultural supply chain disruption; and,
- Other impacts that may cause supply chain disruption or affect production capacity, namely:
  - Increased frequency and severity of extreme weather events;
  - Physical hazards such as flooding;
  - Chronic drought risk; and,
  - More severe hurricane risk.

These are explained on pages 54 to 65 in the Task Force On Climate Related Financial Disclosures. They have also explained their climate commitments on pages 44 to 45. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the group's business and any consequential material impact on its financial statements.

The group has explained in note 2, Accounting estimates and judgements, how they have reflected the impact of climate change in their financial statements. Significant judgements and estimates relating to climate change are included in note 2. These disclosures also explain where governmental and societal responses to climate change risks are still developing, and where the degree of certainty of these changes means that they cannot be taken into account when determining asset and liability valuations under the requirements of UK adopted international accounting standards.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 54 to 65 and the significant judgements and estimates disclosed in note 2 and whether these have been appropriately reflected in asset values where values are determined through modelling future cash flows, being goodwill and intangible assets impairment assessment (note 12) and the recoverability of deferred tax assets (note 23) to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPERIAL BRANDS PLC CONTINUED

| Risk | Our response to the risk |
|---|---|
| **Revenue recognition including management override of controls (2025: £32,171m, 2024: £32,411m)**<br>Refer to the audit committee report (page 96); accounting policies (note 1); accounting estimates and judgements (note 2); and segmental information (note 3) of the consolidated financial statements. Tobacco revenue is an area of focus for stakeholders interested in the performance of the company against an industry backdrop of declining global sales volumes.<br><br>Most of the group's sales arrangements require little judgement to be exercised, with revenue being recognised on the delivery of goods. However, there is a risk that management may override controls to intentionally misstate revenue transactions by recording fictitious manual journals to revenue (e.g. inappropriate rebate accounting). | We have reviewed Imperial's Code of Conduct, Speaking-up, and Fraud risk management policies in order to evaluate the 'tone at the top'.<br><br>We obtained an understanding of the revenue process and understood how Imperial's revenue recognition policies are applied. We also assessed the processes and key controls over rebate accounting, by walking through the process from identification to recording.<br><br>We reviewed the group revenue recognition policies, as documented in the group Accounting Manual, for compliance with IFRS 15 'Revenue from contracts with customers'.<br><br>We reviewed and discussed key contractual arrangements with management and obtained relevant documentation, including those in respect of rebate arrangements.<br><br>We used data analytics techniques, as part of our overall revenue recognition testing, for all components with revenue in scope. This includes testing the occurrence of revenue by analysing the correlation of 100% of journal entries posted to revenue with journals posted to accounts receivables and then subsequently as cash receipts. We validated cash receipt postings by tracing to bank statements on a sample basis. This provided us with a high level of assurance over £25.1 billion (78%) of revenue recognised by the group, of which £14.8 billion (69%) in relation to Tobacco & NGP and £10.2 billion (96%) in relation to the Distribution component.<br><br>We made inquires outside of the finance team, for example with Sales, to identify any unusual arrangements or performance in the business.<br><br>We performed cut-off testing for a sample of revenue transactions near the period end to ensure they were recognised in the appropriate period.<br><br>We assessed disclosures against the requirements of IFRS 15.<br><br>To respond to the risk over manual adjustments to revenue, we:<br>● Conducted targeted transaction testing to respond to the risk of fraud, in particular focused on manual journal entries.<br>● Focused our journal entry audit procedures on addressing the risk of management override of controls at all full and specific scope components, as well as additional components to add unpredictability to the testing. Our procedures also covered post-closing year-end journal entries.<br><br>To assess adjustments relating to rebates:<br>● inspecting contracts and completing independent recalculations of estimated rebates<br>● Obtaining and reviewing, on a sample basis, direct customer confirmations of trade terms.<br>● agreeing the inputs of a sample of management's rebate calculations to supporting documentation<br>● testing a sample of rebate liabilities to post year-end settlement and investigating variances |

**Key observations communicated to the Audit Committee**

Based on the procedures performed, including those in respect of manual adjustments to revenue, we did not identify any evidence of material misstatement in the revenue recognised during the year.

**How we scoped our audit to respond to the risk and involvement with component teams**

We performed centralised procedures and full and specific scope audit procedures over this risk in all locations with revenue in scope, which covered 78% of the risk amount.

All audit work performed to address this risk was undertaken by the group audit team with the exception of the Logista and Morocco components, and the procedures in relation to rebates which were performed in line with group instructions by component teams when applicable and reviewed by the group team.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPERIAL BRANDS PLC CONTINUED

| Risk | Our response to the risk |
|---|---|
| **Management override of controls or errors related to KPIs impacting executive remuneration**<br>Refer to the audit committee report (page 96); accounting policies (note 1); accounting estimates and judgements (note 2) of the consolidated financial statements; and the supplementary information.<br><br>There is a risk that management could override controls in order to influence KPIs which have a bearing on remuneration. In the current year we have identified the following items as areas of focus:<br>● Adjustment of reported margins to overstate operating profits;<br>● Incorrect classification of items as adjusting costs in order to inflate the adjusted operating profit metric<br>● Errors relating to working capital metrics, through movements in inventory, trade receivables and trade creditors, and therefore the adjusted operating cash conversion metric;<br>● Overstatement of NGP revenue in order to meet the consumer health bonus measure as well as strategic/individual bonus measures. | In respect of our focus on reported margins, we have:<br>● Inquired of divisional finance leadership to identify any unusual and/or new arrangements/projects entered into during the current financial year that would be expected to have an impact upon operating profit margins.<br>● Used data analytical techniques to identify and investigate unusual trends in margins in order to identify any unusual movements throughout the year and in comparison to prior year.<br><br>In respect of our focus on the classification of adjusting items, we have:<br>● Challenged the timing of recognition of one-off costs and whether the classification of any costs as adjusting is in line with group policy and disclosed appropriately.<br>● Evaluated the classification of one-off adjustments for indicators of management bias, in particular whether both income and expense items are treated consistently.<br><br>In respect of our focus on working capital metrics, we have:<br>● Performed cut-off testing at year end on working capital balances to a lower testing threshold. Namely, on trade receivables, inventory and trade payables to ensure that working capital metrics are not recorded pre year end and then reversed post year end to manipulate the adjusted operating cash conversion metric.<br>● Performed detailed, disaggregated analytical review to identify unusual trends and positions in key significant accounts such as cash, trade receivables, trade payables and inventory to identify potential manipulation of these balances that would influence working capital balances.<br>● Made inquires outside of the finance team, for example with Sales, to identify any unusual and new arrangements entered into during the last quarter of Imperial's financial year to assess if these are being manipulated to flatter working capital.<br><br>In respect of our focus on NGP revenue we have:<br>● Inquired outside of the finance team to identify any unusual arrangements or performance of NGP products<br>● Obtained an understanding of the process for identifying, recording and classifying revenue as NGP revenue.<br>● Performed analytical review procedures to understand the appropriateness of the data and movements within recorded NGP sales.<br>● Performed testing, on a sample basis, of sales classified as relating to NGP to verify these sales did relate to products correctly classified as being NGP<br><br>The audit procedures were designed and led by the group audit team, with support from component teams whose work was reviewed by the group audit team. |

**Key observations communicated to the Audit Committee**
We did not identify any unusual trends in reported margin that would indicate manipulation.

We consider that items identified as being adjusted are appropriate and in line with the group accounting policy.

Following our procedures performed over working capital metrics, we consider these balances are materially correct.

We did not identify any issues in relation to the occurrence and correct classification of NGP revenue.

**How we scoped our audit to respond to the risk and involvement with component teams**
We performed centralised procedures as well as full and specific scope audit procedures over this risk in all in scope locations, which covered 70% of the risk amount.

The audit procedures were designed and led by the group audit team, with support from component teams whose work was reviewed by the group audit team.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPERIAL BRANDS PLC CONTINUED

| Risk | Our response to the risk |
|---|---|
| **Uncertain tax positions (Provision for uncertain tax positions – 2025: £288m, 2024: £180m, or excluding corresponding assets 2025: £387m, 2024: £365m)**<br>Refer to the audit committee report (page 96); accounting policies (note 1); accounting estimates and judgements (note 2); and tax disclosure (note 8) of the consolidated financial statements. | We walked-through and understood:<br>● the group's process for determining the completeness and measurement of provisions for tax<br>● the methodology for the calculation of the tax charge<br>● management's controls over tax reporting. |
| The global nature of the group's operations results in complexities in the payment of, and accounting for, tax. | We challenged management's judgements using tax specialists, both domestic and overseas, to provide technical support regarding developments in the period and to consider whether the amounts provided reflected an appropriate best estimate of the expected economic outflow.<br><br>The group audit team, including tax specialists, evaluated the tax consequences of the Group's activities in the period. We confirmed that the tax figures appropriately reflect the transactions and there are no additional material risks for which an uncertain tax position (UTP) should be recorded. |
| Management applies judgement in assessing tax exposures in each jurisdiction, many of which require interpretation of local tax laws. | We challenged whether the tax exposures identified were complete and whether the quantum of the provisions recorded was supportable. Our work included inquiring with management regarding the current status of discussions with tax authorities, the impact of legislative developments and the review of transfer pricing policies. |
| Given this judgement, there is a risk that tax provisions are misstated. | We assessed whether the group's disclosures, detailing the year end status of material open tax inquiries, adequately disclose relevant facts and circumstances and potential liabilities of the group. |

**Key observations communicated to the Audit Committee**

Based on our assessment of tax risks and the latest status of tax audits, we conclude that the group's approach to judgements for uncertain tax positions is balanced and that the amounts provided are reasonable. We consider the group's tax disclosures are also appropriate.

**How we scoped our audit to respond to the risk and involvement with component teams**

We performed full and specific scope audit procedures over this risk in 4 locations, which covered 94% of the risk amount.

The audit procedures were designed and led by the group audit team, with support from component teams in UK, USA, Germany and Spain whose work was reviewed by the group audit team.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPERIAL BRANDS PLC CONTINUED

| Risk | Our response to the risk |
|---|---|
| **Litigations**<br>Refer to the audit committee report (page 96); accounting policies (note 1); accounting estimates and judgements (note 2), and contingent liabilities (note 30) of the consolidated financial statements.<br><br>There are a number of ongoing legal cases in different jurisdictions relating to competition, product liability, intellectual property and commercial litigation. Significant judgements are involved in determining the likelihood of a probable outflow occurring from legal cases, together with the estimate of the likely financial cost.<br><br>Given the judgements and the significance of the amounts involved, there is a risk that legal provisions are misstated or that contingent liabilities are inadequately disclosed.<br><br>Specifically, our audit risk relates to legal cases for which the financial cost to the business could be material if the potential exposures were to be realised, and any cases which could indicate non-compliance with the legal and regulatory frameworks with which the group is required to comply. | We evaluated the processes and controls over litigation operated by management at group, by walking through the process from identification of potential litigation to the evaluation of probability of outcome and the quantification and recording of a provision or disclosure of a contingent liability.<br><br>We inspected Imperial's litigation log and communications to the Executive Leadership Team and meet with Group Finance, Group General Legal Counsel and the Group's external legal counsel to discuss the developments in significant cases.<br><br>We requested, received and read letters received directly from management's external legal counsel that evaluated the current status of legal proceedings and independently quantified the estimate of any economic outflow arising from settlement of the litigation.<br><br>We evaluated whether any of the fines levied, ongoing litigation cases, whistleblower reports or reported frauds in the year gave rise to evidence that there had been instances of non-compliance with the relevant laws and regulations.<br><br>We assessed whether the group's disclosures detailing contingent liabilities and financial commitments adequately disclose relevant facts and circumstances and potential liabilities of the group. |

**Key observations communicated to the Audit Committee**
Having met with internal Legal Counsel and received responses from external lawyers, we consider that where an economic outflow is probable management have appropriately recorded a provision. For those cases which we consider meet the criteria of a contingent liability we concluded that sufficient disclosure exists in the annual report to allow users to understand the range of exposures facing the company, where that is possible.

**How we scoped our audit to respond to the risk and involvement with component teams**
We performed centralised procedures and full and specific scope audit procedures over this risk in all locations, which covered all disclosed contingent liabilities and.

The audit procedures were designed and led by the group audit team, with support from all component teams whose work was reviewed by the group audit team.

Both in the current year and prior year, our auditor's report includes key audit matters in relation to revenue recognition including management override, Management override of controls or errors related to KPIs impacting executive remuneration, uncertain tax positions and litigation. The risk associated with these matters remained consistent with the prior year.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPERIAL BRANDS PLC CONTINUED

### OUR APPLICATION OF MATERIALITY

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

#### Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £159 million (2024: £156 million), which is 5% (2024: 5%) of Profit before tax. We believe that Profit before tax provides the most relevant performance measure to the stakeholders of the group.

We determined materiality for the Parent Company to be £209 million (2024: £194 million), which is 2% (2024: 2%) of net assets. In performing our procedures, materiality was capped at the group allocated materiality of £35 million (2024: £35 million).

#### Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2024: 75%) of our planning materiality, namely £119m (2024: £117m). We have set performance materiality at this percentage due to our expectation of misstatements, having considered the prior experience with the audit, changes and other events during the year and the control environment.

Audit work was undertaken at component locations for the purpose of responding to the assessed risks of material misstatement of the group financial statements. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £24m to £35m (2024: £23m to £35m).

#### Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial. We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £8m (2024: £8m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

#### Other information

The other information comprises the information included in the annual report set out on pages 1 to 124, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPERIAL BRANDS PLC CONTINUED

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

### CORPORATE GOVERNANCE STATEMENT

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 85;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 74;
- Directors' statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 74;
- Directors' statement on fair, balanced and understandable set out on page 85;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 85;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 66 to 75; and
- The section describing the work of the audit committee set out on page 96 to 101.

### RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 124, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are frameworks which are directly relevant to specific assertions in the financial statements and are those that relate to the reporting framework (UK adopted international accounting standards, the Companies Act 2006 and the UK Corporate Governance Code) and the relevant tax laws and regulations in the jurisdictions in which the group operates. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the UK Listing Rules of the UK Listing Authority, and those laws and regulations relating to health and safety, employee matters and country-specific regulations on tobacco and nicotine alternatives control.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMPERIAL BRANDS PLC CONTINUED

- We understood how Imperial Brands PLC is complying with those frameworks by making inquiries of management, internal audit, those responsible for legal and compliance procedures and the company secretary. We corroborated our inquiries through our review of board minutes, papers provided to the Audit Committee and attendance at meetings of the Audit Committee, as well as consideration of the results of our audit procedures across the group.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was susceptibility to fraud and assessing whistleblowing incidences for those with a potential financial reporting impact. Where necessary, our procedures included our forensic investigation specialists. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts. We considered the programmes and controls that the group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries of group management, those charged with governance and legal counsel, as well as journal entry testing, with a focus on manual consolidation journals and journals indicating significant or unusual transactions based on our understanding of the business. Through our testing we challenged the assumptions and judgements made by management in respect of significant one-off transactions in the financial year and significant accounting estimates as referred to in the key audit matters section above. At a component level, our full and specific scope component audit team's procedures included inquiries of component management; journal entry testing; and focused testing, including in respect of the key audit matter of revenue recognition. We also leveraged our data analytics platform in performing our work on the order to cash and purchase to pay and inventory processes to assist in identifying higher risk transactions for testing.
- Where we identified potential non-compliance with laws and regulations, we developed an appropriate audit response and communicated directly with components impacted. Our procedures involved: understanding the process and controls to identify non-compliance, inquiring of internal and external legal counsel, performing an analysis of press reporting on these matters, understanding the fact patterns in each case and documenting the positions taken by management, and using specialists to support us in concluding on the matters identified.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

### OTHER MATTERS WE ARE REQUIRED TO ADDRESS

- Following the recommendation from the audit committee, we were appointed by the AGM on 5 February 2020 to audit the financial statements for the year ending 30 September 2020 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is six years, covering the years ending 2020 to 2025.
- The audit opinion is consistent with the additional report to the audit committee.

### USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

**KATHRYN BARROW (SENIOR STATUTORY AUDITOR)**
FOR AND ON BEHALF OF ERNST & YOUNG LLP, STATUTORY AUDITOR

London
17 November 2025

CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENT
for the year ended 30 September 2025

| £ million unless otherwise indicated | Notes | 2025 | 2024 |
|---|---|---|---|
| **Revenue** | 3 | **32,171** | 32,411 |
| Duty and similar items | | **(13,187)** | (13,925) |
| Other cost of sales | | **(11,982)** | (11,707) |
| Cost of sales | | **(25,169)** | (25,632) |
| **Gross profit** | | **7,002** | 6,779 |
| Distribution, advertising and selling costs | | **(2,469)** | (2,383) |
| Administrative and other expenses | | **(1,043)** | (842) |
| **Operating profit** | 4 | **3,490** | 3,554 |
| Investment income | 5 | **302** | 560 |
| Finance costs | 5 | **(676)** | (1,094) |
| Net finance costs | | **(374)** | (534) |
| Share of profit of investments accounted for using the equity method | 15 | **12** | 9 |
| **Profit before tax** | | **3,128** | 3,029 |
| Tax | 8 | **(908)** | (282) |
| **Profit for the year** | | **2,220** | 2,747 |
| Attributable to: | | | |
| Owners of the parent | | **2,071** | 2,613 |
| Non-controlling interests | | **149** | 134 |
| **Earnings per ordinary share (pence)** | | | |
| • Basic | 10 | **251.1** | 300.7 |
| • Diluted | 10 | **249.3** | 299.0 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 September 2025

| £ million | Notes | 2025 | 2024 |
|---|---|---|---|
| **Profit for the year** | | **2,220** | 2,747 |
| **Other comprehensive income** | | | |
| Exchange movements | | **(20)** | (602) |
| Hyperinflation adjustment in the year | 1 | **5** | 6 |
| Current tax on hedge of net investments and quasi-equity loans | | **156** | (197) |
| Items that may be reclassified to profit and loss | | **141** | (793) |
| Net actuarial losses on retirement benefits | 24 | **(27)** | (99) |
| Deferred tax relating to net actuarial losses on retirement benefits | | **(5)** | 37 |
| Items that will not be reclassified to profit and loss | | **(32)** | (62) |
| **Other comprehensive income/(expense) for the year, net of tax** | | **109** | (855) |
| **Total comprehensive income for the year** | | **2,329** | 1,892 |
| Attributable to: | | | |
| Owners of the parent | | **2,152** | 1,783 |
| Non-controlling interests | | **177** | 109 |
| **Total comprehensive income for the year** | | **2,329** | 1,892 |

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## CONSOLIDATED BALANCE SHEET
at 30 September 2025

| £ million | Notes | 2025 | 2024 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 12 | **16,208** | 15,938 |
| Property, plant and equipment | 13 | **1,524** | 1,561 |
| Right of use assets | 14 | **373** | 362 |
| Investments accounted for using the equity method | 15 | **66** | 56 |
| Retirement benefit assets | 24 | **314** | 376 |
| Trade and other receivables | 17 | **133** | 118 |
| Derivative financial instruments | 21/22 | **392** | 330 |
| Deferred tax assets | 23 | **893** | 889 |
| | | **19,903** | 19,630 |
| **Current assets** | | | |
| Inventories | 16 | **4,466** | 4,080 |
| Trade and other receivables | 17 | **2,716** | 2,645 |
| Current tax assets | 8 | **146** | 249 |
| Cash and cash equivalents | 18 | **1,439** | 1,078 |
| Derivative financial instruments | 21/22 | **45** | 144 |
| | | **8,812** | 8,196 |
| **Total assets** | | **28,715** | 27,826 |
| **Current liabilities** | | | |
| Borrowings | 20 | **(1,070)** | (1,191) |
| Derivative financial instruments | 21/22 | **(28)** | (187) |
| Lease liabilities | 14 | **(89)** | (86) |
| Trade and other payables | 19 | **(10,040)** | (9,497) |
| Current tax liabilities | 8 | **(572)** | (412) |
| Provisions | 25 | **(55)** | (89) |
| | | **(11,854)** | (11,462) |

| £ million | Notes | 2025 | 2024 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Borrowings | 20 | **(8,524)** | (7,506) |
| Derivative financial instruments | 21/22 | **(806)** | (622) |
| Lease liabilities | 14 | **(313)** | (300) |
| Trade and other payables | 19 | **(41)** | (86) |
| Deferred tax liabilities | 23 | **(747)** | (780) |
| Retirement benefit liabilities | 24 | **(801)** | (819) |
| Provisions | 25 | **(197)** | (222) |
| | | **(11,429)** | (10,335) |
| **Total liabilities** | | **(23,283)** | (21,797) |
| **Net assets** | | **5,432** | 6,029 |
| **Equity** | | | |
| Share capital | 26 | **87** | 91 |
| Share premium and capital redemption | 26 | **5,853** | 5,849 |
| Retained earnings | | **(1,205)** | (479) |
| Exchange translation reserve | | **89** | (19) |
| **Equity attributable to owners of the parent** | | **4,824** | 5,442 |
| Non-controlling interests | | **608** | 587 |
| **Total equity** | | **5,432** | 6,029 |

The financial statements on pages 137 to 215 were approved by the Board of Directors on 18 November 2025 and signed on its behalf by:

**MURRAY MCGOWAN**
DIRECTOR

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2025

| £ million | Share capital | Share premium and capital redemption | Retained earnings | Exchange translation reserve | Equity attributable to owners of the parent | Non- controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| At 1 October 2024 | 91 | 5,849 | (479) | (19) | 5,442 | 587 | 6,029 |
| Profit for the year | - | - | 2,071 | - | 2,071 | 149 | 2,220 |
| Exchange movements on retranslation of net assets | - | - | - | 429 | 429 | 28 | 457 |
| Exchange movements on net investment hedges | - | - | - | (377) | (377) | - | (377) |
| Exchange movements on quasi-equity loans | - | - | - | (100) | (100) | - | (100) |
| Hyperinflation adjustment in the year | - | - | 5 | - | 5 | - | 5 |
| Current tax on hedge of net investments and quasi-equity loans | - | - | - | 156 | 156 | - | 156 |
| Net actuarial losses on retirement benefits | - | - | (27) | - | (27) | - | (27) |
| Deferred tax relating to net actuarial losses on retirement benefits | - | - | (5) | - | (5) | - | (5) |
| Other comprehensive income/(expense) | - | - | (27) | 108 | 81 | 28 | 109 |
| Total comprehensive income | - | - | 2,044 | 108 | 2,152 | 177 | 2,329 |
| Transactions with owners | | | | | | | |
| Costs of employees' services compensated by share schemes | - | - | 34 | - | 34 | - | 34 |
| Contributions relating to share schemes | - | - | 5 | - | 5 | - | 5 |
| Repurchase of shares | (4) | 4 | (1,259) | - | (1,259) | - | (1,259) |
| Changes in non-controlling interests | - | - | 4 | - | 4 | - | 4 |
| Deferred tax on share-based payments | - | - | 4 | - | 4 | - | 4 |
| Dividends paid | - | - | (1,558) | - | (1,558) | (156) | (1,714) |
| At 30 September 2025 | 87 | 5,853 | (1,205) | 89 | 4,824 | 608 | 5,432 |

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED
for the year ended 30 September 2025

| £ million | Share capital | Share premium and capital redemption | Retained earnings | Exchange translation reserve | Equity attributable to owners of the parent | Non- controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **At 1 October 2023** | 97 | 5,843 | (674) | 755 | 6,021 | 621 | 6,642 |
| Profit for the year | - | - | 2,613 | - | 2,613 | 134 | 2,747 |
| Exchange movements on retranslation of net assets | - | - | - | (1,235) | (1,235) | (25) | (1,260) |
| Exchange movements on net investment hedges | - | - | - | 540 | 540 | - | 540 |
| Exchange movements on quasi-equity loans | - | - | - | 118 | 118 | - | 118 |
| Hyperinflation adjustment in the year | - | - | 6 | - | 6 | - | 6 |
| Current tax on hedge of net investments and quasi-equity loans | - | - | - | (197) | (197) | - | (197) |
| Net actuarial losses on retirement benefits | - | - | (99) | - | (99) | - | (99) |
| Deferred tax relating to net actuarial losses on retirement benefits | - | - | 37 | - | 37 | - | 37 |
| Other comprehensive expense | - | - | (56) | (774) | (830) | (25) | (855) |
| **Total comprehensive income/(expense)** | - | - | 2,557 | (774) | 1,783 | 109 | 1,892 |
| **Transactions with owners** | | | | | | | |
| Costs of employees' services compensated by share schemes | - | - | 45 | - | 45 | - | 45 |
| Current tax on share-based payments | - | - | 4 | - | 4 | - | 4 |
| Repurchase of shares | (6) | 6 | (1,115) | - | (1,115) | - | (1,115) |
| Changes in non-controlling interests | - | - | (4) | - | (4) | (7) | (11) |
| Deferred tax on share-based payments | - | - | 2 | - | 2 | - | 2 |
| Remeasurement of put/call option | - | - | 5 | - | 5 | - | 5 |
| Dividends paid | - | - | (1,299) | - | (1,299) | (136) | (1,435) |
| **At 30 September 2024** | 91 | 5,849 | (479) | (19) | 5,442 | 587 | 6,029 |

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 September 2025

| £ million | 2025 | 2024 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Operating profit | **3,490** | 3,554 |
| Dividends received from investments accounted for using the equity method | **7** | 9 |
| Depreciation, amortisation and impairment | **781** | 647 |
| Profit on disposal of non-current assets | **(15)** | (13) |
| Post-employment benefits | **(24)** | (45) |
| Share-based payments | **35** | 46 |
| Other non-cash items | **(5)** | (1) |
| Movement in provisions | **(58)** | (102) |
| Operating cash flows before movement in working capital | **4,211** | 4,095 |
| (Increase)/decrease in inventories | **(300)** | 205 |
| Decrease/(increase) in trade and other receivables | **10** | (318) |
| Increase in trade and other payables | **219** | 213 |
| Movement in working capital | **(71)** | 100 |
| Tax paid | **(513)** | (888) |
| **Net cash generated from operating activities** | **3,627** | 3,307 |
| **Cash flows from investing activities** | | |
| Interest received | **73** | 15 |
| Proceeds from the sale of non-current assets | **46** | 50 |
| Purchase of property, plant and equipment | **(198)** | (166) |
| Purchase of intangibles | **(186)** | (205) |
| Purchase of brands and operations | **(77)** | (42) |
| **Net cash used in investing activities** | **(342)** | (348) |

| £ million | 2025 | 2024 |
|---|---|---|
| **Cash flows from financing activities** | | |
| Acquisition of non-controlling interests | **-** | (49) |
| Interest paid | **(457)** | (431) |
| Lease liabilities paid | **(94)** | (93) |
| Contributions relating to share schemes | **5** | - |
| Increase in borrowings | **3,899** | 3,848 |
| Repayment of borrowings | **(3,235)** | (3,948) |
| Cash flows relating to derivative financial instruments | **(144)** | (34) |
| Repurchase of shares | **(1,235)** | (1,020) |
| Dividends paid to non-controlling interests | **(156)** | (136) |
| Dividends paid to owners of the parent | **(1,558)** | (1,299) |
| **Net cash used in financing activities** | **(2,975)** | (3,162) |
| **Net increase/(decrease) in cash and cash equivalents** | **310** | (203) |
| **Cash and cash equivalents at start of year** | **1,078** | 1,345 |
| Effect of foreign exchange rates on cash and cash equivalents | **51** | (64) |
| **Cash and cash equivalents at end of year** | **1,439** | 1,078 |

### Cash flows relating to purchases of non-current assets

Cash flows totalling £384 million (2024: £371 million) relating to purchases of non-current assets have been disaggregated to £198 million (2024: £166 million) relating to purchases of property plant and equipment and £186 million (2024: £205 million) relating to purchase of intangibles.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

# NOTES TO THE FINANCIAL STATEMENTS

## 1. ACCOUNTING POLICIES

### Basis of preparation

The consolidated financial statements comprise the results of the Company, a public company limited by shares, incorporated in England and Wales, and its subsidiary undertakings, together with the Group's share of the results of its associates and joint arrangements. The Company's registered number is 3236483 and its registered address is 121 Winterstoke Road, Bristol, BS3 2LL.

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("UK-adopted IAS").

The financial statements have been prepared under the historical cost convention except where fair value measurement is required under IFRS Accounting Standards ("IFRS") as described below in the accounting policies on financial instruments, and on a going concern basis.

The consolidated financial statements are presented in pounds sterling, the presentation currency of the Group, and the functional currency of the Company. All values are rounded to the nearest one million (£1 million) except where otherwise indicated.

### Alternative performance measures

Information on Alternative Performance Measures (APMs) is presented within the Supplementary Information section of this document.

### Basis for going concern

The Group's policy is to ensure that we always have sufficient capital markets funding and committed bank facilities in place to meet foreseeable peak borrowing requirements.

The Group recognises there can be uncertainty in the external environment. However, during past periods of disruption, the Group effectively managed operations across the world and has proved it has an established mechanism to operate efficiently despite this uncertainty. The Directors consider that a one-off discrete event with immediate cash outflow is of greatest impact to the short-term liquidity of the Group.

The Directors have assessed the emerging and principal risks of the business, including stress testing a range of different scenarios that may affect the business. These included scenarios which examined the implications of:

- A one-off discrete event resulting in immediate cash outflow of c. £500 million, e.g. due to unexpected duty and tax payments; and/or other legal and regulatory risks materialising
- A rapid and lasting deterioration to the Group's profitability because markets become closed to tobacco products or there are sustained failures to our tobacco manufacturing and supply chains. These assumed a permanent reduction in profitability of 10% from 1 October 2025.

The scenario planning also considered mitigation actions including reductions to capital expenditure, dividend payments and the share buyback programme. There are additional actions that were not modelled but could be taken including other cost mitigations such as staff redundancies, working capital management, retrenchment of leases, and discussions with lenders about capital structure.

Under the reverse stress test scenario, after considering mitigation actions including reductions of capital expenditure, dividend payments and the share buyback programme, we have modelled that a 59% EBITDA reduction would lead the Group to have sufficient headroom until 30 November 2026. The Group believes this reverse stress test scenario to be remote given the relatively small impact on our trading performance and bad debt levels during the COVID-19 pandemic and political uncertainty with regard to Ukraine and Russia.

Based on its review of future cash flows covering the period through to 30 November 2026, and having assessed the principal risks facing the Group, the Board is of the opinion that the Group as a whole and Imperial Brands PLC have adequate resources to meet their operational needs for a period of twelve months from the date of approval of the financial statements, and concludes that it is appropriate to prepare the financial statements on a going concern basis.

Imperial Brands PLC (the Company) provides guarantees to a number of subsidiaries under section 479A of the Companies Act 2006, whereby the subsidiaries, incorporated in the UK and Ireland, are exempt from the requirements of the Act relating to the audit of individual accounts for the financial year ending 30 September 2025. See note VIII Guarantees of the Imperial Brands PLC financial statements for further details.

IAS 1 Presentation of Financial Statements requires the disclosure of material accounting policy information as part of the notes to the accounts and these are set out below. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence a decision that the primary users of general purpose financial statements make on the basis of those financial statements.

Material accounting policies, have been applied consistently other than where new policies have been adopted.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Basis of consolidation

Subsidiaries are those entities controlled by the Group. Control exists when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

The acquisition method of accounting is used to account for the purchase of subsidiaries. The excess of the value transferred to the seller in return for control of the acquired business together with the fair value of any previously held equity interest in that business over the Group's share of the fair value of the identifiable net assets is recorded as goodwill.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless costs cannot be recovered.

### Material accounting policies

#### Foreign currency

Items included in the financial statements of each Group company are measured using the currency of the primary economic environment in which the company operates (the functional currency).

The income and cash flow statements of Group companies using non-sterling functional currencies are translated to sterling (the Group's presentational currency) at average rates of exchange in each period. Assets and liabilities of these companies are translated at rates of exchange ruling at the balance sheet date. The differences between retained profits and losses translated at average and closing rates are taken to reserves, as are differences arising on the retranslation of the net assets at the beginning of the year.

Transactions in currencies other than a company's functional currency are initially recorded at the exchange rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at exchange rates ruling at the balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement with exchange differences arising on trading transactions being reported in operating profit, and those arising on financing transactions being reported in net finance costs unless as a result of net investment hedging they are reported in other comprehensive income.

The Group designates as net investment hedges certain external borrowings and derivatives up to the value of the net assets of Group companies that use non-sterling functional currencies after deducting permanent intercompany loans. Gains or losses on these hedges that are regarded as highly effective are transferred to other comprehensive income, where they offset gains or losses on translation of the net investments that are recorded in equity, in the exchange translation reserve.

The Group's financial results are principally exposed to euro and US dollar exchange rates, which are detailed in the table below:

| | **2025** | | 2024 | |
|---|---|---|---|---|
| | **Closing rate** | **Average rate** | Closing rate | Average rate |
| Euro | **1.1459** | **1.1824** | 1.1985 | 1.1694 |
| US dollar | **1.3439** | **1.3064** | 1.3384 | 1.2681 |

### Revenue recognition

For the Tobacco & Next Generation Products (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.

The Group recognises income arising from the licensing of intellectual property, occurring in the ordinary course of business, which is treated as revenue. Licensing revenue will be recognised over the period of the licence. The licences granted are distinct from other promises in the contract.

For the Distribution business, revenue comprises the invoiced value for the sale of goods and services net of sales taxes, rebates and discounts when goods have been delivered or distribution services have been 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. The performance obligations associated with distribution services, which include fees for distributing certain third-party products, are linked to the successful distribution of products for customers.

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. Where the contract with customers has an entitlement to variable consideration due to the existence of retrospective rebates and discounts, revenue is estimated based on the amount of consideration expected to be received. This estimation is a determination of the most likely amount to be received using all known factors including historic experience. As the provision of distribution services typically involves product delivery tasks undertaken in a short period of time, revenue and any associated rebates and discounts relating to these services do not normally span an accounting year end.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Payments for promotional activities will also be deducted from revenue where the payments relate to goods or service that are closely related to or indistinct from 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 revenues reported in the Group's consolidated income statement).

### Duty and similar items

Duty and similar items includes duty and levies having 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. Duty is regarded as a sales tax and excluded from revenue where:

- duty becomes payable to the tax authority when the goods are sold;
- there is an obligation to change the sales price when a change in the rate of duty is imposed; and
- there is a requirement to identify the duty separately on sales information such as invoices.

Payments made in the USA under the Master Settlement Agreement (MSA) are recognised in other cost of sales. See note 30 for information relating to contingent liabilities associated with the MSA.

### Taxes

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years. Current tax assets and liabilities are offset to the extent the entity has a legally enforceable right to set off the recognised amounts, and it intends to either settle on a net basis or realise the asset and settle the liability simultaneously.

Uncertain tax positions are assessed and measured on an issue by issue basis within the jurisdictions where we operate using management's estimate of the most likely outcome. Where management determines that a greater than 50% probability exists that the tax authorities would accept the position taken in the tax return, amounts are recognised in the consolidated financial statements on that basis. Where the amount of tax payable or recoverable is uncertain, the Group recognises a liability or asset based on either: management's judgement of the most likely outcome; or, when there is a wide range of possible outcomes, a probability weighted average approach. The Group recognises interest on late paid taxes as part of financing costs. The Group recognises penalties, if applicable, as part of administrative and other expenses when the charges are considered to be arbitrary and not directly part of the applicable tax code. Where this is not the case they are recorded with the tax charge.

Deferred tax is provided in full on temporary differences between the carrying amount of assets and liabilities in the financial statements and the tax base, except if it arises from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be realised. Deferred tax is determined using the tax rates that have been enacted or substantively enacted at the balance sheet date, and are expected to apply when the deferred tax liability is settled or the deferred tax asset is realised.

Deferred tax assets and deferred tax liabilities are offset to the extent the entity has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either: the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### Dividends

Final dividends are recognised as a liability in the period in which the dividends are approved by shareholders, whereas interim dividends as approved by the Board of Directors are recognised in the period in which the dividends are paid.

### Intangible assets – goodwill

Goodwill represents the excess of value transferred to the seller in return for control of the acquired business together with the fair value of any previously held equity interest in that business over the Group's share of the fair value of the identifiable net assets.

Goodwill is tested at least annually for impairment and carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the consolidated income statement and cannot be subsequently reversed. If any negative goodwill arises this is recognised immediately in the consolidated income statement. For the purpose of impairment testing, goodwill is allocated to groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Intangible assets – other

Other intangible assets are initially recognised in the consolidated balance sheet at historical cost unless they are acquired as part of a business combination, in which case they are initially recognised at fair value. They are shown in the balance sheet at historical cost less accumulated amortisation and impairment. The Group does not operate a revaluation model and therefore assets are not subject to ongoing revaluations.

These assets consist mainly of acquired trademarks, intellectual property, product development, acquired customer relationships and computer software. The Davidoff cigarette trademark is considered by the Directors to have an indefinite life based on the fact that it is an established international brand with global potential. Trademarks with indefinite lives are not amortised but are reviewed annually for impairment. The carrying value of Davidoff is subject to an annual impairment review under the requirements of IAS 36 as the Group does not currently foresee a limit to the period over which the asset is expected to generate net cash inflows. The most recent assessment indicates that the carrying value is not impaired.

Intellectual property (including trademarks), product development, supply agreements (including customer relationships) and computer software are amortised over their estimated useful lives as follows:

| | | |
|---|---|---|
| Intellectual property | 5 - 30 years | straight line |
| Supply agreements | 3 - 15 years | straight line |
| Software | 3 - 15 years | straight line |
| Product development | 3 - 10 years | straight line |

### Property, plant and equipment

Property, plant and equipment are recognised in the consolidated balance sheet at historical cost or at their initial fair value where they are acquired as part of an acquisition, subject to depreciation or impairment. The Group does not operate a revaluation model and therefore assets are not subject to ongoing revaluations.

Land is not depreciated and depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on other property, plant and equipment so as to write down the initial cost of each asset to its residual value over its estimated useful life as follows:

| | | |
|---|---|---|
| Property | up to 50 years | straight line |
| Plant and equipment | 2 - 20 years | straight line/reducing balance |
| Fixtures and motor vehicles | 2 - 15 years | straight line |

The assets' residual values and useful lives are reviewed and, if appropriate, adjusted at each balance sheet date.

### Financial instruments and hedging

Financial assets and financial liabilities, in respect of financial instruments, are recognised on the Group's consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Receivables held under a hold to collect business model are stated at amortised cost. Receivables held under a hold to sell business model, which are expected to be sold via a non-recourse factoring arrangement, are separately classified as fair value through profit or loss, within trade and other receivables.

The calculation of impairment provisions is subject to an expected credit loss model, involving a prediction of future credit losses based on past loss patterns. The approach involves the recognition of provisions relating to potential future impairments, in addition to impairments that have already occurred. The expected credit loss approach involves modelling of historic loss rates, and consideration of the level of future credit risk. Expected loss rates are then applied to the gross receivables balance to calculate the impairment provision.

Cash and cash equivalents include cash in hand and deposits held on call, together with other short-term highly liquid investments.

Non-derivative financial liabilities, including borrowings and trade payables, are stated at amortised cost. For borrowings, their carrying value includes accrued interest payable, as well as unamortised issue costs. Current liabilities include amounts where the entity does not have the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.

The Group transacts derivative financial instruments to manage the underlying exposure to foreign exchange and interest rate risks. The Group does not transact derivative financial instruments for trading purposes. Derivative financial instruments are initially recorded at fair value. Derivative financial assets and liabilities are included in the consolidated balance sheet at fair value, and include accrued interest receivable and payable where relevant. However, as the Group has decided (as permitted under IFRS 9) not to cash flow or fair value hedge account for its derivative financial instruments, changes in fair values are recognised in the consolidated income statement in the period in which they arise unless the derivative qualifies and has been designated as a net investment hedging instrument in which case the changes in fair values, attributable to foreign exchange, are recognised in other comprehensive income.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Right of use assets

The Group has lease contracts relating to property and other assets (which predominantly relates to motor vehicles).

The Group recognises right of use assets, at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments which depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Lease payments include the exercise of purchase options if determined reasonably certain to be exercised and termination payments if the lease term reflects the exercise of an option to terminate.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate, defined as the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accumulation of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight line basis over the lease term in cost of sales or distribution, advertising and selling costs.

### Short-term leases, leases of low value assets and practical expedients applied

The Group has applied a number of practical expedients permitted by IFRS 16 Leases. These include:

- the exclusion of leases where the lease term ends within 12 months of the commencement of the lease or date of initial application; and
- the exclusion of leases of low value assets, defined as those of less than US$ 5,000.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in first out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Inventory is considered for obsolescence or other impairment issues and an associated provision is booked where necessary.

Leaf tobacco inventory which has an operating cycle that exceeds 12 months is classified as a current asset, consistent with recognised industry practice.

### Provisions

A provision is recognised in the consolidated balance sheet when the Group has a legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle that obligation, and a reliable estimate of the amount can be made.

A provision for restructuring is recognised when the Group has approved a detailed formal restructuring plan, and the restructuring has either commenced or has been publicly announced, and it is more likely than not that the plan will be implemented, and the amount required to settle any obligations arising can be reliably estimated. Future operating losses are not provided for.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

### Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Group. Contingent liabilities are not recognised, only disclosed, unless the possibility of a future outflow of resources is considered remote, in which case disclosure is not given. A disclosure that would seriously prejudice the position of the Group is also not disclosed.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Retirement benefit schemes

For defined benefit schemes, the amount recognised in the consolidated balance sheet is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of the scheme assets to the extent that they are demonstrably recoverable either by refund or a reduction in future contributions. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The service cost of providing retirement benefits to employees during the year is charged to operating profit. Past service costs are recognised immediately in operating profit, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time.

All actuarial gains and losses, including differences between actual and expected returns on assets and differences that arise as a result of changes in actuarial assumptions, are recognised immediately in full in the statement of comprehensive income for the period in which they arise. An interest charge is made in the consolidated income statement by applying the rate used to discount the defined benefit obligations to the net defined benefit liability of the schemes. Interest income and costs arising on defined benefit assets and liabilities are presented net in the consolidated income statement.

For defined contribution schemes, contributions are recognised as an employee benefit expense when they are due.

### Treasury shares

When the Company purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted on consolidation from equity attributable to owners of the parent until the shares are reissued or disposed of. When such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, increases equity attributable to owners of the parent. When such shares are cancelled they are transferred to the capital redemption reserve.

Where the Group enters into a contract with a third party that contains an obligation to repurchase its own shares for cash or another financial asset, a financial liability is recognised for the present value of the redemption amount. One example is an obligation under a forward contract to repurchase shares in Imperial Brands PLC for cash. The financial liability is recognised initially at the present value of the redemption amount, and is reclassified from equity. Subsequently, the financial liability is measured in accordance with IFRS 9, and is revalued at subsequent reporting points as appropriate. If the contract expires without delivery, the carrying amount of the financial liability is reclassified to equity.

## OTHER ACCOUNTING POLICIES

### Joint ventures

The Group applies IFRS 11 Joint Arrangements to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. The financial statements of joint ventures are included in the Group financial statements using the equity accounting method, with the Group's share of net assets included as a single line item entitled "Investments accounted for using the equity method". In the same way, the Group's share of earnings is presented in the consolidated income statement below operating profit entitled "Share of profit of investments accounted for using the equity method".

### Share-based payments

The Group applies the requirements of IFRS 2 Share-based Payment to both equity-settled and cash-settled share-based employee compensation schemes. The majority of the Group's schemes are equity-settled.

Equity-settled share-based payments are measured at fair value at the date of grant and are expensed over the vesting period, based on the number of instruments that are expected to vest. For plans where vesting conditions are based on total shareholder returns, the fair value at the date of grant reflects these conditions. Earnings per share and net revenue vesting conditions are reflected in the estimate of awards that will eventually vest. For cash-settled share-based payments, a liability equal to the portion of the services received is recognised at its current fair value at each balance sheet date. Where applicable the Group recognises the impact of revisions to original estimates in the consolidated income statement, with a corresponding adjustment to equity for equity-settled schemes and current liabilities for cash-settled schemes. Fair values are measured using appropriate valuation models, taking into account the terms and conditions of the awards.

The Group funds the purchase of shares to satisfy rights to shares arising under share-based employee compensation schemes. Shares acquired to satisfy those rights are held in Employee Share Ownership Trusts. The Employee Share Ownership Trust is a separate entity which is consolidated within the Group. On consolidation, these shares are accounted for as a deduction from equity attributable to owners of the parent. When the rights are exercised, equity is increased by the amount of any proceeds received by the Employee Share Ownership Trusts.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Hyperinflation

The Turkish economy was designated hyperinflationary from April 2022. The Group has applied IAS 29 Financial Reporting in Hyperinflationary Economies to its Turkish operations with effect from 1 October 2021. The adjustments required by IAS 29 are set out below:

- Adjustment of historical cost non-monetary assets and liabilities from their date of initial recognition to the balance sheet date at the date of adoption of the standard (1 October 2021) to reflect the changes in purchasing power of the currency caused by inflation, as measured by the official Consumer Price Index (CPI) published by the Turkish Statistical Institute (TurkStat).
- Adjustment of the components of the income statement and cash flow statement for the inflation index since their generation, with a balancing entry in the income statement and a reconciling item in the cash flow statement, respectively.
- Adjustment of the income statement to reflect the impact of inflation on holding monetary assets and liabilities in local currency, where necessary.
- The financial statements of the Group's Turkish operations have been translated into sterling at the closing exchange rate at 30 September 2025.
- The impact of adjustments to non-monetary assets recognising inflation from the adoption date to the closing balance sheet date, on translation into sterling at the closing balance sheet rate has been recognised within other comprehensive income.

The TurkStat CPI index was 3,367.22 at 30 September 2025 (2,526.16 at 30 September 2024 and 1,691.04 at 30 September 2023). The inflation index for the year is therefore 1.3329 (2024: 1.4939). The impact on the Group's results remains immaterial.

### New accounting standards

There have been no changes to accounting standards that have significantly impacted the accounting or disclosures within the financial statements for the year ended 30 September 2025.

### New accounting standards that are effective after the year ended 30 September 2025

There are a number of amendments and clarifications to IFRS, effective in future years and, with the exception of IFRS 18 Presentation and Disclosure in Financial Statements, none of these are expected to significantly impact the Group's consolidated results or financial position.

#### IFRS 18 - Presentation and Disclosure in Financial Statements

This new accounting standard is effective for the year ended 30 September 2028 and will involve a change to the structure of the primary financial statements. This requires entities to classify income and expenses into five categories - operating, investing, financing, income tax and discontinued operations. In addition, certain 'non-GAAP' measures – alternative performance measures (APMs) – will now form part of the audited financial statements, and require mandatory definitions and reconciliation to GAAP measures. The Group is presently reviewing the impact of this standard which is expected to fundamentally change the structure of the presentation of the Income statement. The Group already complies with the requirements related to Alternative Performance Measures through the voluntary disclosures that are included within the Supplementary Information section of this report. Therefore, there is expected to be minimal impact related to APM disclosures.

## 2. ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and judgements associated with accounting entries which will be affected by future events. Estimates and judgements are continually evaluated based on historical experience, and other factors, including current information that helps form a forward-looking view of expected future outcomes.

Estimates involve the determination of the quantum of accounting balances to be recognised. Judgements typically involve decisions such as whether to recognise an asset or liability.

The actual amounts recognised in the future may deviate from these estimates and judgements.

### Estimates

#### Significant estimates

Companies are required to state whether estimates have a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next financial year. We have reviewed the items below where estimation uncertainty exists. While a number of these areas do involve estimation of the carrying value of assets or liabilities that are potentially significant within the context of the financial statements, the Group considers the probability of a significant risk of material adjustment to be low. None of these estimates are expected to present a material adjustment to the carrying amount of assets and liabilities in the next financial year.

#### Other estimates

Other estimates involve other uncertainties, such as those carrying lower risk, which have a smaller potential impact or would be expected to crystallise over a longer time frame than a significant estimate. These items, listed below, are only disclosed where this provides material relevant information.

#### Langenhagen factory

On 1 October 2025 the Group announced its intention to cease production at its Langenhagen factory in Germany. The future of the site is currently subject to a consultation with the works councils which will involve a review of available options. The outcome of the consultation will either be a sale of the site to a third party or the closure of the factory. The decision to cease production at the factory was a consequence of the conditions that existed at the factory at 30 September 2025 that arose as a result of declining production activity and considered as part of the 2030 Strategy Review Programme. As at 30 September 2025, a review of the recoverable value of the factory assets was conducted. The review estimated what the recoverable value would be if assets were scrapped, redeployed or sold. The valuation was conducted in line with IAS 36. The valuation, which was calculated on fair value less costs of disposal basis, determined that the recoverable value was lower than the carrying amount of the factory assets. The valuation is classified as Level 3 using observable data for similar assets as defined under IFRS 13. As a result of this, an impairment to the carrying value of property, plant and equipment of £101 million was recognised as at 30 September 2025, split between property of £12 million and plant and equipment of £54 million, fixtures and motor vehicles of £12 million, assets under construction of £22 million and software of £1 million. The residual value of the impaired assets at 30 September 2025 was £20 million all of which is recognised within the property category.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Determination of useful economic life of intangible assets

For non-goodwill intangible assets, there is a need to estimate the useful economic life of each asset. This includes determining whether the asset has an indefinite useful economic life, or not. The Davidoff trademark has a significant market share and positive cash flow growth expectations. There are no regulatory or contractual restrictions on the use of this trademark, and there are no plans to significantly redirect resources elsewhere which would reduce the value of this asset. Consequently, in the view of management, the Davidoff trademark does not have a foreseeable and definite end to its ability to generate future cash flows and hence it is not amortised. The carrying value of Davidoff is subject to an annual impairment review under the requirements of IAS 36. The most recent assessment indicates that the carrying value is not impaired.

### Amortisation and impairment of intangible assets

For non-indefinite life assets, which are amortised, the useful economic life and recoverable amounts are estimated based upon the expectation of the time period during which an intangible asset will support future cash flows, and the quantum of those cash flows. Due to estimation uncertainties the useful economic lives and associated amortisation rates have to be reviewed and revised where necessary. In addition, where there are indications that the current carrying value of an intangible asset is greater than its recoverable amount, an impairment to the carrying value of the asset may be required. Factors considered important that could trigger an impairment review of intangible assets include the following:

- significant underperformance relative to historical or projected future operating results;
- significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- significant negative industry or economic trends.

The complexity of the estimation process and issues related to the assumptions, risks and uncertainties inherent in the application of the Group's accounting estimates in relation to intangible assets can affect the amounts reported in the financial statements, especially the estimates of the expected useful economic lives and the carrying values of those assets. If business conditions significantly change it is possible that materially different amounts could be reported in the Group's financial statements in future periods. Indefinite life intangible assets, including goodwill, are subject to annual impairment testing where an assessment of the carrying value of the asset against its recoverable amount is undertaken. There are long-term uncertainties associated with estimating the value of the recoverable amount, particularly with regard to long-term cash flow growth rates which are influenced by the future size and shape of the tobacco sector. While long-term growth rates currently used in impairment assessments are based on current best estimates of future performance, there may be changes in these assumptions when conducting impairment tests in subsequent years. Details of goodwill and intangible asset impairment assessments are included in note 12.

### Corporate income taxes

Where tax liabilities have been judged to exist, estimation is often required to determine the potential future tax payments. The Group is subject to tax in numerous jurisdictions and significant estimation is required in determining the provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises provisions for tax based on estimates of the taxes that are likely to become due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made. Consideration of the valuation estimates related to tax provisions is given in note 8 to these financial statements.

### Other legal proceedings and disputes

Where a liability is determined there can be a degree of estimation of the potential level of damages expected. Key areas of estimation uncertainty include consideration as to the expected future amount to be paid out in the event the claim succeeds. In some situations where a probability risk calculation is required to determine the amount of an associated provision, both the quantum of future payments and the probability of those payments crystallising needs to be considered, both factors having a degree of uncertainty. More detail as to the considered position of these claims is given in note 25 and note 30 of the financial statements. To the extent that the Group's assessments at any time do not reflect subsequent developments or the eventual outcome of any claim, its future financial statements may be materially affected, with a favourable or adverse impact upon the Group's operating profit, financial position and liquidity.

### Climate change

The Group has a designated programme to manage and mitigate climate-related risks. The effect of climate change is not considered to have a material effect on the estimates in the financial statements. Governmental and societal responses to climate change risks are still developing and consequently financial statements cannot capture all possible future outcomes as these are not yet known or don't have sufficient certainty to be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of UK-adopted IAS. Please refer to the following sections for further discussion on the impact of climate change relating to going concern assumptions in note 1, intangible assets impairment assumptions in note 12 and recoverability of deferred tax assets in note 23.

### Judgements

Paragraph 122 of IAS 1 requires disclosure of judgements made by management in applying an entity's accounting policies, other than those relating to estimation uncertainty. Paragraph 125 of IAS 1 requires more wide-ranging disclosures of judgements that depend on management assumptions about the future, and other major sources of estimation uncertainty ("significant judgements").

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Corporate income taxes

Judgement is involved in determining whether the Group is subject to a tax liability or not in line with tax law. The Group is subject to income tax in numerous jurisdictions and significant judgement is required in determining whether there is a liability requiring a provision for tax. Recognition of tax liabilities in situations where there is uncertainty is based on precedent in similar tax cases and external advice as to whether challenges by tax authorities are likely to result in future tax payments being made. The recognition of a tax liability involves consideration of the probability of tax authorities accepting the position taken in the tax return and there is therefore some uncertainty.

### Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the temporary differences, losses and credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The Group has determined that it cannot recognise deferred tax assets on the temporary differences, tax losses and tax credits carried forward for certain subsidiaries. Further details of the estimates related to deferred taxes are given in note 23 to these financial statements.

### Legal proceedings and disputes

The Group reviews outstanding legal cases following developments in the legal proceedings at each balance sheet date, considering the nature of the litigation, claim or assessment; the legal processes and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought; the progress of the case (including progress after the date of the financial statements but before those statements are issued); the opinions or views of legal counsel and other advisers; experience of similar cases; and any decision of the Group's management as to how it will respond to the litigation, claim or assessment. Judgement is required as to whether a liability exists. A provision will only be recognised where it is probable that the Group will be required to settle a claim.

### Control of Logista

A key judgement relates to whether the Group has effective control of Logista sufficient that the Group can consolidate this entity within its Group accounts in line with the requirements of IFRS 10 Consolidated Financial Statements. The Group holds 50.01% of the voting shares. The Group has reviewed its control of Logista and that it is appropriate to consolidate this entity in line with the requirements of IFRS 10 Consolidated Financial Statements. The Group continues to have Director presence on the Board of Logista, representing 5 out of 12 Directors. The Group has powers to control as set out in the Relationship Framework Agreement which specifies certain areas of operation reserved for shareholder approval and through these measures the Group is able to exercise control of Logista. The Group has therefore concluded that it continues to be appropriate to recognise Logista as a fully consolidated subsidiary.

## 3. SEGMENT INFORMATION

Imperial Brands comprises two distinct businesses – Tobacco & NGP and Distribution. The Tobacco & NGP business comprises the manufacture, marketing and sale of Tobacco & NGP and Tobacco & NGP-related products, including sales to (but not by) the Distribution business. The Distribution business comprises the distribution of Tobacco & NGP products for associated manufacturers, including Imperial Brands, as well as a wide range of products and services. The Distribution business is run on an operationally neutral basis ensuring all customers are treated equally, and consequently transactions between the Tobacco & NGP and Distribution businesses are undertaken on an arm's length basis reflecting market prices for comparable goods and services.

The function of the Chief Operating Decision Maker (defined in IFRS 8), which is to review performance and allocate resources, is performed by the Board and the Chief Executive, who are regularly provided with information on the Group's segments. This information is used as the basis of the segment revenue and profit disclosures provided below. The main profit measure used by the Board and the Chief Executive is adjusted operating profit. Segment balance sheet information is not provided to the Board or the Chief Executive.

The Group's reportable segments are Europe, Americas, Africa, Asia, Australasia and Central & Eastern Europe (AAACE) and Distribution. Operating segments are comprised of geographical groupings of business markets. The main Tobacco & NGP business markets within the Europe, Americas and AAACE reportable segments are:

Europe – United Kingdom, Germany, Spain, France, Italy, Greece, Sweden, Norway, Belgium and Netherlands

Americas – United States.

AAACE – Australia, Saudi Arabia, Taiwan, Poland, Czech Republic, Ukraine, Slovakia, Hungary, Slovenia and our African markets including Algeria, Ivory Coast and Morocco.

### Tobacco & NGP

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| £ million unless otherwise indicated | **Tobacco** | **NGP** | **Tobacco & NGP** | Tobacco | NGP | Tobacco & NGP |
| Revenue | **21,071** | **432** | **21,503** | 21,708 | 376 | 22,084 |
| Net revenue | **7,948** | **368** | **8,316** | 7,828 | 329 | 8,157 |
| Operating profit/(loss) | **3,299** | **(121)** | **3,178** | 3,321 | (83) | 3,238 |
| Adjusted operating profit | | | **3,665** | | | 3,587 |
| Adjusted operating margin % | | | **44.1** | | | 44.0 |

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Distribution

| £ million unless otherwise indicated | 2025 | 2024 |
|---|---|---|
| Revenue | **11,448** | 11,104 |
| Distribution gross profit | **1,530** | 1,503 |
| Operating profit | **305** | 322 |
| Adjusted operating profit | **316** | 330 |
| Adjusted operating margin % | **20.7** | 22.0 |

### Revenue

| | 2025 | | 2024 | |
|---|---|---|---|---|
| £ million | **Total revenue** | **External revenue** | Total revenue | External revenue |
| Tobacco & NGP | | | | |
| Europe | **11,960** | **11,180** | 12,037 | 11,260 |
| Americas | **3,652** | **3,652** | 3,657 | 3,657 |
| AAACE | **5,891** | **5,891** | 6,390 | 6,390 |
| Total Tobacco & NGP | **21,503** | **20,723** | 22,084 | 21,307 |
| Distribution | **11,448** | **11,448** | 11,104 | 11,104 |
| Eliminations | **(780)** | **-** | (777) | - |
| Total Group | **32,171** | **32,171** | 32,411 | 32,411 |

The eliminations all relate to Tobacco & NGP sales to Distribution.

### Tobacco & NGP net revenue

| | | | 2025 | | | 2024 |
|---|---|---|---|---|---|---|
| £ million | **Tobacco** | **NGP** | **Total** | Tobacco | NGP | Total |
| Europe | **3,196** | **280** | **3,476** | 3,106 | 260 | 3,366 |
| Americas | **2,822** | **70** | **2,892** | 2,793 | 43 | 2,836 |
| AAACE | **1,930** | **18** | **1,948** | 1,929 | 26 | 1,955 |
| Total Tobacco & NGP | **7,948** | **368** | **8,316** | 7,828 | 329 | 8,157 |

### Adjusted operating profit and reconciliation to profit before tax

| £ million | 2025 | 2024 |
|---|---|---|
| Tobacco & NGP | | |
| Europe | **1,638** | 1,541 |
| Americas | **1,233** | 1,235 |
| AAACE | **794** | 811 |
| Total Tobacco & NGP | **3,665** | 3,587 |
| Distribution | **316** | 330 |
| Eliminations | **7** | (6) |
| Adjusted operating profit | **3,988** | 3,911 |
| Amortisation and impairment of acquired intangibles - Tobacco & NGP | **(358)** | (345) |
| Amortisation of acquired intangibles - Distribution | **(11)** | (8) |
| 2030 Strategy implementation costs | **(21)** | - |
| 2030 Strategy non-cash costs | **(101)** | - |
| Structural changes to defined benefit pension schemes - Tobacco & NGP | **(7)** | (4) |
| Operating profit | **3,490** | 3,554 |
| Net finance costs | **(374)** | (534) |
| Share of profit of investments accounted for using the equity method | **12** | 9 |
| Profit before tax | **3,128** | 3,029 |

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Other information

| £ million | Additions to property, plant and equipment | Additions to intangible assets | Depreciation, impairment and software amortisation | Other intangible asset amortisation | Inventory impairments |
|---|---|---|---|---|---|
| | | | | | **2025** |
| Tobacco & NGP | | | | | |
| Europe | **52** | **30** | **185** | **7** | **28** |
| Americas | **24** | **199** | **31** | **1** | **10** |
| AAACE | **68** | **14** | **44** | **-** | **11** |
| Total Tobacco & NGP | **144** | **243** | **260** | **8** | **49** |
| Distribution | **43** | **8** | **38** | **-** | **-** |
| Total Group | **187** | **251** | **298** | **8** | **49** |

Included in depreciation, impairment and software amortisation is £101 million relating to the Langenhagen factory (see note 2).

| £ million | Additions to property, plant and equipment | Additions to intangible assets | Depreciation, impairment and software amortisation | Other intangible asset amortisation | Inventory impairments |
|---|---|---|---|---|---|
| | | | | | 2024 |
| Tobacco & NGP | | | | | |
| Europe | 60 | 17 | 88 | 7 | 16 |
| Americas | 30 | 228 | 27 | 1 | 4 |
| AAACE | 51 | 3 | 40 | - | 11 |
| Total Tobacco & NGP | 141 | 248 | 155 | 8 | 31 |
| Distribution | 38 | 12 | 37 | - | - |
| Total Group | 179 | 260 | 192 | 8 | 31 |

The above tables include items that have been recognised within segment. Materiality has been assessed on both a qualitative and quantitative basis.

### Additional geographic analysis

External revenue and non-current assets are presented for individually significant countries. The geographical analysis is based on country of origin. The Group's products are sold in over 120 countries.

| £ million | External revenue | Non-current assets | External revenue | Non-current assets |
|---|---|---|---|---|
| | **2025** | | 2024 | |
| UK | **3,261** | **165** | 3,781 | 161 |
| Germany | **4,903** | **2,808** | 4,501 | 3,156 |
| France | **3,232** | **2,360** | 3,374 | 2,282 |
| USA | **3,632** | **4,826** | 3,648 | 4,968 |
| Other | **17,143** | **8,012** | 17,107 | 7,350 |
| Total Group | **32,171** | **18,171** | 32,411 | 17,917 |

Non-current assets comprise intangible assets, property, plant and equipment, right of use assets and investments accounted for using the equity method.

### 4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

| £ million | 2025 | 2024 |
|---|---|---|
| Raw materials and consumables used | **1,230** | 950 |
| Changes in inventories of finished goods - Tobacco & NGP | **2,466** | 2,516 |
| Changes in inventories of finished goods - Distribution | **8,288** | 8,243 |
| Depreciation and impairment of fixed assets | **255** | 153 |
| Amortisation and impairment of intangible assets and investments accounted for using the equity method | **425** | 399 |
| Expenses relating to short-term leases | **6** | 10 |
| Expenses relating to low value asset leases | **1** | 2 |
| Depreciation and impairment of right of use assets | **101** | 95 |
| Net foreign exchange losses and (gains) | **2** | (3) |
| Write down of inventories | **49** | 28 |
| Profit on disposal of non-current assets | **15** | 13 |
| Write down/(back) of trade receivables | **10** | (3) |

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Analysis of fees payable to Ernst & Young LLP and its associates

| £ million | 2025 | 2024 |
|---|---|---|
| Parent Company and consolidated financial statements | **3.2** | 3.2 |
| The Company's subsidiaries | **7.1** | 6.8 |
| **Total audit fees** | **10.3** | 10.0 |
| Audit-related assurance services | **0.5** | 0.5 |
| **Total audit-related fees** | **10.8** | 10.5 |
| Other assurance services | **0.8** | 1.2 |
| **Total non-audit fees** | **0.8** | 1.2 |
| **Total auditor's remuneration** | **11.6** | 11.7 |

Audit fees for the year ended 30 September 2024 reflect the final amounts paid.

### 5. INVESTMENT INCOME AND FINANCE COSTS

| £ million | 2025 | 2024 |
|---|---|---|
| **Investment income** | | |
| Fair value gains on derivative financial instruments | **227** | 513 |
| Net exchange gains on financing activities | **5** | 9 |
| Interest income on net defined benefit assets | **18** | 22 |
| Interest income on bank deposits | **14** | 16 |
| Tax settlement interest income | **38** | - |
| **Total investment income** | **302** | 560 |
| **Finance costs** | | |
| Fair value losses on derivative financial instruments | **(219)** | (632) |
| Interest cost on net defined benefit liabilities | **(29)** | (33) |
| Tax interest cost | **-** | (10) |
| Interest cost on lease liabilities | **(15)** | (14) |
| Interest cost on bank and other loans | **(412)** | (404) |
| Effect of discounting on long-term provisions | **(1)** | (1) |
| **Total finance costs** | **(676)** | (1,094) |
| **Net finance costs** | **(374)** | (534) |

### 6. RESTRUCTURING COSTS

| | 2025 | | 2024 | |
|---|---|---|---|---|
| £ million | Costs | Cash spend | Costs | Cash spend |
| 2030 Strategy Review Programme | **122** | **21** | - | - |
| 2021 Strategic Review Programme | **-** | **19** | - | 25 |
| Other | **-** | **10** | - | 18 |
| | **122** | **50** | - | 43 |

Restructuring projects involve costs outside the standard course of business that are incurred in integrating acquired businesses and in major rationalisation and optimisation initiatives together with their related tax effects.

As these projects are not part of business as usual, any costs incurred are classified as restructuring costs and are included within administrative and other expenses in the consolidated income statement and treated as adjusting items.

#### 2030 Strategy Review Programme

In March 2025, the Group announced the 2030 Strategy Review Programme which is a multi-year programme expecting to run to the end of 2030 that will incur restructuring costs. The total costs of this programme is expected to be c.£740 million of which c.£600 million are anticipated to be cash costs. The majority of the cash spend, c.£500 million is expected to be split between FY27 and FY28. During the period to 30 September 2025, the total costs recognised for this programme were £122 million and cash spend was £21 million.

#### 2021 Strategic Review Programme

The total restructuring costs in respect of the programme were expected to be in the range of £375 million - £425 million. Cumulative costs recognised for the 2021 Strategic Review Programme are £423 million as at 30 September 2025. The cumulative cash spend for this programme is £209 million including £19 million cash spend in 2025. No further costs are expected to be recognised in relation to this programme. There is expected to be ongoing cash spend in relation to this programme but it is not expected to exceed current provisions.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 7. DIRECTORS AND EMPLOYEES

### Employment costs

| £ million | 2025 | 2024 |
|---|---|---|
| Wages and salaries | **967** | 923 |
| Social security costs | **219** | 202 |
| Other pension costs (note 24) | **50** | 29 |
| | **1,236** | 1,154 |
| Share-based payments (note 27) | **36** | 32 |
| | **1,272** | 1,186 |

### Operating executive (excluding executive directors)

| £ million | 2025 | 2024 |
|---|---|---|
| Base salary | **5.4** | 4.6 |
| Benefits | **0.8** | 0.7 |
| Pension salary supplement | **0.6** | 0.6 |
| Bonus | **4.7** | 4.9 |
| Termination payments | **-** | 0.2 |
| LTIP annual vesting[1] | **8.0** | 7.2 |
| | **19.5** | 18.2 |

1. Share plans vesting represent the value of LTIP awards (inclusive of Recruitment Awards) where the performance periods ends in the year.

Note: aggregate remuneration paid to or receivable by Executive Directors, Non-Executive Directors and members of the Executive Leadership Team for qualifying services in accordance with IAS 24, which includes National Insurance and similar charges, was £37,349,477 (2024: £37,049,852).

### Key management compensation[1]

| £ million | 2025 | 2024 |
|---|---|---|
| Short-term employee benefits | **17.8** | 17.7 |
| Termination payments | **-** | 0.2 |
| Share-based payments (in accordance with IAS 24) | **14.9** | 14.4 |
| | **32.7** | 32.3 |

1. Key management includes Directors, members of the Executive Committee and the Company Secretary.

Details of Directors' emoluments and interests, which represent related-party transactions requiring disclosure under IAS 24, are provided within the "Remuneration earned by our Directors for the financial year ended 30 September 2025" section of the Directors' Remuneration Report. This includes details on salary, benefits, pension and share plans.

### Number of people employed by the Group during the year

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | **At 30 September** | **Average** | At 30 September | Average |
| Tobacco & NGP | **18,700** | **18,800** | 18,900 | 18,400 |
| Distribution | **6,400** | **7,000** | 6,700 | 6,500 |
| | **25,100** | **25,800** | 25,600 | 24,900 |

### Number of people employed by the Group by location during the year

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | **At 30 September** | **Average** | At 30 September | Average |
| UK and European Union | **12,000** | **12,600** | 12,400 | 12,100 |
| Americas | **4,700** | **4,900** | 4,900 | 4,700 |
| Rest of the World | **8,400** | **8,300** | 8,300 | 8,100 |
| | **25,100** | **25,800** | 25,600 | 24,900 |

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 8. TAX

The major components of income tax expense for the years ended 30 September 2025 and 2024:

| £ million | 2025 | 2024 |
|---|---|---|
| UK current tax | | |
| Current year charged/(credited) to the consolidated income statement | **275** | (95) |
| Current year (credited)/charged to consolidated other comprehensive income | **(156)** | 197 |
| Total current year UK current tax | **119** | 102 |
| Adjustments in respect of prior years charged/(credited) to the consolidated income statement | **5** | (80) |
| Total UK current tax | **124** | 22 |
| | | |
| Overseas current tax | | |
| Current year charged to the consolidated income statement | **708** | 704 |
| Total current year overseas current tax | **708** | 704 |
| Adjustments in respect of prior years (credited)/charged to the consolidated income statement | **(67)** | 40 |
| | **641** | 744 |
| | | |
| Total current tax charged to the consolidated statement of comprehensive income | **765** | 766 |

| £ million | 2025 | 2024 |
|---|---|---|
| UK current tax | | |
| Current year | **275** | (95) |
| Adjustments in respect of prior years | **5** | (80) |
| Overseas current tax | | |
| Current year | **708** | 704 |
| Adjustments in respect of prior years | **(67)** | 40 |
| Total current tax | **921** | 569 |
| | | |
| Deferred tax | | |
| Relating to origination and reversal of temporary differences | **(13)** | (287) |
| **Total tax charged to the consolidated income statement** | **908** | 282 |

| £ million | 2025 | 2024 |
|---|---|---|
| Tax related to items recognised in consolidated other comprehensive income during the year: | | |
| Current tax (credited)/charged on hedge of net investment and quasi-equity loans | **(156)** | 197 |
| Total current tax | **(156)** | 197 |
| | | |
| Deferred tax on actuarial gains and losses | **5** | (37) |
| Deferred tax on hyperinflation adjustment | **(1)** | 2 |
| Total deferred tax | **4** | (35) |
| | | |
| Total tax (credited)/charged to consolidated other comprehensive income | **(152)** | 162 |

| £ million | 2025 | 2024 |
|---|---|---|
| Tax related to items recognised in equity during the year: | | |
| Current tax on share-based payments | **-** | (4) |
| Deferred tax on share-based payments | **(4)** | (2) |
| Total tax credited to equity | **(4)** | (6) |

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Factors affecting the tax charge for the year

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the average UK corporation tax rate of 25.0% (2024: 25.0%) as follows:

| £ million | 2025 | 2024 |
|---|---|---|
| Profit before tax | **3,128** | 3,029 |
| Tax at the UK corporation tax rate of 25.0% (2024: 25.0%) | **782** | 757 |
| Tax effects of: | | |
| Differences in effective tax rates on overseas earnings | **(2)** | (56) |
| Movement in provision for uncertain tax positions | **(62)** | 170 |
| Remeasurement of deferred tax balances arising from changes in tax rates | **(3)** | 5 |
| Recognition of deferred tax assets for tax credits | **-** | (293) |
| Remeasurement of previously recognised deferred tax assets | **(3)** | (2) |
| Deferred tax on unremitted earnings | **19** | 12 |
| Share of profit of investments accounted for using the equity method | **(3)** | (2) |
| Non-deductible expenses | **38** | 24 |
| Non-taxable gains on net foreign exchange on financial instruments | **165** | (198) |
| Provision for state aid tax recoverable | **-** | (101) |
| Adjustments in respect of prior years | **(23)** | (34) |
| Total tax charged to the consolidated income statement | **908** | 282 |

Differences in effective tax rates on overseas earnings represent the impact of worldwide profits being taxed at rates different from 25.0%.

The remeasurement of deferred tax balances arising from changes in tax rates for the year is £3 million (2024: £5 million).

During the year the Group has increased the provision for deferred tax on unremitted earnings by £16 million (2024: £7 million increase) with the corresponding income tax charge of £19 million and FX differences. The tax will arise on the distribution of profits through the Group and on planned Group simplification.

### Movement on the current tax account

| £ million | 2025 | 2024 |
|---|---|---|
| At 1 October | **(163)** | (306) |
| Charged to the consolidated income statement | **(921)** | (569) |
| Credited/(Charged) to other comprehensive income | **156** | (197) |
| Credited to equity | **-** | 4 |
| Cash paid | **513** | 888 |
| Exchange movements | **(11)** | 17 |
| At 30 September | **(426)** | (163) |

The cash tax paid in the year is £408 million lower than the current tax charge (2024: £319 million higher). This arises as a result of timing differences between the accrual of income taxes and the actual payment of cash and the movement in the provision for uncertain tax positions.

### Analysis of current tax account

| £ million | 2025 | 2024 |
|---|---|---|
| State aid tax recoverable | **-** | 101 |
| Current tax assets | **146** | 148 |
| Current tax liabilities | **(572)** | (412) |
| | **(426)** | (163) |

### Uncertain tax positions

As an international business the Group is exposed to uncertain tax positions and changes in legislation in the jurisdictions in which it operates. The Group's uncertain tax positions principally include cross border transfer pricing, interpretation of new or complex tax legislation and tax arising on the valuation of assets.

Provisions arising from uncertain tax positions taken in the calculation of tax assets and liabilities are included within current and deferred tax liabilities. At 30 September 2025 the total value of these provisions excluding offsetting assets under mutual agreement procedure was £387 million (2024: £365 million excluding offsetting assets). The assessment of uncertain tax positions is subjective and significant management judgement is required. This judgement is based on current interpretation of legislation, management experience and professional advice. Until matters are finally concluded it is possible that amounts ultimately paid will be different from the amounts provided.

Management have assessed the Group's provision for uncertain tax positions and have concluded that apart from the matters referred to below the provisions in place are not material individually or in aggregate, and that a reasonably possible change in the next financial year would not have a material impact on the results of the Group.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### French tax litigation

The Group has successfully prevailed in an ongoing litigation with the French tax authorities, a matter which had the potential to result in total liabilities amounting to £254 million, inclusive of tax, interest, and penalties. The challenge concerned the valuation placed on the shares of Altadis Distribution France (now known as Logista France) following an intragroup transfer of shares in October 2012 and the tax consequences flowing from a potentially higher value that was argued for by the tax authorities. In May 2023 the Administrative Tribunal of Montreuil issued its decision, ruling in favour of the French tax authorities. As a result, all associated liabilities including tax, interest and penalties were paid by 28 February 2025. In March 2025, the Group was then successful in its appeal to the Administrative Court of Appeal of Paris. In light of the binding nature of the Court's decision, the French Tax Authorities proceeded with a full reimbursement of the amounts previously paid of £261 million. Subsequently, in May 2025, the French Tax Authorities lodged an appeal with the French Administrative Supreme Court ("Conseil d'État"). A public hearing was held in June 2025 to assess the admissibility of the appeal. Ultimately, the Supreme Court rejected the appeal, thereby confirming the favourable ruling of the Administrative Court of Appeal as final and conclusively resolving the litigation. As a consequence, the tax provision of £170 million was released.

### State aid UK CFC

In April 2019, the EU 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 partially represented state aid. The UK Government (along with a number of UK corporates, that made a similar application) appealed to the European Court seeking annulment of the EU Commission's decision. Based, however, on the Commission's decision and despite the appeals, the UK Government was obliged to recover the purported state aid received. In June 2022 the European General Court rejected the appeals, resulting in a subsequent appeal to the CJEU in January 2024. The CJEU handed down its decision on 19th September 2024, annulling the EU Commission decision and setting aside the judgment of the General Court, ruling that the taxation of controlled foreign companies (CFCs) regime did not constitute State Aid. During the 30 September 2025 period the group received a refund of c.£101 million state aid and c.£9 million of interest previously paid for which a receivable was recognised in the 30 September 2024 period. Additional interest was also received of c.£9 million.

### Transfer pricing

The Group has been subject to tax audits relating to transfer pricing matters in several jurisdictions, principally UK, France and Germany. The Group holds a provision of £381 million excluding offsetting assets (30 September 2024: £245 million excluding offsetting assets) in respect of these items. In December 2021 the Group concluded a transfer pricing audit with the French tax authorities. In September 2022 the Group concluded transfer pricing audits with the UK and German tax authorities. Settlements of the French and UK audits were made during 2022. Settlement of the German audit was made during 2023. Mutual Agreement Procedure (MAP) proceedings are currently ongoing in relation to these audits to resolve potential double taxation issues arising from the settlements. In September 2023 an additional separate transfer pricing audit was opened by the German tax authorities. Due to regulations introduced in Germany within 30 September 2024 period which could be considered to be merely of a clarifying nature rather than any new principle, the Group maintained a provision of £156 million considering the range of potential outcomes and the balance of probabilities associated with each potential outcome, the maximum potential exposure being £404 million. Following correspondence with the tax authorities in the current financial year. The Group believes that an additional provision of £21 million (€24 million) on top of the £156 million already recorded is required to reflect the more likely outcome.

### Transfer Pricing/ Controlled Foreign Company ("CFC")

Imperial Brands Enterprise Finance Limited (IBEFL) is a corporation which is tax resident in the UK. Reemtsma Cigarettenfabriken GmbH (Reemtsma) holds approx. 83.95% of the shares in IBEFL. As part of the tax audit, the German tax authorities are challenging the application of the German CFC regulations on IBEFL and have also requested further details on IBEFL's intercompany transactions. As a result of these challenges the Group believes that a provision for a total amount of £79 million (€96 million) is required.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 9. DIVIDENDS

### Distributions to ordinary equity holders

| | Pence per share | | | £ million | | |
|---|---|---|---|---|---|---|
| | **2025** | 2024 | 2023 | **2025** | 2024 | 2023 |
| Cash: | | | | | | |
| December | **54.26** | 51.82 | 49.31 | **455** | 461 | 464 |
| March | **54.26** | 51.82 | 49.32 | **451** | 453 | 457 |
| June | **40.08** | 22.45 | 21.59 | **328** | 193 | 196 |
| September | **40.08** | 22.45 | 21.59 | **324** | 192 | 195 |
| Total | **188.68** | 148.54 | 141.81 | **1,558** | 1,299 | 1,312 |

The declared third interim dividend for the year ended 30 September 2025 of 40.08 pence per share amounts to a proposed dividend of £322 million, which will be paid in December 2025. The proposed final dividend for the year ended 30 September 2025 of 40.08 pence per share amounts to a proposed dividend payment of £322 million in March 2026 based on the number of shares ranking for dividend at 30 September 2025, and is subject to shareholder approval. If approved, the total dividend paid in respect of 2025 will be £1,314 million (2024: £1,303 million). The dividend paid during 2025 is £1,558 million (2024: £1,299 million).

## 10. EARNINGS PER ORDINARY SHARE

Basic earnings per share is based on the profit for the period attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the period excluding shares held to satisfy the Group's employee share schemes and shares purchased by the Company and held as treasury shares. Diluted earnings per share have been calculated by taking into account the weighted average number of shares that would be issued if rights held under the employee share schemes were exercised. No instruments have been excluded from the calculation for any period on the grounds that they are anti-dilutive.

| £ million | **2025** | 2024 |
|---|---|---|
| Earnings: basic and diluted - attributable to owners of the Parent Company | **2,071** | 2,613 |
| Millions of shares | | |
| Weighted average number of shares: | | |
| Shares for basic earnings per share | **824.8** | 869.0 |
| Potentially dilutive share options | **5.8** | 4.9 |
| Shares for diluted earnings per share | **830.6** | 873.9 |
| Pence | | |
| Basic earnings per share | **251.1** | 300.7 |
| Diluted earnings per share | **249.3** | 299.0 |

## 11. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

### Logista

Acquisition of Transportes Moncayo, S.L.

In October 2024, the Group's subsidiary Logista acquired 100% of the equity shares of Spanish company Transportes Moncayo, S.L., a company specialised in parcel services and transport. The total purchase price of these shares amounted to €2.5 million (£2.2 million), paid in cash at the time of purchase.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 12. INTANGIBLE ASSETS

| £ million | Goodwill | Intellectual property and product development | Supply agreements | Software | Total |
|---|---|---|---|---|---|
| | | | | | **2025** |
| **Cost** | | | | | |
| At 1 October 2024 | **13,184** | **12,343** | **1,407** | **722** | **27,656** |
| Additions | **-** | **81** | **29** | **141** | **251** |
| Disposals | **-** | **-** | **-** | **(3)** | **(3)** |
| Other movements | **-** | **(48)** | **-** | **-** | **(48)** |
| Reclassifications | **-** | **-** | **-** | **5** | **5** |
| Exchange movements | **489** | **238** | **68** | **18** | **813** |
| At 30 September 2025 | **13,673** | **12,614** | **1,504** | **883** | **28,674** |
| **Amortisation and impairment** | | | | | |
| At 1 October 2024 | **1,500** | **8,479** | **1,346** | **393** | **11,718** |
| Amortisation charge for the year | **-** | **370** | **7** | **42** | **419** |
| Impairment | **-** | **-** | **5** | **1** | **6** |
| Disposals | **-** | **-** | **-** | **(3)** | **(3)** |
| Reclassifications | **-** | **-** | **-** | **3** | **3** |
| Exchange movements | **67** | **176** | **66** | **14** | **323** |
| Accumulated amortisation | **-** | **8,486** | **1,419** | **450** | **10,355** |
| Accumulated impairment | **1,567** | **539** | **5** | **-** | **2,111** |
| At 30 September 2025 | **1,567** | **9,025** | **1,424** | **450** | **12,466** |
| **Net book value** | | | | | |
| At 30 September 2025 | **12,106** | **3,589** | **80** | **433** | **16,208** |

| £ million | Goodwill | Intellectual property and product development | Supply agreements | Software | Total |
|---|---|---|---|---|---|
| | | | | | 2024 |
| **Cost** | | | | | |
| At 1 October 2023 | 13,785 | 13,042 | 1,457 | 630 | 28,914 |
| Additions | - | 115 | 2 | 143 | 260 |
| Acquisitions | 2 | 1 | 2 | - | 5 |
| Disposals | - | (1) | (2) | (4) | (7) |
| Reclassifications | 29 | - | 1 | (30) | - |
| Exchange movements | (632) | (814) | (53) | (17) | (1,516) |
| At 30 September 2024 | 13,184 | 12,343 | 1,407 | 722 | 27,656 |
| **Amortisation and impairment** | | | | | |
| At 1 October 2023 | 1,556 | 8,650 | 1,389 | 375 | 11,970 |
| Amortisation charge for the year | - | 354 | 7 | 38 | 399 |
| Disposals | - | - | - | (3) | (3) |
| Exchange movements | (56) | (525) | (50) | (17) | (648) |
| Accumulated amortisation | - | 7,940 | 1,346 | 392 | 9,678 |
| Accumulated impairment | 1,500 | 539 | - | 1 | 2,040 |
| At 30 September 2024 | 1,500 | 8,479 | 1,346 | 393 | 11,718 |
| **Net book value** | | | | | |
| At 30 September 2024 | 11,684 | 3,864 | 61 | 329 | 15,938 |
| **Assets under construction included above:** | | | | | |
| **At 30 September 2025** | | | | | **352** |
| At 30 September 2024 | | | | | 261 |

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Amortisation and impairment of acquired intangibles excluded from adjusted operating profit amounted to £369 million (2024: £353 million); this comprises amortisation on intellectual property of £362 million (2024: £346 million) and amortisation on supply agreements of £7 million (2024: £7 million).

Intellectual property mainly comprises brands acquired in the USA in 2015 and through the purchases of Altadis in 2008 and Commonwealth Brands in 2007.

Supply agreements include Distribution customer relationships acquired as part of the purchases of Altadis, Carbó Collbatallé S.L. and Herinvemol S.L. (Transportes El Mosca) in prior financial years.

Intangible amortisation and impairment are included within cost of sales, distribution, advertising and selling costs, and administrative and other expenses in the consolidated income statement.

Amortisation and impairment in respect of intangible assets other than software and internally generated intellectual property are treated as reconciling items between reported operating profit and adjusted operating profit, except to the extent these have been treated as restructuring costs.

During the period ended 30 September 2023, the Group purchased intellectual property relating to tobacco pouches to be marketed within the United States. The purchase consideration comprised £41 million which was paid in cash on completion, deferred consideration of £25 million paid in December 2023 and sales volume related contingent consideration initially estimated at £40 million payable over a five-year period up until 2028.

During the year a decrease to the contingent consideration liability of £37 million (2024: increase of £41 million) was recognised to reflect the latest sales forecast. All contingent consideration has been discounted at a rate of 13%.

At 30 September 2025 the contingent consideration liability was £40 million (2024: £77 million) and the total value of the intangible asset recognised was £102 million (2024: £139 million).

In March 2025, Group purchased 2ONE brand for £40 million; in December 2024, Group purchased a supply contract in Mali for consideration of £28 million.

Included within assets under construction is £352 million (2024: £261 million) relating to software. This includes capitalised development costs of £210 million (2024: £143 million) related to the Unify programme. Total amortisation costs during the year were £1 million (2024: £nil) resulting in a net book value of £209 million (2024: £143 million).

### Goodwill and intangible asset impairment review

The Group's Cash Generating Unit Groupings (CGUG) are used for annual goodwill impairment testing and are aligned to the Group's operating segments, namely Europe, Americas and AAACE for the Tobacco & NGP business, and Distribution. Goodwill is allocated at a CGUG level where components of that grouping are expected to benefit from the business combination in which the goodwill arose. The groupings represent the lowest level at which goodwill is monitored for internal management purposes. A summary of the carrying value of goodwill and intangible assets with indefinite lives is set out below:

| | **2025** | | 2024 | |
|---|---|---|---|---|
| £ million | **Goodwill** | **Intangible assets with indefinite lives** | Goodwill | Intangible assets with indefinite lives |
| Europe | **4,055** | **309** | 3,919 | 296 |
| Americas | **4,081** | **-** | 3,945 | - |
| AAACE | **2,147** | **163** | 2,076 | 156 |
| Tobacco & NGP | **10,283** | **472** | 9,940 | 452 |
| Distribution | **1,823** | **-** | 1,744 | - |
| | **12,106** | **472** | 11,684 | 452 |

Goodwill has arisen principally on the acquisitions of Reemtsma in 2002 (all CGUG), Commonwealth Brands in 2007 (USA), Altadis in 2008 (all CGUG) and ITG Brands in 2015 (USA). Intangible assets with indefinite lives relate to the tobacco trademark, Davidoff, which was purchased as part of the acquisition of Reemtsma in 2002.

The Group tests goodwill and intangible assets with indefinite lives for impairment annually, or more frequently if there are any indications that impairment may have arisen. The value of a CGUG is based on value in use calculations. These calculations use cash flow projections derived from financial plans of the business which are based on detailed bottom-up market-by-market forecasts of projected sales volumes for each product line. These forecasts reflect, on an individual market basis, numerous assumptions and estimates regarding anticipated changes in market size, prices and duty regimes, consumer uptrading and downtrading, consumer preferences and other changes in product mix, based on long-term market trends, market data, anticipated regulatory developments, and management experience and expectations. We consider that pricing, market size, market shares and cost inflation are the key assumptions used in our plans.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Growth rates and discount rates used

The compound annual growth rates implicit in these value in use calculations are shown below:

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| % | **Pre-tax discount rate** | **Initial growth rate** | **Long-term growth rate** | Pre-tax discount rate | Initial growth rate | Long-term growth rate |
| Europe | **10.6** | **2.3** | **0.5** | 9.9 | 4.1 | 0.2 |
| Americas | **9.2** | **5.7** | **2.1** | 8.7 | 6.5 | 1.9 |
| AAACE | **13.1** | **3.5** | **2.0** | 13.3 | 2.0 | 1.9 |
| Distribution | **11.5** | **6.3** | **1.6** | 12.1 | 4.1 | 1.6 |

The calculation to determine the value in use involves a discounted future cash flow forecast model. Nominal cash flows are used in the calculation which will themselves already factor in the effects of inflation. The cash flows are sourced from the Group business plan which considers and factors in the risk of variability of future business performance and hence cash flow variation. A nominal discount rate is used within the model based on the Group's weighted average cost of capital which is calculated using the Capital Asset Pricing Model. As risk has been applied within the undiscounted cash flows no adjustment is made to the discount rate for risk, except for the application of country risk premia over and above the Group's weighted average cost of capital where appropriate.

Country-specific discount rates are used based on the Group's weighted average cost of capital adjusted for country risk premium. The impairment review is undertaken at a CGUG level which involves the aggregation of the individual value in use amounts for the individual countries which constitute each CGUG. Our impairment projections are prepared under the basis set out in IAS 36.

Nominal cash flows from the business plan period are used for year one, two and three, then extrapolated out to year five using the implicit growth rate, shown in the table above as the initial growth rate. In certain markets, the extrapolated cash flow growth rate can exceed the long-term growth rate based on the business plan being a better reflection of the anticipated initial growth. Where there are specific indications that the cash flow growth rates for years four and five are lower than those for the earlier years, the lower rates will be used. Estimated long-term weighted average compound growth rates are used beyond year five.

Long-term growth rates are determined as the lower of:
- the nominal GDP growth rates for the country of operation;
- the extrapolation of the initial growth rates as estimated by management for years one to five; and
- the management long-term expectations of growth for a specific market.

Long-term growth rates are based on management's long-term expectations, taking account of industry-specific factors such as the nature of our products, the role of excise in government fiscal policy, and relatively stable and predictable long-term macro trends in the Tobacco industry. Year-on-year variations in initial growth rates may result in consequential changes to estimated long-term rates. Key year on year changes in growth rates are as follows:

Europe's initial growth rate fell by 1.8%. This is primarily a reflection of a reduction in the medium-term growth outlook for the UK market.

Americas initial growth rate fell by 0.8% driven by lower expectation of combustible product growth partially offset by improved prospects for NGP products.

AAACE had a 1.5% increase in the initial growth rate primarily driven by forecast improvements to profit growth in Ivory Coast and Morocco.

The Distribution initial growth rate increased by 2.2% compared to the prior year reflecting an expected acceleration in the rate of profit growth following a number of acquisitions in prior years.

### Goodwill and intangible asset impairment review conclusion

Our impairment testing confirms there are sufficient cash flows to support the current carrying values of the goodwill held at 30 September 2025. Any reasonable movement in the assumptions used in the impairment tests would not result in an impairment. The complexity of the estimation process and issues related to the assumptions, risks and uncertainties inherent in the application of the Group's accounting estimates in relation to intangible assets can affect the amounts reported in the financial statements, especially the estimates of the expected useful economic lives and the carrying values of those assets. If business conditions significantly change it is possible that materially different amounts could be reported in the Group's financial statements in future periods. There are uncertainties associated with estimating the valuation of the recoverable amount. At the present time the recoverable amount is significantly in excess of the carrying value of goodwill and other intangible assets. However, given the uncertainties mentioned above this could change in the future.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Consideration of the impact of climate change

The Group has completed an assessment of the impact of climate change which includes how it will vary future costs and therefore cash flows. The review has concluded that there are impacts on future cash flows as a result of climate change, with the most significant relating to non-tobacco materials and leaf costs due to increases in the operating costs of suppliers and raw materials. We have factored the additional costs to the Group relating to forecast climate costs into our discounted cash flow forecasts used for impairment testing valuation purposes. There continues to be improvements in the way the Group models the financial impact of climate risks. Updated climate impact models have been used in the current year which factor in an improved degree of risk assessment. The climate impact assessment for the Distribution CGUG has been fully integrated into the wider Group assessment model this year. The modelled impact for the Group was £360 million (2024: £504 million). There continues to be sufficient headroom after factoring in climate risk and there is therefore no impairment recognised as result of incremental climate change costs. However, the Group will continue to review the climate change impact going forward and any future changes in impact assessment could potentially result in changes to the impairment assessment.

### Other intangible assets

Other intangible assets are considered for impairment risk. The carrying values of brand intangibles are reviewed against expected future cash flows of associated products. Impairment will only be recognised where there is evidence that the carrying value of the brand cannot be recovered through those cash flows. Included within these reviews is a test to determine the recoverability of the Davidoff indefinite life brand intangible asset. The carrying value of this asset as at 30 September 2025 was £472 million (2024: £452 million). Recoverability of Davidoff has been measured against the net brand contribution which confirms that the carrying value of the brand will be recovered within a two year period. No impairments (2024: £nil) have been recognised for brand intangibles.

£1 million (2024: £nil) impairment charge was incurred in the year relating to software.

All other classes of intangible assets, including assets under construction, have also been reviewed to consider recoverability and therefore identify potential impairment. No impairments were recognised in the year ended 30 September 2025 and hence no impairment charge has been incurred (2024: £nil).

## 13. PROPERTY, PLANT AND EQUIPMENT

| | | | | 2025 |
|---|---|---|---|---|
| £ million | Property | Plant and equipment | Fixtures and motor vehicles | Total |
| **Cost** | | | | |
| At 1 October 2024 | 736 | 2,048 | 450 | 3,234 |
| Additions | 11 | 144 | 32 | 187 |
| Acquisitions | 1 | 2 | 3 | 6 |
| Disposals | (32) | (64) | (31) | (127) |
| Hyperinflation adjustment | - | 4 | - | 4 |
| Reclassifications | 8 | (31) | 23 | - |
| Exchange movements | 28 | 78 | 14 | 120 |
| At 30 September 2025 | 752 | 2,181 | 491 | 3,424 |
| **Depreciation and impairment** | | | | |
| At 1 October 2024 | 168 | 1,222 | 283 | 1,673 |
| Depreciation charge for the year | 14 | 100 | 41 | 155 |
| Impairment | 12 | 75 | 13 | 100 |
| Disposals | (18) | (51) | (26) | (95) |
| Reclassifications | 7 | (10) | 3 | - |
| Exchange movements | 9 | 46 | 12 | 67 |
| At 30 September 2025 | 192 | 1,382 | 326 | 1,900 |
| **Net book value** | | | | |
| At 30 September 2025 | 560 | 799 | 165 | 1,524 |

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

| £ million | Property | Plant and equipment | Fixtures and motor vehicles | 2024 Total |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 October 2023 | 756 | 2,065 | 484 | 3,305 |
| Additions | 10 | 127 | 41 | 178 |
| Acquisitions | - | 1 | - | 1 |
| Disposals | (24) | (69) | (48) | (141) |
| Hyperinflation adjustment | 1 | 10 | 1 | 12 |
| Reclassifications | 18 | (5) | (13) | - |
| Exchange movements | (25) | (81) | (15) | (121) |
| At 30 September 2024 | 736 | 2,048 | 450 | 3,234 |
| **Depreciation and impairment** | | | | |
| At 1 October 2023 | 177 | 1,203 | 308 | 1,688 |
| Depreciation charge for the year | 16 | 102 | 36 | 154 |
| Impairment | (3) | 2 | - | (1) |
| Disposals | (12) | (47) | (46) | (105) |
| Reclassifications | - | 4 | (4) | - |
| Exchange movements | (10) | (42) | (11) | (63) |
| At 30 September 2024 | 168 | 1,222 | 283 | 1,673 |
| **Net book value** | | | | |
| At 30 September 2024 | 568 | 826 | 167 | 1,561 |
| **Assets under construction included above:** | | | | |
| **At 30 September 2025** | | | | **156** |
| At 30 September 2024 | | | | 122 |

### 14. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The movements in right of use assets in the year were as follows:

| £ million | Property | Plant and equipment | Fixtures and motor vehicles | 2025 Total |
|---|---|---|---|---|
| **Net book value** | | | | |
| At 1 October 2024 | **267** | **2** | **93** | **362** |
| Additions and modifications | **59** | **4** | **43** | **106** |
| Terminations | **(3)** | **(1)** | **(4)** | **(8)** |
| Depreciation and impairment | **(59)** | **(3)** | **(39)** | **(101)** |
| Exchange movements | **10** | **-** | **4** | **14** |
| At 30 September 2025 | **274** | **2** | **97** | **373** |

The movements in lease liabilities in the year were as follows:

| £ million | Lease Liabilities |
|---|---|
| At 1 October 2024 | **386** |
| Cash flow | **(109)** |
| Accretion of interest | **15** |
| New leases, terminations and modifications | **95** |
| Exchange movements | **15** |
| At 30 September 2025 | **402** |

The following are the amounts recognised in the consolidated income statement:

| £ million | 2025 | 2024 |
|---|---|---|
| Expenses relating to short-term leases | **6** | 10 |
| Expenses relating to low value asset leases | **1** | 2 |
| Depreciation and impairment expense of right of use assets | **101** | 95 |
| Interest on lease liabilities | **15** | 14 |

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The movements in right of use assets in the year ending 30 September 2024 were as follows:

| £ million | Property | Plant and equipment | Fixtures and motor vehicles | 2024 Total |
|---|---|---|---|---|
| **Net book value** | | | | |
| At 1 October 2023 | 256 | 2 | 68 | 326 |
| Additions and modifications | 82 | 4 | 69 | 155 |
| Terminations | (4) | (1) | (5) | (10) |
| Depreciation | (57) | (3) | (35) | (95) |
| Exchange movements | (10) | - | (4) | (14) |
| At 30 September 2024 | 267 | 2 | 93 | 362 |

The movements in lease liabilities in the year ending 30 September 2024 were as follows:

| £ million | Lease Liabilities |
|---|---|
| At 1 October 2023 | 349 |
| Cash flow | (107) |
| Accretion of interest | 14 |
| New leases, terminations and modifications | 144 |
| Exchange movements | (14) |
| At 30 September 2024 | 386 |

The maturity profile and the future minimum lease payments of the carrying amount of the Group's lease liabilities and the contractual cash flows as at 30 September 2025 and 30 September 2024 are disclosed in Note 21.

### 15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The principal joint venture during the year was Global Horizon Ventures Limited. Summarised financial information for the Group's joint ventures, which are accounted for using the equity method, is shown below:

| £ million | **Global Horizon Ventures** | **Others** | **2025 Total** |
|---|---|---|---|
| Revenue | **28** | **40** | **68** |
| Profit after tax | **24** | **1** | **25** |
| | | | |
| Non-current assets | **-** | **9** | **9** |
| Current assets | **62** | **59** | **121** |
| Total assets | **62** | **68** | **130** |
| Current liabilities | **(5)** | **(54)** | **(59)** |
| Non-current liabilities | **-** | **(14)** | **(14)** |
| Total liabilities | **(5)** | **(68)** | **(73)** |
| Net assets | **57** | **-** | **57** |

| £ million | Global Horizon Ventures | Others | 2024 Total |
|---|---|---|---|
| Revenue | 25 | 40 | 65 |
| Profit after tax | 17 | 3 | 20 |
| | | | |
| Non-current assets | - | 8 | 8 |
| Current assets | 60 | 62 | 122 |
| Total assets | 60 | 70 | 130 |
| Current liabilities | (11) | (56) | (67) |
| Non-current liabilities | - | (13) | (13) |
| Total liabilities | (11) | (69) | (80) |
| Net assets | 49 | 1 | 50 |

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Transactions and balances with joint ventures

| £ million | 2025 | 2024 |
|---|---|---|
| Purchases from | **15** | 9 |
| Accounts payable to | **(11)** | (4) |

### Movement on investments accounted for using the equity method

| £ million | 2025 | 2024 |
|---|---|---|
| At 1 October | **56** | 55 |
| Share of profit for the year from joint ventures | **12** | 9 |
| Share of profit for the year from associates | **5** | 1 |
| Dividends | **(7)** | (9) |
| At 30 September | **66** | 56 |

### 16. INVENTORIES

| £ million | 2025 | 2024 |
|---|---|---|
| Raw materials | **992** | 960 |
| Work in progress | **83** | 84 |
| Finished inventories | **3,207** | 2,887 |
| Other inventories | **184** | 149 |
| | **4,466** | 4,080 |

Other inventories mainly comprise duty-paid tax stamps.

Within finished inventories of £3,207 million (2024: £2,887 million) there is excise duty of £1,201 million (2024: £1,118 million).

It is generally recognised industry practice to classify leaf tobacco inventory as a current asset, although part of such inventory, because of the duration of the processing cycle, ordinarily would not be consumed within one year. We estimate that around £203 million (2024: £204 million) of leaf tobacco held within raw materials will not be utilised within a year of the balance sheet date.

### 17. TRADE AND OTHER RECEIVABLES

| | 2025 | | 2024 | |
|---|---|---|---|---|
| £ million | Current | Non-current | Current | Non-current |
| Trade receivables | **2,446** | **4** | 2,395 | 1 |
| Less: loss allowance | **(66)** | **(1)** | (64) | (1) |
| Net trade receivables | **2,380** | **3** | 2,331 | - |
| Other receivables | **205** | **32** | 156 | 37 |
| Prepayments | **131** | **98** | 158 | 81 |
| | **2,716** | **133** | 2,645 | 118 |

Trade receivables may be analysed as follows:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| £ million | Current | Non-current | Current | Non-current |
| Within credit terms | **2,228** | **3** | 2,194 | - |
| Past due by less than 3 months | **118** | **-** | 111 | - |
| Past due by more than 3 months | **34** | **-** | 26 | - |
| Amounts that are impaired | **66** | **1** | 64 | 1 |
| | **2,446** | **4** | 2,395 | 1 |

The movements in the total loss allowance for receivables can be analysed as follows:

| £ million | 2025 | 2024 |
|---|---|---|
| At 1 October | **65** | 66 |
| Net increase/(decrease) in provision | **2** | (1) |
| At 30 September | **67** | 65 |

Trade receivables are reviewed by their risk profiles and loss patterns to assess credit risk. Historical and forward-looking information is considered to determine the appropriate expected credit loss allowance. Provision levels are calculated on the residual credit risk after consideration of any credit protection which is used by the Group. Expected credit losses (ECLs) are applied to net trade receivables which are measured reflecting lifetime ECLs using the simplified approach.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 18. CASH AND CASH EQUIVALENTS

| £ million | 2025 | 2024 |
|---|---|---|
| Cash at bank and in hand | **683** | 607 |
| Short-term deposits and other liquid assets | **756** | 471 |
| | **1,439** | 1,078 |

£220 million (2024: £217 million) of total cash and cash equivalents is held in countries in which prior approval is required to transfer the funds abroad. Nevertheless, if the Group complies with these requirements, such liquid funds are at its disposition within a reasonable period of time, which in all cases is three months or less from the date the transfer is requested.

## 19. TRADE AND OTHER PAYABLES

| | 2025 | | 2024 | |
|---|---|---|---|---|
| £ million | Current | Non-current | Current | Non-current |
| Trade payables | **1,709** | **-** | 1,499 | - |
| Duties payable | **5,225** | **-** | 5,156 | - |
| Other taxes and social security contributions | **1,532** | **-** | 1,381 | - |
| Other payables | **607** | **-** | 623 | - |
| Accruals | **967** | **41** | 838 | 86 |
| | **10,040** | **41** | 9,497 | 86 |

## 20. BORROWINGS

The Group's borrowings, held at amortised cost, are as follows:

| £ million | 2025 | 2024 |
|---|---|---|
| Current borrowings | | |
| Bank loans and overdrafts | **4** | 34 |
| Capital market issuance: | | |
| European commercial paper (ECP) | **-** | 21 |
| €500m 1.375% notes due January 2025 | **-** | 421 |
| US$ 950m 4.25% notes due July 2025 | **-** | 715 |
| €650m 3.375% notes due February 2026 | **579** | - |
| US$ 400m 3.5% notes due July 2026 | **300** | - |
| £188m 5.5% notes due September 2026 | **187** | - |
| Total current borrowings | **1,070** | 1,191 |
| | | |
| Non-current borrowings | | |
| Capital market issuance: | | |
| €650m 3.375% notes due February 2026 | **-** | 553 |
| US$ 750m 3.5% notes due July 2026 | **-** | 563 |
| £500m 5.5% notes due September 2026 | **-** | 500 |
| €750m 2.125% notes due February 2027 | **663** | 634 |
| US$ 1,000m 6.125% notes due July 2027 | **750** | 752 |
| US$ 850m 4.5% notes due June 2028 | **638** | - |
| US$ 1,000m 3.875% notes due July 2029 | **748** | 751 |
| US$ 1,250m 5.5% notes due February 2030 | **936** | 944 |
| €1,050m 5.25% notes due February 2031 | **940** | 898 |
| £500m 4.875% notes due June 2032 | **506** | 505 |
| €1,000m 1.75% notes due March 2033 | **879** | 840 |
| €1,000m 3.875% notes due February 2034 | **886** | - |
| US$ 750m 5.875% notes due July 2034 | **564** | 566 |
| US$ 850m 5.625% notes due July 2035 | **639** | - |
| US$ 500m 6.375% notes due July 2055 | **375** | - |
| Total non-current borrowings | **8,524** | 7,506 |
| Total borrowings | **9,594** | 8,697 |
| Analysed as: | | |
| Capital market issuance | **9,590** | 8,663 |
| Bank loans and overdrafts | **4** | 34 |

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Current and non-current borrowings include interest payable of £14 million (2024: £10 million) and £128 million (2024: £102 million) respectively as at the balance sheet date.

Interest payable on capital market issuances is at fixed rates of interest and interest payable on bank loans and overdrafts are at floating rates of interest.

On 27 January 2025, €500 million (£420 million equivalent) 1.375% notes were repaid. On 12 February 2025, €800 million (£668 million equivalent) 3.875% notes were issued. On 1 July 2025, US$ 850 million (£619 million equivalent) 4.5% notes were issued, US$ 850 million (£619 million equivalent) 5.625% notes were issued, US$ 500 million (£364 million equivalent) 6.375% notes were issued. On 11 July 2025, a partial repayment of the £500 million 5.5% notes was made; £312 million was repaid with the remaining £188 million due September 2026, a partial repayment of the US$ 750 million 3.5% notes was made; US$ 350 million (£259 million equivalent) was repaid with the remaining US$ 400 million due July 2026. On 21 July 2025, US$ 950 million (£705 million equivalent) 4.25% notes were repaid. On 4 September 2025, €200 million (£173 million equivalent) 3.875% notes were issued, supplementary to the 12 February 2025 €800 million issue, listed as €1,000 3.875% notes due February 2034 in the above table.

All borrowings are unsecured and the Group has not defaulted on any borrowings during the year (2024: no defaults).

The maturity profile of the Group's bonds and the contractual cashflows as at 30 September 2025 is disclosed in Note 21.

### Fair value of borrowings

The fair value of borrowings as at 30 September 2025 is estimated to be £9,526 million (2024: £8,567 million). £9,522 million (2024: £8,533 million) relates to capital market issuance and has been determined by reference to market prices as at the balance sheet date. A comparison of the carrying amount and fair value of capital market issuance by currency is provided below. The fair value of all other borrowings is considered to equal their carrying amount.

| | 2025 | | 2024 | |
|---|---|---|---|---|
| £ million | **Balance sheet amount** | **Fair value** | Balance sheet amount | Fair value |
| GBP | **693** | **671** | 1,006 | 985 |
| EUR | **3,947** | **3,839** | 3,367 | 3,245 |
| USD | **4,950** | **5,012** | 4,290 | 4,303 |
| Total capital market issuance | **9,590** | **9,522** | 8,663 | 8,533 |

### Undrawn revolving credit facilities

At 30 September the Group had the following undrawn committed facilities:

| £ million | **2025** | 2024 |
|---|---|---|
| Amounts maturing: | | |
| In less than one year | **700** | 853 |
| Between one and two years | **-** | 153 |
| Between two and five years | **2,619** | 2,608 |
| | **3,319** | 3,614 |

On 18 September 2025 the Group's existing syndicated multicurrency facility of €3,493 million (2024 €3,493 million) was cancelled and a new syndicated multicurrency facility of €3,000 million was arranged, with an initial maturity date of 31 March 2029.

During September 2025 six bilateral facilities for a total £700 million were terminated. Six new bilateral facilities for a total £700 million were arranged, £600 million of which were available at 30 September 2025 and £100 million from 1 October 2025; all maturing in September 2026.

## 21. FINANCIAL RISK FACTORS

### Financial risk management

#### Overview

In the normal course of business, the Group is exposed to financial risks including, but not limited to, market, credit and liquidity risk. This note explains the Group's exposure to these risks, how they are measured and assessed, and summarises the policies and processes used to manage them, including those related to the management of capital.

The Group operates a centralised treasury function which is responsible for the management of the financial risks of the Group, together with its financing and liquidity requirements. Financial risks comprise, but are not limited to, exposures to funding and liquidity, interest rate, foreign exchange and counterparty credit risk. The treasury function is also responsible for the financial risk management of the Group's global defined benefit pension schemes and management of Group wide insurance programs. The treasury function does not operate as a profit centre, nor does it enter into speculative transactions.

The Group's treasury activities are overseen by the Treasury Committee, which meets four times a year and comprises the Chief Financial Officer, the Director of Treasury, the Group Finance Director, the Chief Legal Risk Governance & Compliance Officer and three Group Regional Finance Directors. The Treasury Committee operates in accordance with the terms of reference set out by the Board and a policy (the Treasury Operations Policy) which sets out the expectations and boundaries to assist in the effective oversight of treasury activities.

The Board reviews and approves all major treasury decisions.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The Group's management of financial risks covers the following:

### (A) Market risk

#### Price risk

The Group is not exposed to equity securities price risk other than assets held by its pension funds disclosed in note 24. The Group is exposed to commodity price risk in that there may be fluctuations in the price of tobacco leaf. As with other agricultural commodities, the price of tobacco leaf tends to be cyclical as supply and demand considerations influence tobacco plantings in those countries where tobacco is grown. Also, different regions may experience variations in weather patterns that may affect crop quality or supply and so lead to changes in price. The Group seeks to reduce this price risk by sourcing tobacco leaf from a number of different countries and counterparties and by varying the levels of tobacco leaf held. Currently, these techniques reduce the expected exposure to this risk over the short to medium term to levels considered not material and accordingly, no sensitivity analysis has been presented.

#### Foreign exchange risk

The Group is exposed to movements in foreign exchange rates due to its commercial trading transactions and profits denominated in foreign currencies, as well as the translation of cash, borrowings and derivatives held in non-functional currencies.

The Group's financial results are principally exposed to fluctuations in euro and US dollar exchange rates. Management of the Group's foreign exchange transaction and translation risk is addressed below.

#### Transaction risk

The Group's material transaction exposures arise on costs denominated in currencies other than the functional currencies of subsidiaries, including the purchase of tobacco leaf, which is sourced from various countries but purchased principally in US dollars, and packaging materials which are sourced from various countries and purchased in a number of currencies. The Group is also exposed to transaction foreign exchange risk on the conversion of foreign subsidiary earnings into sterling to fund the external dividends to shareholders. This is managed by selling euros and US dollars monthly throughout the year. Other foreign currency flows are matched where possible and remaining foreign currency transaction exposures are not hedged.

#### Translation risk

The Group's currency mix of debt and related derivatives is held with consideration to the currency mix of its net assets and profits, which are primarily euros and US dollars. The Group issues debt in the most appropriate market or markets at the time of raising new finance and has a policy of using cross-currency swap derivative financial instruments to change the currency of debt as required. Borrowings denominated in, or swapped into foreign currencies to match the Group's investments in overseas subsidiaries are treated as a hedge against the net investment where appropriate.

#### Foreign exchange sensitivity analysis

The Group's sensitivity to foreign exchange rate movements, which impacts the translation of monetary items held by subsidiary companies in currencies other than their functional currencies, is illustrated on an indicative basis below. The sensitivity analysis has been prepared on the basis that net debt and the proportion of financial instruments in foreign currencies remain constant, and that there is no change to the net investment hedge designations in place at 30 September 2025. The sensitivity analysis does not reflect any change to revenue or non-finance costs that may result from changing exchange rates, and ignores any taxation implications and offsetting effects of movements in the fair value of derivative financial instruments.

| £ million | **2025** **Increase/ (decrease) in income** | 2024 Increase/ (decrease) in income |
|---|---|---|
| Income statement impact of non-functional currency foreign exchange exposures: | | |
| 10% appreciation of sterling against euro (2024: 10%) | **78** | 87 |
| 10% appreciation of sterling against US dollar (2024: 10%) | **(25)** | (17) |
| 10% depreciation of sterling against euro (2024: 10%) | **(95)** | (106) |
| 10% depreciation of sterling against US dollar (2024: 10%) | **31** | 20 |

Movements in equity in the table below relate to intercompany loans treated as quasi-equity under IAS 21 and hedging instruments designated as net investment hedges of the Group's Euro and US Dollar denominated assets.

| £ million | **2025** **Change in equity** | 2024 Change in equity |
|---|---|---|
| Equity impact of non-functional currency foreign exchange exposures: | | |
| 10% appreciation of sterling against euro (2024: 10%) | **934** | 928 |
| 10% appreciation of sterling against US dollar (2024: 10%) | **328** | 272 |
| 10% depreciation of sterling against euro (2024: 10%) | **(1,141)** | (1,134) |
| 10% depreciation of sterling against US dollar (2024: 10%) | **(401)** | (332) |

At 30 September 2025, after the effect of derivative financial instruments, approximately 101% of the Group's net debt was denominated in euro and non US Dollar currencies (2024: 102%) and (1)% in US dollars (2024: (2)%).

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Interest rate risk

The Group's interest rate risk arises from its borrowings net of cash and cash equivalents, with the primary exposures arising from fluctuations in euro and US dollar interest rates. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group manages its exposure to interest rate risk on its borrowings by entering into derivative financial instruments, interest rate swaps, to achieve an appropriate mix of fixed and floating interest rate debt in accordance with the Treasury Operations Policy and Treasury Committee discussions.

As at 30 September 2025, after adjusting for the effect of derivative financial instruments detailed in note 22, approximately 109% (2024: 109%) of reported net debt was at fixed rates of interest and (9)% (2024: (9)%) was at floating rates of interest. After adjusting for cash held in subsidiary bank accounts and cash in transit, accrued interest, the mark to market of the derivative portfolio, finance leases and the trade receivables that were sold to a financial institution under a non-recourse factoring arrangement, approximately 98% (2024: 97%) of debt was at fixed rates of interest and 2% (2024: 3%) was at floating rates of interest.

### Interest rate sensitivity analysis

The Group's sensitivity to interest rates on its euro and US dollar monetary items which are primarily external borrowings, cash and cash equivalents, is illustrated on an indicative basis below. The impact in the Group's Income Statement reflects the effect on net finance costs in respect of the Group's net debt and the fixed to floating rate debt ratio prevailing at 30 September 2025, ignoring any taxation implications and offsetting effects of movements in the fair value of derivative financial instruments.

The sensitivity analysis has been prepared on the basis that net debt and the derivatives portfolio remain constant and that there is no net impact on other comprehensive income.

| £ million | **2025 Change in income** | 2024 Change in income |
|---|---|---|
| Income statement impact of interest rate movements: | | |
| +/- 1% increase in euro interest rates (2024: 1%) | **-** | 1 |
| +/- 1% increase in US dollar interest rates (2024: 1%) | **(9)** | (2) |

### (B) Credit risk

IFRS 9 requires an expected credit loss (ECL) model to be applied to financial assets. The expected credit loss model requires the Group to account for expected losses as a result of credit risk on initial recognition of financial assets and to recognise changes in those expected credit losses at each reporting date. Allowances are measured at an amount equal to the lifetime expected credit losses where the credit risk on the receivables increases significantly after initial recognition. The Group is primarily exposed to credit risk arising from the extension of credit to its customers, on cash deposits and derivatives. The maximum aggregate credit risk to these sources was £4,322 million at 30 September 2025 (2024: £3,947 million).

### Trade and other receivables

Policies are in place to manage the risk associated with the extension of credit to third parties to ensure that commercial intent is balanced effectively with credit risk management. Subsidiaries have policies in place that require appropriate credit checks on customers and credit is extended with consideration to financial risk and creditworthiness. If a customer requires credit beyond an acceptable limit, security may be put in place to minimise the financial impact in the event of a payment default. Instruments that may typically be used as security include non-recourse receivables factoring and bank guarantees. At 30 September 2025 the level of trade receivables that were sold to a financial institution under a non-recourse factoring arrangement, and subsequently derecognised, totalled £483 million (2024: £570 million). The decrease compared with the prior year primarily reflects the timing of sales. The total value of trade receivables reclassified as fair value was £89 million at 30 September 2025 (2024: £53 million). There was no valuation difference between amortised cost and fair value. Analysis of trade and other receivables is provided in note 17.

### Supplier financing arrangements

The Group participates in a supply chain financing arrangement (SCF). Under the arrangement, a single bank agrees to pay amounts to a participating supplier in respect of invoices owed by the Group and receives settlement from the Group at a later date. The Group extends payment terms with suppliers in the ordinary course of business and then offers them access to the SCF arrangement so the supplier can get paid early by the bank. The value is discounted at a rate that is based on the Group's credit profile, meaning the Group can leverage its credit rating. There is a parental guarantee in place in favour of the bank but this is contingent only and does not change the Group's financial obligations. The principal purpose of this arrangement is to facilitate efficient payment processing and enable the willing suppliers to receive payments from the bank before the invoice due date.

| Carrying amount of liabilities that are part of supplier financing arrangements | **2025 £ million** | 2024 £ million |
|---|---|---|
| Presented within trade and other payables | **84** | 3 |
| - of which suppliers have received payment from finance provider | **58** | 1 |

| Range of payment due dates | **2025 Days** |
|---|---|
| Liabilities that are part of the arrangement | **1 - 183** |
| Trade payables that are not part of an arrangement | **0 - 120** |

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Financial instruments

In order to manage its credit risk to any one counterparty, the Group places cash deposits and enters into derivative financial instruments with a diversified group of financial institutions carrying suitable credit ratings in line with the Treasury Operations Policy. Utilisation of counterparty credit limits is regularly monitored by treasury and ISDA agreements are in place to permit the net settlement of assets and liabilities in certain circumstances.

The table below summarises the Group's largest exposures to financial counterparties as at 30 September 2025. At the balance sheet date management does not expect these counterparties to default on their current obligations.

| Counterparty exposure | **2025** **Maximum exposure to credit risk £ million** | 2024 Maximum exposure to credit risk £ million |
|---|---|---|
| Highest | **515** | 253 |
| 2nd highest | **87** | 134 |
| 3rd highest | **73** | 50 |
| 4th highest | **27** | 27 |
| 5th highest | **19** | 10 |

These exposures are held with counterparties with investment grade credit ratings or in money market funds with a AAA rating.

### (C) Liquidity risk

The Group is exposed to liquidity risk, which represents the risk of having insufficient funds to meet its financing needs in any particular location when needed. To manage this risk the Group has a policy of actively maintaining a mixture of short, medium and long-term committed facilities that are structured to ensure that the Group has sufficient available funds to meet the forecast requirements of the Group over the short to medium term. To prevent over-reliance on individual sources of liquidity, funding is provided across a range of instruments including debt capital market issuance, bank term loans, bank revolving credit facilities, European commercial paper and US commercial paper.

The Group primarily borrows centrally in order to meet forecast funding requirements, and the treasury function is in regular dialogue with subsidiary companies to ensure their liquidity needs are met. Subsidiary companies are funded by a combination of share capital and retained earnings, intercompany loans, and in very limited cases through external local borrowings. Cash pooling processes are used to centralise surplus cash held by subsidiaries where possible in order to minimise external borrowing requirements and interest costs. Treasury invests surplus cash in bank deposits and money market funds and uses foreign exchange contracts to manage short term liquidity requirements in line with short term cash flow forecasts. As at 30 September 2025, the Group held liquid assets of £1,439 million (2024: £1,078 million).

The table below summarises the Group's non derivative financial liabilities by maturity based on their contractual cash flows as at 30 September 2025. The amounts disclosed are undiscounted cash flows calculated using spot rates of exchange prevailing at the relevant balance sheet date. Contractual cash flows in respect of the Group's derivative financial instruments are detailed in note 22.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

| £ million | Balance sheet amount | Contractual cash flows total | <1 year | Between 1 and 2 years | Between 2 and 5 years | > 5 years |
|---|---|---|---|---|---|---|
| | | | | | | **2025** |
| Non-derivative financial liabilities: | | | | | | |
| Bank loans | **4** | **4** | **4** | **-** | **-** | **-** |
| Capital market issuance | **9,590** | **12,181** | **1,462** | **1,763** | **3,141** | **5,815** |
| Trade payables | **1,709** | **1,709** | **1,709** | **-** | **-** | **-** |
| Accruals | **1,008** | **1,008** | **967** | **17** | **24** | **-** |
| Other contractual liabilities | **607** | **607** | **607** | **-** | **-** | **-** |
| Lease liabilities | **402** | **456** | **108** | **86** | **156** | **106** |
| Total non-derivative financial liabilities | **13,320** | **15,965** | **4,857** | **1,866** | **3,321** | **5,921** |

| £ million | Balance sheet amount | Contractual cash flows total | <1 year | Between 1 and 2 years | Between 2 and 5 years | > 5 years |
|---|---|---|---|---|---|---|
| | | | | | | 2024 |
| Non-derivative financial liabilities: | | | | | | |
| Bank loans | 34 | 34 | 34 | - | - | - |
| Capital market issuance | 8,663 | 10,218 | 1,497 | 1,911 | 2,752 | 4,058 |
| Trade payables | 1,499 | 1,499 | 1,499 | - | - | - |
| Accruals | 924 | 924 | 838 | 14 | 72 | - |
| Other contractual liabilities | 623 | 623 | 623 | - | - | - |
| Lease liabilities | 386 | 435 | 96 | 82 | 144 | 113 |
| Total non-derivative financial liabilities | 12,129 | 13,733 | 4,587 | 2,007 | 2,968 | 4,171 |

Following a review of the definition of financial instruments and associated disclosure requirements as set out by IAS 32, accruals and other contractual liabilities have now been included in the financial instrument disclosure table. This is because the definition of a financial liability includes contractual liabilities in addition to debt instruments. Liabilities associated with taxes and levies have not been included as these items are recognised as a result of legislation and not through contract.

### Capital management

The Group defines capital as adjusted net debt and equity and manages its capital structure through an appropriate balance of debt and equity in order to drive an efficient mix for the Group.

The Group continues to manage its capital structure to maintain investment grade credit rating which it monitors by reference to a number of key financial ratios, including ongoing consideration of the return of capital to shareholders via regular dividend payments and share buybacks and in on-going discussions with the relevant rating agencies.

As at 30 September 2025 the Group was rated Baa2/P-2/stable outlook by Moody's Investor Service Ltd, BBB/A-2/stable outlook by Standard and Poor's Credit Market Services Europe Limited and BBB/F2/stable outlook by Fitch Ratings Limited.

The Group regards its total capital as follows:

| £ million | 2025 | 2024 |
|---|---|---|
| Adjusted net debt | **8,406** | 7,740 |
| Equity attributable to the owners of the parent | **4,824** | 5,442 |
| Total capital | **13,230** | 13,182 |

### Hedge accounting

The Group has investments in foreign operations which are consolidated in its financial statements and whose functional currencies are Euros or US Dollars. Where it is practicable and cost effective to do so, the foreign exchange rate exposures arising from these investments are hedged through the use of cross currency swaps, foreign exchange swaps and foreign currency denominated debt.

The Group only designates the undiscounted spot element of the cross currency swaps, foreign exchange swaps and foreign currency debt as hedging instruments. Changes in the fair value of the cross currency swaps and foreign exchange swaps attributable to changes in interest rates and the effect of discounting are recognised directly in profit or loss within the "Net Finance Costs" line. These amounts are, therefore, not included in the hedge effectiveness assessment.

Net investment gains and losses are reported in exchange movements within other comprehensive income and the hedging instrument foreign currency gains and losses deferred to the foreign currency revaluation reserve are detailed in the statement of changes in equity.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The Group establishes the hedging ratio by matching the notional balance of the hedging instruments with an equal notional balance of the net assets of the foreign operation. Given that only the undiscounted spot element of hedging instruments is designated in the hedging relationship, no ineffectiveness is expected unless the notional balance of the designated hedging instruments exceeds the total balance of the foreign operation's net assets during the reporting period. The foreign currency risk component is determined as the change in the carrying amount of designated net assets of the foreign operation arising solely from changes in spot foreign currency exchange rates.

All net investment hedges were fully effective at 30 September 2025.

The following table sets out the maturity profile of the hedging instruments used in the Group's net investment hedging strategies:

| | | | | | **2025** |
|---|---|---|---|---|---|
| | | | | | **Maturity** |
| £ million | **Total notional balance** | **<1 year** | **Between 1 and 2 years** | **Between 2 and 5 years** | **> 5 years** |
| Capital market issuance | **(5,703)** | **(567)** | **(1,399)** | **(1,674)** | **(2,063)** |
| Cross-currency swaps | **(5,481)** | **-** | **(837)** | **(2,474)** | **(2,170)** |
| Foreign exchange swaps | **(486)** | **(486)** | **-** | **-** | **-** |
| | **(11,670)** | **(1,053)** | **(2,236)** | **(4,148)** | **(4,233)** |

| | | | | | 2024 |
|---|---|---|---|---|---|
| | | | | | Maturity |
| £ million | Total notional balance | <1 year | Between 1 and 2 years | Between 2 and 5 years | > 5 years |
| Capital market issuance | (4,595) | (438) | (1,103) | (2,120) | (934) |
| Cross-currency swaps | (5,501) | (1,715) | (1,099) | (1,581) | (1,106) |
| | (10,096) | (2,153) | (2,202) | (3,701) | (2,040) |

The following table contains details of the hedging instruments and hedged items used in the Group's net investment hedging strategies:

| | | | | | **2025** |
|---|---|---|---|---|---|
| | | **Carrying amount** | | | |
| £ million | **Notional balance** | **Assets** | **Liabilities** | **Balance sheet line item** | **Changes in fair value used for calculating hedge in-effectiveness** |
| Hedging instrument: | | | | | |
| Capital market issuance | **5,703** | **-** | **5,764** | **Borrowings** | **(99)** |
| Bank Loans | **-** | **-** | **-** | **Borrowings** | **(11)** |
| Cross-currency swaps | **5,481** | **-** | **195** | **Derivative financial instruments** | **(265)** |
| Foreign exchange swaps | **486** | **2** | **-** | **Derivative financial instruments** | **(2)** |
| Hedged item: | | | | | |
| Investment in a foreign operation | **n/a** | **11,670** | **-** | | **(377)** |

| | | | | | 2024 |
|---|---|---|---|---|---|
| | | Carrying amount | | | |
| £ million | Notional balance | Assets | Liabilities | Balance sheet line item | Changes in fair value used for calculating hedge in-effectiveness |
| Hedging instrument: | | | | | |
| Capital market issuance | 4,595 | - | 4,584 | Borrowings | 321 |
| Cross-currency swaps | 5,501 | 118 | 76 | Derivative financial instruments | 213 |
| Foreign exchange swaps | - | - | - | Derivative financial instruments | 6 |
| Hedged item: | | | | | |
| Investment in a foreign operation | n/a | 10,096 | - | | 540 |

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Reconciliation of changes in the value of net investment hedges:

| £ million | At the beginning of the year | Income statement | Other comprehensive income | Designations/ (de-designations) | At the end of the year |
|---|---|---|---|---|---|
| | | | | | **2025** |
| Derivatives in net investment hedges of foreign operations | **42** | **32** | **(267)** | **-** | **(193)** |
| Bonds in net investment hedges of foreign operations | **(4,584)** | **(71)** | **(110)** | **(999)** | **(5,764)** |
| Total | **(4,542)** | **(39)** | **(377)** | **(999)** | **(5,957)** |

| £ million | At the beginning of the year | Income statement | Other comprehensive income | Designations/ (de-designations) | At the end of the year |
|---|---|---|---|---|---|
| | | | | | 2024 |
| Derivatives in net investment hedges of foreign operations | (248) | 71 | 219 | - | 42 |
| Bonds in net investment hedges of foreign operations | (3,929) | 42 | 321 | (1,018) | (4,584) |
| Total | (4,177) | 113 | 540 | (1,018) | (4,542) |

The Group also treats certain permanent intragroup loans that meet relevant qualifying criteria under IAS 21 as part of its net investment in foreign operations where appropriate. Intra-group loans with a notional value of €2,534 million (£2,212 million equivalent) (2024: €3,714 million (£3,099 million equivalent)) were treated as part of the Group's net investment in foreign operations at the balance sheet date.

### Fair value estimation and hierarchy

All financial assets and liabilities are carried on the balance sheet at amortised cost, other than derivative financial instruments which are carried at fair value. Derivative fair values are determined based on observable market data such as yield curves, foreign exchange rates and credit default swap prices to calculate the present value of future cash flows associated with each derivative at the balance sheet date (Level 2 classification hierarchy per IFRS 7). Market data is sourced from a reputable financial data provider and valuations are validated by reference to counterparty valuations where appropriate. Some of the Group's derivative financial instruments contain early termination options and these have been considered when assessing the element of the fair value related to credit risk. On this basis the reduction in reported net derivative liabilities due to credit risk is £14 million (2024: £12 million) and would have been a £17 million (2024: £15 million) reduction without considering the early termination options. There were no changes to the valuation methods or transfers between hierarchies during the year. With the exception of capital market issuance the fair value of all financial assets and financial liabilities is considered approximate to their carrying amount.

### Netting arrangements of financial instruments

The following tables set out the Group's financial assets and financial liabilities that are subject to netting and set-off arrangements:

| £ million | Gross financial assets/ (liabilities) | Net financial assets/ (liabilities) per balance sheet | Related amounts not set-off in the balance sheet | Net |
|---|---|---|---|---|
| | | | | **2025** |
| Assets | | | | |
| Derivative financial instruments | **437** | **437** | **(436)** | **1** |
| Liabilities | | | | |
| Derivative financial instruments | **(834)** | **(834)** | **436** | **(398)** |

| £ million | Gross financial assets/(liabilities) | Net financial assets/(liabilities) per balance sheet | Related amounts not set-off in the balance sheet | Net |
|---|---|---|---|---|
| | | | | 2024 |
| Assets | | | | |
| Derivative financial instruments | 474 | 474 | (462) | 12 |
| Liabilities | | | | |
| Derivative financial instruments | (809) | (809) | 462 | (347) |

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The table below sets out the Group's accounting classification of each class of financial assets and liabilities:

| £ million | Fair value through income statement | Fair value through other comprehensive income | Assets and liabilities at amortised cost | Total | Current | Non-Current |
|---|---|---|---|---|---|---|
| | | | | | | **2025** |
| Trade and other receivables | **89** | **-** | **2,531** | **2,620** | **2,585** | **35** |
| Cash and cash equivalents | **-** | **-** | **1,439** | **1,439** | **1,439** | **-** |
| Derivatives | **435** | **2** | **-** | **437** | **45** | **392** |
| Total financial assets | **524** | **2** | **3,970** | **4,496** | **4,069** | **427** |
| Borrowings | **-** | **-** | **(9,594)** | **(9,594)** | **(1,070)** | **(8,524)** |
| Trade and other payables | **-** | **-** | **(3,324)** | **(3,324)** | **(3,283)** | **(41)** |
| Derivatives | **(639)** | **(195)** | **-** | **(834)** | **(28)** | **(806)** |
| Lease liabilities | **-** | **-** | **(402)** | **(402)** | **(89)** | **(313)** |
| Total financial liabilities | **(639)** | **(195)** | **(13,320)** | **(14,154)** | **(4,470)** | **(9,684)** |
| Total net financial liabilities | **(115)** | **(193)** | **(9,350)** | **(9,658)** | **(401)** | **(9,257)** |

| £ million | Fair value through income statement | Fair value through other comprehensive income | Assets and liabilities at amortised cost | Total | Current | Non-Current |
|---|---|---|---|---|---|---|
| | | | | | | 2024 |
| Trade and other receivables | - | - | 2,524 | 2,524 | 2,487 | 37 |
| Cash and cash equivalents | - | - | 1,078 | 1,078 | 1,078 | - |
| Derivatives | 356 | 118 | - | 474 | 144 | 330 |
| Total financial assets | 356 | 118 | 3,602 | 4,076 | 3,709 | 367 |
| Borrowings | - | - | (8,697) | (8,697) | (1,191) | (7,506) |
| Trade and other payables | - | - | (8,659) | (8,659) | (8,659) | - |
| Derivatives | (733) | (76) | - | (809) | (187) | (622) |
| Lease liabilities | - | - | (386) | (386) | (86) | (300) |
| Total financial liabilities | (733) | (76) | (17,742) | (18,551) | (10,123) | (8,428) |
| Total net financial assets/ (liabilities) | (377) | 42 | (14,140) | (14,475) | (6,414) | (8,061) |

Derivatives classified as fair value through other comprehensive income relate to cross currency swaps and foreign exchange swaps designated as hedges of foreign currency denominated net investments. The Group only designates the undiscounted foreign exchange spot element of these derivative instruments and the changes in fair value related to this element are posted to other comprehensive income. Changes in the fair value of these derivative instruments attributable to changes in interest rates and the effect of discounting are recognised in the income statement. The Group also designates certain external borrowings as hedges of foreign currency denominated net investments and the foreign exchange revaluation of those external borrowings is recognised in other comprehensive income. The carrying value at 30 September 2025 of those external borrowings included in the above table is £5,764 million (2024: £4,639 million). All of the Group's net investment hedges remain effective. The figure which has been disclosed for trade and other payables for the year ended 30 September 2025 has been aligned with the table of non derivative financial liabilities by maturity in this note.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 22. DERIVATIVE FINANCIAL INSTRUMENTS

The Group's derivative financial instruments held at fair value, are as follows:

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| £ million | **Assets** | **Liabilities** | **Net Fair Value** | Assets | Liabilities | Net Fair Value |
| Current derivative financial instruments: | | | | | | |
| Interest rate swaps | **11** | **(8)** | **3** | 65 | (54) | 11 |
| Foreign exchange contracts | **4** | **(3)** | **1** | 1 | (4) | (3) |
| Cross-currency swaps | **30** | **(17)** | **13** | 78 | (129) | (51) |
| Total current derivatives | **45** | **(28)** | **17** | 144 | (187) | (43) |
| Non-current derivative financial instruments: | | | | | | |
| Interest rate swaps | **242** | **(263)** | **(21)** | 240 | (365) | (125) |
| Cross-currency swaps | **150** | **(543)** | **(393)** | 90 | (257) | (167) |
| Total non-current derivatives | **392** | **(806)** | **(414)** | 330 | (622) | (292) |
| Total carrying value of derivative financial instruments | **437** | **(834)** | **(397)** | 474 | (809) | (335) |
| Analysed as: | | | | | | |
| Interest rate swaps | **253** | **(271)** | **(18)** | 305 | (419) | (114) |
| Foreign exchange contracts | **4** | **(3)** | **1** | 1 | (4) | (3) |
| Cross-currency swaps | **180** | **(560)** | **(380)** | 168 | (386) | (218) |
| Total carrying value of derivative financial instruments | **437** | **(834)** | **(397)** | 474 | (809) | (335) |

The classification of these derivative assets and liabilities under the IFRS 7 fair value hierarchy is provided in note 21.

### Maturity of obligations under derivative financial instruments

Derivative financial instruments have been classified in the balance sheet as current or non-current on an undiscounted contractual basis based on spot rates as at the balance sheet date. For the purposes of the above and following analysis, maturity dates have been based on the likelihood of any early termination options being exercised with consideration to counterparty expectations and market conditions prevailing as at 30 September 2025.

The table below summarises the Group's derivative financial instruments by maturity based on their remaining contractual cash flows as at 30 September 2025. The amounts disclosed are the undiscounted cash flows calculated using interest rates and spot rates of exchange prevailing at the relevant balance sheet date. Contractual cash flows in respect of the Group's non derivative financial instruments are detailed in note 21.

| | | | | | | 2025 |
|---|---|---|---|---|---|---|
| £ million | **Balance sheet amount** | **Contractual cash flows total** | **<1 year** | **Between 1 and 2 years** | **Between 2 and 5 years** | **>5 years** |
| Net settled derivatives | **(18)** | **(228)** | **(7)** | **(13)** | **(81)** | **(127)** |
| Gross settled derivatives | **(379)** | **-** | **-** | **-** | **-** | **-** |
| • receipts | **-** | **22,490** | **3,176** | **3,056** | **8,467** | **7,791** |
| • payments | **-** | **(22,382)** | **(3,109)** | **(3,083)** | **(8,514)** | **(7,676)** |
| | **(397)** | **(120)** | **60** | **(40)** | **(128)** | **(12)** |

| | | | | | | 2024 |
|---|---|---|---|---|---|---|
| £ million | Balance sheet amount | Contractual cash flows total | <1 year | Between 1 and 2 years | Between 2 and 5 years | >5 years |
| Net settled derivatives | (114) | 194 | 10 | 1 | 117 | 66 |
| Gross settled derivatives | (221) | - | - | - | - | - |
| • receipts | - | 20,719 | 6,490 | 2,730 | 5,762 | 5,737 |
| • payments | - | (20,770) | (6,497) | (2,719) | (5,772) | (5,782) |
| | (335) | 143 | 3 | 12 | 107 | 21 |

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Derivatives as hedging instruments

As outlined in note 21, the Group hedges its underlying interest rate exposure and foreign currency translation exposures in an efficient, commercial and structured manner, primarily using interest rate swaps and cross currency swaps. Foreign exchange contracts are used to manage the Group's short term liquidity requirements in line with short term cash flow forecasts as appropriate.

The Group does not apply cash flow or fair value hedge accounting, as permitted under IFRS 9, which results in fair value gains and losses attributable to derivative financial instruments being recognised in net finance costs unless they are designated as hedges of a net investment in foreign operations, in which case they are recognised in other comprehensive income.

### Interest rate swaps

To manage interest rate risk on its borrowings, the Group issues debt in the market or markets that are most appropriate at the time of raising new finance with regard to currency, interest denomination or duration, and then uses interest rate swaps to re-base the debt into the appropriate proportions of fixed and floating interest rates. Interest rate swaps are also transacted to manage and re-profile the Group's interest rate risk over the short, medium and long term in accordance with the Treasury Operations Policy as approved by the Treasury Committee. Fair value movements are recognised in net finance costs in the relevant reporting period.

As at 30 September 2025, the notional amount of interest rate swaps outstanding that were entered into to convert fixed rate borrowings into floating rates of interest at the time of raising new finance was £3,862 million equivalent (2024: £6,349 million equivalent) with a fair value of £246 million liability (2024: £339 million liability). The fixed interest rates vary from 1.7% to 5.1% (2024: 1.3% to 5.4%), and the floating rates are based on EURIBOR, SONIA and SOFR.

As at 30 September 2025, the notional amount of interest rate swaps outstanding that were entered into to convert the Group's debt into the appropriate proportion of fixed and floating rates to manage and re-profile the Group's interest rate risk was £10,137 million equivalent (2024: £12,119 million equivalent) with a fair value of £228 million asset (2024: £225 million asset). The fixed interest rates vary from 1.0% payable to 4.0% payable (2024: 3.1% receivable to 4.0% payable), and the floating receivable rates reference EURIBOR and SOFR. This includes forward starting interest rate swaps with a total notional amount of £4,602 million equivalent (2024: £4,719 million equivalent) with tenors between 3 and 10 years, starting between October 2025 and October 2032.

### Cross-currency swaps

The Group enters into cross currency swaps to convert the currency of debt into the appropriate currency with consideration to the underlying assets of the Group as appropriate. Fair value movements are recognised in net finance costs in the relevant reporting period unless the swaps are designated as hedges of a net investment in foreign operations, in which case the fair value movement attributable to changes in foreign exchange rates are recognised in other comprehensive income.

As at 30 September 2025, the notional amount of cross currency swaps entered into to convert sterling debt into the desired currency was £500 million (2024: £1,000 million) and the fair value of these swaps was £63 million net liability (2024: £76 million net liability); the notional amount of cross currency swaps entered into to convert US Dollar debt into the desired currency was US$ 6,200 million (2024: US$ 6,950 million) and the fair value of these swaps was £317 million net liability (2024: £142 million net liability). As at 30 September 2025 there were no forward starting cross currency swaps (2024: forward starting cross currency swaps with a total notional amount of US$ 1,250 million equivalent).

### Foreign exchange contracts

The Group enters into foreign exchange contracts to manage short term liquidity requirements in line with cash flow forecasts. As at 30 September 2025, the notional amount of these contracts was £2,010 million equivalent (2024: £842 million equivalent) and the fair value of these contracts was a net liability of £1 million (2024: £3 million net liability).

### Hedges of net investments in foreign operations

As at 30 September 2025, cross currency swaps with a notional amount of €6,281 million (2024: €6,593 million) were designated as hedges of net investments in foreign operations. During the year, foreign exchange translation losses amounting to £265 million (2024: £213 million gains) were recognised within exchange movements in other comprehensive income in respect of cross currency swaps designated as hedges of a net investment in foreign operations. No hedging ineffectiveness occurred during the year (2024: £nil).

As at 30 September 2025, foreign exchange swaps with a notional amount of €556 million (2024: €nil) were designated as hedges of net investments in foreign operations. During the year, foreign exchange translation losses amounting to £2 million (2024: £6 million gains) were recognised within exchange movements in other comprehensive income in respect of foreign exchange swaps that had been designated as hedges of a net investment in foreign operations. No hedging ineffectiveness occurred during the year (2024: £nil).

The movements in other comprehensive income due to net investment hedging in the period were as follows:

| £ million | **2025** | 2024 |
|---|---|---|
| Foreign exchange (losses)/gains on borrowings | **(110)** | 321 |
| Foreign exchange (losses)/gains on derivative financial instruments | **(267)** | 219 |
| | **(377)** | 540 |

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 23. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax relates to the following:

| £ million | **Consolidated income statement 2025** | Consolidated income statement 2024 | **Consolidated balance sheet 2025** | Consolidated balance sheet 2024 |
|---|---|---|---|---|
| Temporary differences on depreciation and amortisation | **83** | (53) | **(645)** | (711) |
| Retirement benefits | **(12)** | (5) | **41** | 48 |
| Tax credits and losses | **(146)** | 393 | **455** | 579 |
| Accruals, provisions and other temporary differences | **88** | (48) | **295** | 193 |
| Deferred tax benefit | **13** | 287 | | |
| Net deferred tax assets | | | **146** | 109 |

### Reflected in the consolidated balance sheet as follows

| £ million | **2025** | 2024 |
|---|---|---|
| Deferred tax assets | **893** | 889 |
| Deferred tax liabilities | **(747)** | (780) |
| | **146** | 109 |

### Reconciliation of net deferred tax assets

| £ million | **2025** | 2024 |
|---|---|---|
| At 1 October | **109** | (218) |
| Credited to the income statement | **13** | 287 |
| (Charged)/credited to other comprehensive income | **(3)** | 36 |
| Credited to equity | **4** | 2 |
| Exchange movements | **23** | 2 |
| As at 30 September | **146** | 109 |

### Unrecognised deferred tax assets

| £ million | **Gross 2025** | **Net 2025** | Gross 2024 | Net 2024 |
|---|---|---|---|---|
| Tax losses | **105** | **21** | 245 | 64 |
| Tax credits | **800** | **283** | 806 | 282 |
| Other temporary differences | **68** | **22** | 77 | 22 |
| | **973** | **326** | 1,128 | 368 |

### Analysis of unrecognised deferred tax assets by expiry date

| £ million | **Gross 2025** | **Net 2025** | Gross 2024 | Net 2024 |
|---|---|---|---|---|
| Tax losses expiring: | | | | |
| Within 2-5 years | **-** | **1** | - | - |
| No expiry | **105** | **20** | 245 | 64 |
| | **105** | **21** | 245 | 64 |
| Tax credits expiring: | | | | |
| No expiry | **800** | **283** | 806 | 282 |
| | **800** | **283** | 806 | 282 |
| Other temporary differences expiring: | | | | |
| No expiry | **68** | **22** | 77 | 22 |
| | **68** | **22** | 77 | 22 |

In December 2021, the OECD issued model rules for a new global minimum tax framework (Pillar Two), applicable for multinational enterprise groups with global revenue over €750 million. The legislation implementing the rules in the UK was substantively enacted on 20 June 2023 and applies to the Group for the financial year ending 30 September 2025. The Group has applied the mandatory exemption 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 has not recorded any significant exposure to Pillar Two income taxes in those jurisdictions where the minimum tax requirement is not met, based on the forecast data. The Group is continuing to review this legislation and monitors the status of implementation of the model rules outside of the UK to assess the potential impact.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Included within net deferred tax assets are deferred tax assets recognised of £199 million (2024: £213 million) for tax credits arising in the Group's Spanish business. These tax credits have no time expiry. Utilisation of these tax credits is restricted to 50% of the Spanish business' taxable profits arising in any given year; those tax law restrictions extend the period over which the deferred tax assets would otherwise be recovered. The Group considers there to be forecast future taxable profits which support the recognition of these long term deferred tax assets. The period over which these deferred tax assets are utilised is sensitive to forecasting assumptions about future growth rates (which may be influenced by the future effects of climate change) and regulatory changes. Any material effects of climate change in the long term could extend the period over which the deferred tax asset will be recovered but as the tax credits do not expire, the Group considers there is positive evidence that sufficient future taxable profits would still be available. Based on a range of forecast scenarios modelling sensitivities (including the future effects of climate change) these deferred tax assets are expected to be utilised over a period of 15 years.

Included within the accruals, provisions and other temporary differences of the net deferred tax assets are deferred tax assets recognised for carried forward corporate interest disallowances of £156 million (2024: £57 million) arising in the Group's UK business. These disallowances have no time expiry and will be reactivated where net interest expense in any given year falls below 30% of the UK Tax -EBITDA. The Group considers there to be forecast future taxable profits and forecast reductions in the future net interest expenses to support the recognition of these long term deferred tax assets. The period over which these brought forward tax attributes are utilised is sensitive to forecasting assumptions concerning changes to the Group's debt structure reducing net interest expense, future growth rates of the underlying business (which may be influenced by the future effect of climate change) and regulatory changes. These deferred tax assets are expected to be recovered within a period of 9 years (i.e. by FY34).

Included within net deferred tax assets are deferred tax assets recognised for retirement benefits of £83 million (2024: £98 million) arising in the Group's German business. These deferred tax assets are expected to be recovered both by way of utilisation against the reversal of deferred tax liabilities of £34 million (2024: £49 million) arising in the Group's German business and by way of utilisation against future taxable profits. The Group considers there to be forecast future taxable profits which support the recognition of these long term deferred tax assets. Based on a range of forecast scenarios modelling sensitivities these deferred tax assets are expected to be recovered over a period of 20-40 years corresponding to the life of the pension scheme. The period over which these deferred tax assets are utilised is sensitive to forecasting assumptions about future growth rates of the underlying business (which may be influenced by the future effects of climate change) and regulatory changes.

Included within net deferred tax assets are deferred tax assets recognised for intangibles of £175 million (2024: £179 million) arising in the Group's Dutch business. These deferred tax assets are expected to be recovered by way of utilisation against future taxable profits. The Group considers there to be forecast future taxable profits which support the recognition of these long term deferred tax assets. The period over which these deferred tax assets are utilised is sensitive to forecasting assumptions about future growth rates (which may be influenced by the future effects of climate change) and regulatory changes. These deferred tax assets are expected to be recovered over a period of 13 years corresponding to the life of the intangibles.

Included within net deferred tax assets are deferred tax assets recognised of £231 million (2024: £293 million) in relation to tax credits brought forward within the group's Maltese treasury centre, recognised as a result of clarifying tax guidance issued by the tax authorities during FY24 and the resulting intention to utilise these brought forward tax credits against taxable income arising from long term loans of a fixed term tenure. The period over which these deferred tax assets are utilised is sensitive to forecasting assumptions about future growth rates of the underlying business (which may be influenced by the future effects of climate change) and regulatory changes. The Group considers there is positive evidence that sufficient future taxable profits would still be available. Based on a range of forecast scenarios modelling sensitivities these deferred tax assets are expected to be utilised over a period of 5-10 years. Tax credits arising within the Maltese group in periods prior to the formation of tax fiscal units, are kept in abeyance and therefore unavailable for utilisation within the fiscal unit and no Deferred Tax Asset has been recognised thereon, but amounts are included within unrecognised Deferred Tax.

We have reviewed the recoverability of deferred tax assets in overseas territories in the light of forecast business performance. In 2025 we have recognised deferred tax assets of £2 million that were previously unrecognised (2024: recognised deferred tax assets of £3 million that were previously unrecognised) on the basis that it is more likely than not that these are recoverable.

A deferred tax liability of £64 million (2024: £46 million) is recognised in respect of taxation expected to arise on the future distribution of unremitted earnings totalling £2.09 billion (2024: £2.17 billion).

The temporary differences associated with investments in the Group's subsidiaries, associates and joint ventures for which a deferred tax liability has not been recognised in the periods presented, aggregate to £1,070 million (2024: £1,472 million) for which a deferred tax liability of £27 million (2024: £37 million) has not been recognised. No liability has been recognised because the Group is in a position to control the timing of the reversal of those temporary differences and it is probable that such differences will not reverse in the foreseeable future.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 24. RETIREMENT BENEFIT SCHEMES

The Group operates a number of retirement benefit schemes for its employees, including both defined benefit and defined contribution schemes. The Group's three principal schemes are defined benefit schemes and are operated by Imperial Tobacco Limited (ITL) in the UK, Reemtsma Cigarettenfabriken GmbH in Germany and ITG Brands in the USA; these schemes represent 64%, 17% and 7% of the Group's total defined benefit obligations (2024: 66%, 16% and 7%) and 0%, 47% and 11% of the current service cost (2024: 0%, 41% and 11%) respectively.

### Imperial Tobacco Pension Fund

The UK scheme, the Imperial Tobacco Pension Fund ("ITPF"), was closed to future accrual on 30 September 2023. All former active members are now enrolled into the defined contribution scheme along with all other UK employees. Former active members of the defined benefit section of the ITPF are now deferred members who are able to draw their pension in the same way as an existing deferred member and are in receipt of annual inflationary increases as existing deferred members. The impact of the closure to future accrual was reported in the 2023 income statement. A further cost of £5.6 million was reported in the 2024 income statement due to a legal ruling in the year which became applicable to ITL. The ruling required some elements of the compensation paid in 2023 be subject to income tax and national insurance which ITL agreed to cover for impacted members if such a ruling were made. The ITPF defined benefit obligation comprises 83% in respect of pensioners and dependants, 17% in respect of deferred members and has a weighted average maturity of 11 years.

The ITPF operates under trust law and is managed and administered by the Trustees on behalf of the members in accordance with the terms of the Trust Deed and Rules and relevant legislation. The ITPF assets are held by the trust.

The main risk for the company in respect of the ITPF is that additional contributions are required if the assets are not expected to be sufficient to pay for the benefits. The investment portfolio is subject to a range of risks typical of the asset classes held, such as liquidity to manage the Liability Driven Investment (LDI) portfolio, credit exposure within investment funds and exposure to the property market. The ITPF holds a buy-in policy with Standard Life as an asset; this covers around 57% of the pensioner defined benefit obligation. The buy-in eliminates risks relating to investments, longevity, inflation and funding risks in respect of those benefits covered.

The main uncertainties affecting the level of benefits payable under the ITPF are future inflation levels, as these impact increases to pensions, and the actual longevity of the membership.

The contributions paid to the ITPF are set by the ITPF Scheme Actuary every three years. The Scheme Actuary is an external consultant, appointed by the Trustees. Principal factors that the Scheme Actuary will have regard to include the covenant offered by the company, the level of risk in the ITPF, the expected return on assets, the results of the funding assessment on the Technical Provisions basis and the expected cost of securing benefits if the ITPF were to be wound up.

At present a new valuation is underway effective 31 March 2025, the valuation process has not yet been finalised and is expected to complete during the first half of financial year 2026. The last agreed was at 31 March 2022 and reported a 118% funding ratio on the Technical Provisions basis. ITL and the Trustee agreed to maintain the existing dynamic contribution schedule, which means ITL's annual contributions will reduce or increase depending on the ITPF valuation going forward. The level of ITL's annual contribution to the ITPF was £nil for the year to 31 March 2025. ITL does not expect to pay any contributions to the ITPF or the escrow account for the year to 31 March 2026. Further contributions were agreed to be paid by ITL in the event of a downgrade of the Group's credit rating to non-investment grade by either Standard & Poor's or Moody's, if a funding deficit were to exist. In addition, a surety guarantee with a total value of £120 million and a parental guarantee from Imperial Brands PLC remains in place. In certain circumstances, surplus funds in the defined benefit section of the ITPF may be used to finance defined contribution section contributions on ITL's behalf with company contributions reduced accordingly.

The IAS 19 measurement of the defined benefit obligation is sensitive to the assumptions made about future inflation as well as the assumptions made about life expectancy. It is also sensitive to the discount rate, which depends on market yields on sterling denominated AA corporate bonds. The main differences between the Technical Provisions and IAS 19 assumptions are a more prudent longevity assumption for Technical Provisions and a different approach to setting the discount rate. A consequence of the ITPF's investment strategy, with a proportion of the assets invested in return-seeking assets, is that the difference between the market value of the assets and the IAS 19 defined benefit obligation may be relatively volatile.

The ITPF has a pension surplus on the IAS 19 measure and, in line with IFRIC 14, recognition of the net asset on the fund is only appropriate where it can be recovered. The ITPF trust deed gives the company an ability to receive a refund of surplus assets assuming the full settlement of liabilities in the event of a wind-up. Furthermore, in the ordinary course of business the Trustee has no rights to unilaterally wind up the ITPF or otherwise augment the benefits due to the ITPF's members. Based on these circumstances, any net surplus in the ITPF is recognised in full.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### The Reemtsma Cigarettenfabriken Pension Plan

The German scheme, the Reemtsma Cigarettenfabriken Pension Plan (RCPP), is primarily a career average pension plan, though a small group of members has final salary benefits. The RCPP defined benefit obligation comprises 55% in respect of pensioners and dependants, 22% in respect of deferred members and 23% in respect of active members and has a weighted average maturity of 15 years. The RCPP was closed to new members from 1 January 2020, but existing active members at that date continue to accrue benefits.

The RCPP is unfunded and the company pays benefits as they arise. The RCPP obligations arise under a works council agreement and are subject to standard German legal requirements around such matters as the benefits to be provided to employees who leave service, and pension increases in payment. Over the next year Reemtsma Cigarettenfabriken GmbH expects to pay £26 million (2025: £24 million) in respect of benefits.

The main uncertainties affecting the level of benefits payable under the RCPP are future inflation levels, as these impact increases to pensions, and the actual longevity of the membership.

The IAS 19 measurement of the defined benefit obligation and the current service cost are sensitive to the assumptions made about the above variables, as well as the discount rate, which depends on market yields on euro denominated AA corporate bonds.

### ITG scheme

The main US pension scheme, held by ITG Brands, is the ITG Scheme, is a defined benefit pension plan that is closed to new entrants. The ITG Scheme defined benefit obligation comprises 78% in respect of pensioners and dependants, 3% in respect of deferred members and 19% in respect of active members and has a weighted average maturity of nine years.

ITG Brands transacted a partial buy-out of some of the pensioner and dependant population during 2024. The buy-out resulted in a 2024 income statement credit of £5 million.

The ITG Scheme is funded and benefits are paid from the ITG Scheme assets. Contributions to the plan are determined based on US regulatory requirements. ITG Brands made no contributions this year and is not expected to make any contributions in the next year.

Annual benefits in payment are assumed not to increase from current levels. The main uncertainty affecting the level of benefits payable under the plan is the actual longevity of the membership. Other key uncertainties impacting the plan include investment risk and potential past service benefit changes from future union negotiations.

The IAS 19 measurement of the defined benefit obligation and the service cost are sensitive to the assumptions made about the above variables, as well as the discount rate, which depends on market yields on US dollar denominated AA corporate bonds.

### Other plans

Other plans of the Group include various pension plans, other post-employment and long-term employee benefit plans in several countries of operation. Some of the plans are funded, with assets backing the obligations held in separate legal vehicles such as trusts, whilst others are operated on an unfunded basis. The benefits provided, the approach to funding and the legal basis of the plans reflect their local territories. IAS 19 requires that the discount rate for calculating the DBO and service cost is set according to the level of relevant market yields on corporate bonds where the market is considered "deep", or government bonds where it is not.

Over the year the defined benefit plans in Australia and Ireland were closed to future accrual, with all active members taking a lump sum in lieu of these benefits and combining them with their defined contribution funds for future service. In Spain, a number of pensioners elected to take a one time lump sum option offered in lieu of future payments from the Company. These were reported in the P&L as predominately settlement costs.

The results of the most recent available actuarial valuations for the various plans have been updated to 30 September 2025 in order to determine the amounts to be included in the Group's consolidated financial statements. The aggregate IAS 19 position is as follows:

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Defined benefit plans

| £ million | 2025 DBO | 2025 Assets | 2025 Total | 2024 DBO | 2024 Assets | 2024 Total |
|---|---|---|---|---|---|---|
| At 1 October | **(3,287)** | **2,844** | **(443)** | (3,370) | 2,977 | (393) |
| Consolidated income statement expense: | | | | | | |
| Current service cost | **(19)** | **-** | **(19)** | (18) | - | (18) |
| Settlements gains/(losses) | **13** | **(15)** | **(2)** | 109 | (107) | 2 |
| Past service income | **-** | **-** | **-** | 12 | - | 12 |
| Cost of termination benefits | **(6)** | **-** | **(6)** | (2) | - | (2) |
| Net interest (expense)/income on net defined benefit (liability)/asset | **(149)** | **138** | **(11)** | (171) | 160 | (11) |
| Administration costs paid from plan assets | **-** | **(6)** | **(6)** | - | (5) | (5) |
| Cost recognised in the income statement | | | **(44)** | | | (22) |
| Remeasurements: | | | | | | |
| Actuarial (loss)/gain due to liability experience | **(64)** | **-** | **(64)** | 13 | - | 13 |
| Actuarial gain/(loss) due to financial assumption changes | **227** | **-** | **227** | (161) | - | (161) |
| Actuarial gain due to demographic assumption changes | **31** | **-** | **31** | 1 | - | 1 |
| Return on plan assets excluding amounts included in net interest (expense)/income above | **-** | **(221)** | **(221)** | - | 44 | 44 |
| Remeasurement effects recognised in other comprehensive income | | | **(27)** | | | (103) |
| Cash: | | | | | | |
| Employer contributions | **-** | **57** | **57** | - | 55 | 55 |
| Benefits paid | **253** | **(253)** | **-** | 247 | (247) | - |
| Net cash | | | **57** | | | 55 |
| Changes to immaterial benefit plans categorised as an IAS 19 obligation recognised in the prior year | **-** | **-** | **-** | (11) | - | (11) |
| Exchange movements | **(32)** | **2** | **(30)** | 64 | (33) | 31 |
| Total other | | | **(30)** | | | 20 |
| At 30 September | **(3,033)** | **2,546** | **(487)** | (3,287) | 2,844 | (443) |

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Retirement benefit scheme costs charged to operating profit

| £ million | 2025 | 2024 |
|---|---|---|
| Defined benefit expense in operating profit | **33** | 11 |
| Defined contribution expense in operating profit | **23** | 23 |
| Total retirement benefit scheme cost in operating profit | **56** | 34 |

Split as follows in the consolidated income statement:

| £ million | 2025 | 2024 |
|---|---|---|
| Cost of sales | **17** | 12 |
| Distribution, advertising and selling costs | **25** | 13 |
| Administrative and other expenses | **14** | 9 |
| Total retirement benefit scheme costs in operating profit | **56** | 34 |

### Assets and liabilities recognised in the consolidated balance sheet

| £ million | 2025 | 2024 |
|---|---|---|
| Retirement benefit assets | **314** | 376 |
| Retirement benefit liabilities | **(801)** | (819) |
| Net retirement benefit liability | **(487)** | (443) |

### Key figures and assumptions used for major plans

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| £ million unless otherwise indicated | **ITPF** | **RCPP** | **ITG Scheme** | ITPF | RCPP | ITG Scheme |
| Defined benefit obligation (DBO) | **1,951** | **511** | **224** | 2,157 | 524 | 235 |
| Fair value of scheme assets | **(2,196)** | **-** | **(253)** | (2,459) | - | (264) |
| Net defined benefit (asset)/ liability | **(245)** | **511** | **(29)** | (302) | 524 | (29) |
| Current service cost | **-** | **9** | **2** | - | 7 | 2 |
| Employer contributions | **-** | **24** | **-** | - | 23 | - |
| Principal actuarial assumptions used (% per annum) | | | | | | |
| Discount rate | **5.7** | **3.9** | **5.2** | 5.1 | 3.4 | 4.8 |
| Future salary increases | **n/a** | **3.0** | **n/a** | n/a | 3.1 | n/a |
| Future pension increases | **3.0** | **2.0** | **n/a** | 3.2 | 2.0 | n/a |
| Inflation | **3.0** | **2.0** | **2.3** | 3.1 | 2.0 | 2.3 |

| | | | | | | **2025** |
|---|---|---|---|---|---|---|
| | | **ITPF** | | **RCPP** | | **ITG Scheme** |
| | **Male** | **Female** | **Male** | **Female** | **Male** | **Female** |
| Life expectancy at age 65 years: | | | | | | |
| Member currently aged 65 | **21.6** | **22.0** | **21.0** | **24.4** | **19.9** | **21.9** |
| Member currently aged 50 | **22.4** | **23.1** | **23.1** | **26.0** | **21.1** | **23.1** |

| | | | | | | 2024 |
|---|---|---|---|---|---|---|
| | | ITPF | | RCPP | | ITG Scheme |
| | Male | Female | Male | Female | Male | Female |
| Life expectancy at age 65 years: | | | | | | |
| Member currently aged 65 | 21.2 | 22.6 | 20.9 | 24.3 | 19.8 | 21.9 |
| Member currently aged 50 | 22.0 | 23.9 | 22.9 | 25.9 | 21.0 | 23.0 |

Assumptions regarding future mortality experience are set based on advice that uses published statistics and experience in each territory. In particular for the ITPF, SAPS S4 (2024: SAPS S3) tables are used with various adjustments for different groups of members, reflecting observed experience. The largest group of members uses the SAPS S4 Normal Health Male table with a 100% multiplier. An allowance for improvements in longevity is made using the 2023 (2024: 2021) CMI improvement rates with a long-term trend of 1.25% per annum.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Sensitivity analysis for key assumptions at the end of the year

Sensitivity analysis is illustrative only and is provided to demonstrate the degree of sensitivity of results to key assumptions. Generally, estimates are made by re-performing calculations with one assumption modified and all others held constant.

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| % increase in DBO | **ITPF** | **RCPP** | **ITG Scheme** | ITPF | RCPP | ITG Scheme |
| Discount rate: 0.5% decrease | **5.2** | **7.5** | **4.6** | 5.7 | 8.1 | 4.9 |
| Rate of inflation: 0.5% decrease | **(4.2)** | **(5.4)** | **n/a** | (4.3) | (5.6) | n/a |
| One year increase in longevity for a member currently age 65, corresponding changes at other ages | **4.0** | **3.9** | **4.2** | 3.6 | 4.1 | 4.2 |

The sensitivity to the inflation assumption change includes corresponding changes to the future salary increases and future pension increases assumptions, but is assumed to be independent of any change to discount rate.

We estimate that a 0.5% decrease in the discount rate at the start of the year would have increased the consolidated income statement pension expense by approximately £7 million (2024: £8 million).

An approximate split of the major categories of ITPF scheme assets is as follows:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| £ million unless otherwise indicated | **Fair value** | **Percentage of ITPF scheme assets** | Fair value | Percentage of ITPF scheme assets |
| Bonds - index linked government / LDI funds | **444** | **20.2** | 487 | 19.8 |
| Bonds - corporate and other | **114** | **5.2** | - | - |
| Property including ground leases | **388** | **17.7** | 446 | 18.1 |
| Secured finance and private debt funds | **303** | **13.7** | 463 | 18.8 |
| Insurance contract (buy-in policy) | **926** | **42.2** | 1,035 | 42.1 |
| Other - including cash and short-term loan drawings | **21** | **1.0** | 28 | 1.1 |
| | **2,196** | **100.0** | 2,459 | 100.0 |

The primary investment objective is to invest the ITPF's assets in an appropriate and secure manner such that members' benefit entitlements can be paid as they fall due.

The majority of the assets are non-quoted. The ITPF holds £nil of self-invested assets (2024: £nil).

An approximate split of the major categories of ITG Scheme assets is as follows:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| £ million unless otherwise indicated | **Fair value** | **Percentage of ITG Scheme assets** | Fair value | Percentage of ITG Scheme assets |
| Bonds - government, corporate and other | **134** | **53.0** | 122 | 46.2 |
| Other - including derivatives, commodities and cash | **119** | **47.0** | 142 | 53.8 |
| | **253** | **100.0** | 264 | 100.0 |

The majority of the assets are non-quoted.

### 25. PROVISIONS

| | | | | 2025 |
|---|---|---|---|---|
| £ million | **Restructuring** | **Employment related claims** | **Other** | **Total** |
| At 1 October 2024 | **130** | **112** | **69** | **311** |
| Additional provisions charged to the consolidated income statement | **1** | **14** | **12** | **27** |
| Amounts used | **(26)** | **(27)** | **(14)** | **(67)** |
| Unused amounts reversed | **(9)** | **(13)** | **(10)** | **(32)** |
| Exchange movements | **5** | **5** | **3** | **13** |
| At 30 September 2025 | **101** | **91** | **60** | **252** |

Analysed as:

| £ million | 2025 | 2024 |
|---|---|---|
| Current | **55** | 89 |
| Non-current | **197** | 222 |
| | **252** | 311 |

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Restructuring provisions relate mainly to our 2021 Strategic Review Programme and Cost optimisation programmes (see note 6).

The restructuring provision is split between 2021 Strategic Review Programme of £49 million (2024: £63 million), and other programmes of £52 million (2024: £67 million).

During the year, the new 2030 Strategy Review Programme commenced. The total costs of this programme is expected to be c.£740 million of which c.£600 million are anticipated to be cash costs. The majority of the cash spend, c.£500 million is expected to be split between FY27 and FY28. For the year ended 30 September 2025, a total of £21 million of costs were incurred on restructuring activities for this programme, these costs were paid during the period and a provision of £1 million (2024: £nil) is included at 30 September 2025.

Employment related claims provisions include £17 million (2024: £23 million) relating to local employment requirements including holiday pay and £20 million (2024: £25 million) of distribution requirements relating to employment and duty. An amount of £54 million (2024: £64 million) has been provided for employment related claims arising from a number of legacy legal disputes. Although the company continues to appeal a number of these claims, the Group has resolved to engage with certain counterparties where a valid claim has been established. There are uncertainties relating to the estimation and quantification of this provision and amounts may change in the future, but this provision is expected to be utilised within the next two years.

Other provisions include £30 million (2024: £29 million) relating to various local tax or duty requirements, £8 million (2024: £8 million) of market exit provisions and £2 million for factory closure provisions (2024: £12 million).

The provisions are spread throughout the Group and payment will be dependent on local statutory requirements.

Most of the provisions will also be utilised within the next two years, though certain employee-related and restructuring provisions may be required to be held for a period of up to 10 years where they relate to requirements to provide benefits for defined periods of time after an employee leaves employment.

### 26. SHARE CAPITAL

| | **2025** | | 2024 | |
|---|---|---|---|---|
| | **Ordinary shares 10p each** | | Ordinary shares 10p each | |
| | **Number** | **£ million** | Number | £ million |
| Authorised, issued and fully paid: | | | | |
| 1 October | **914,502,882** | **91** | 968,590,194 | 97 |
| Shares cancelled | **(44,612,248)** | **(4)** | (54,087,312) | (6) |
| 30 September | **869,890,634** | **87** | 914,502,882 | 91 |

On 5 October 2023, the Board approved a £1,100 million share buyback programme in order to return capital to shareholders. Pursuant to the completion of this programme, the Group purchased 3,565,595 shares for a cost of £80 million in the period from 1 October 2024 to 29 October 2024.

On 8 October 2024, the Board approved a £1,250 million share buyback programme in order to return capital to shareholders, which has been completed on 29 October 2025. On 30 October 2024 it was announced that in order to execute the first tranche of this buyback, the Group had entered into an irrevocable and non-discretionary arrangement with its broker Morgan Stanley & Co. International Plc ("Morgan Stanley") to buy back up to £625 million of its shares, commencing from 30 October 2024 and ended on 30 April 2025. The first tranche purchased 23,488,623 shares for a cost of £625 million. Upon completion of the purchase, these shares were cancelled and transferred to the capital redemption reserve. For the second tranche of the programme, the Group entered into an irrevocable and non-discretionary arrangement with Barclays Capital Securities Limited ("Barclays") to buy back up to £625 million of its shares. The second tranche commenced on 1 May 2025 and in the period to 30 September 2025, the second tranche purchased 17,558,030 shares for a cost of £519 million.

In the period to 30 September 2025 44,612,248 shares have been bought back and cancelled at a cost of £1,224 million. The stamp duty and other tax costs were £11 million and the fees charged for the share repurchase were £2 million. Upon completion of the purchase, these shares were cancelled and transferred to the capital redemption reserve. As at 30 September 2025, the Group has recognised a liability of £116 million for the remaining shares to be purchased.

For the year ended 30 September 2025 the amounts recognised in the share premium and capital redemption reserves were £5,833 million (2024: £5,833 million) and £20 million (2024: £16 million) respectively.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 27. SHARE SCHEMES

The Group operates four types of share-based incentive programmes, designed to incentivise staff and to encourage them to build a stake in the Group.

### Share Matching Scheme

Awards are made to eligible employees who are invited to invest a proportion of their eligible bonus in shares for a period of three years, after which matching shares are awarded on a 1:1 ratio, plus dividend equivalents.

### Long-Term Incentive Plan (LTIP)

Awards of shares under the LTIP are made to the Executive Directors and senior executives at the discretion of the Remuneration Committee. They vest three years after grant and are subject to performance criteria. Dividend equivalents accrue on vested shares.

### Sharesave Plan

Options are granted to eligible employees who participate in a designated savings scheme for a three-year period.

### Discretionary Share Awards Plan (DSAP)

Under the DSAP, one-off conditional awards are made to individuals to recognise exceptional contributions within the business. Awards, which are not subject to performance conditions and under which vested shares do not attract dividend roll-up, will normally vest on the third anniversary of the date of grant subject to the participant's continued employment. The limit of an award under the DSAP is capped at 25% of the participant's salary at the date of grant. Shares used to settle awards under the DSAP will be market purchased.

Further details of the schemes including additional criteria applying to Directors and some senior executives are provided within the "Determination of 2025 annual bonus plan" and "Long-Term Incentive Plan awards vesting" sections of the Directors' Remuneration Report.

### Analysis of charge to the consolidated income statement

| £ million | 2025 | 2024 |
|---|---|---|
| Share Matching Scheme | **2** | 2 |
| Long Term Incentive Plan | **32** | 28 |
| Sharesave Plan | **1** | 1 |
| Discretionary Share Awards Plan | **1** | 1 |
| | **36** | 32 |

The awards are predominantly equity settled. The balance sheet liability in respect of cash-settled schemes at 30 September 2025 was £1.8 million (2024: £3.5 million).

### Reconciliation of movements in awards/options

| Thousands of shares unless otherwise indicated | Share Matching Scheme awards | LTIP awards | Sharesave options | DSAP awards | 2025 Sharesave weighted average exercise price £ |
|---|---|---|---|---|---|
| Outstanding at 1 October 2024 | **371** | **8,565** | **1,540** | **211** | **14.78** |
| Granted | **104** | **3,296** | **311** | **166** | **21.64** |
| Cancelled/forfeited/lapsed | **(15)** | **(1,171)** | **(75)** | **(15)** | **14.80** |
| Exercised | **(167)** | **(2,383)** | **(231)** | **(75)** | **14.36** |
| Outstanding at 30 September 2025 | **293** | **8,307** | **1,545** | **287** | **16.22** |
| Exercisable at 30 September 2025 | **-** | **-** | **34** | **-** | **14.56** |

| Thousands of shares unless otherwise indicated | Share Matching Scheme awards | LTIP awards | Sharesave options | DSAP awards | 2024 Sharesave weighted average exercise price £ |
|---|---|---|---|---|---|
| Outstanding at 1 October 2023 | 453 | 8,502 | 1,686 | 173 | 13.72 |
| Granted | 172 | 4,341 | 445 | 73 | 15.96 |
| Cancelled/forfeited/lapsed | (20) | (1,608) | (138) | (11) | 13.61 |
| Exercised | (234) | (2,670) | (453) | (24) | 13.10 |
| Outstanding at 30 September 2024 | 371 | 8,565 | 1,540 | 211 | 14.78 |
| Exercisable at 30 September 2024 | - | - | 42 | - | 13.09 |

The weighted average Imperial Brands PLC share price at the date of exercise of awards and options was £29.16 (2024: £20.06). The weighted average fair value of Sharesave options granted during the year was £4.99 (2024: £3.40).

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Summary of awards/options outstanding at 30 September 2025

| Thousands of shares unless otherwise indicated | Number of awards/options outstanding | Vesting period remaining in months | Exercise price of options outstanding £ |
|---|---|---|---|
| Share Matching Scheme | | | |
| 2023 | 109 | 5 | n/a |
| 2024 | 112 | 17 | n/a |
| 2025 | 72 | 29 | n/a |
| Total awards outstanding | 293 | | |
| | | | |
| Long Term Incentive Plan | | | |
| 2023 | 2,413 | 5 | n/a |
| 2024 | 3,256 | 17 | n/a |
| 2025 | 2,638 | 29 | n/a |
| Total awards outstanding | 8,307 | | |
| | | | |
| Sharesave Plan | | | |
| 2022 | 34 | - | 14.56 |
| 2023 | 786 | 10 | 14.29 |
| 2024 | 415 | 22 | 15.96 |
| 2025 | 310 | 34 | 21.64 |
| Total options outstanding | 1,545 | | |
| | | | |
| Discretionary Share Awards Plan | | | |
| 2023 | 58 | 6 | n/a |
| 2024 | 63 | 17 | n/a |
| 2025 | 166 | 29 | n/a |
| Total options outstanding | 287 | | |

The vesting period is the period between the grant of awards or options and the earliest date on which they are exercisable. The vesting period remaining and the exercise price of options outstanding are weighted averages. Participants in the Sharesave Plan have six months from the maturity date to exercise their options. Participants in the LTIP generally have seven years from the end of the vesting period to exercise their options. The exercise price of the options is fixed over the life of each option.

### Pricing

For the purposes of valuing options to calculate the share-based payment charge, the Black-Scholes option pricing model has been used for the Share Matching Scheme, Sharesave Plan, and Discretionary Share Awards Plan with no market conditions. A summary of the assumptions used in the Black-Scholes model for 2025 and 2024 is as follows:

| | | | 2025 |
|---|---|---|---|
| | Share Matching Scheme | Sharesave | DSAP |
| Risk-free interest rate % | 4.0 | 3.7 | 3.9 |
| Volatility (based on 3-year history)% | 20.0 | 19.0 | 19.7 |
| Expected lives of options granted years | 3.0 | 3.0 | 3.0 |
| Dividend yield % | 7.8 | 7.8 | 7.8 |
| Fair value £ | 22.01 | 4.99 | 21.97 |
| Share price used to determine exercise price £ | 27.80 | 29.09 | 27.75 |
| Exercise price £ | n/a | 21.64 | n/a |

| | | | 2024 |
|---|---|---|---|
| | Share Matching Scheme | Sharesave | DSAP |
| Risk-free interest rate % | 4.2 | 4.3 | 4.2 |
| Volatility (based on 3-year history)% | 25.0 | 24.1 | 25.0 |
| Expected lives of options granted years | 3.0 | 3.0 | 3.0 |
| Dividend yield % | 7.6 | 7.6 | 7.6 |
| Fair value £ | 14.56 | 3.40 | 14.55 |
| Share price used to determine exercise price £ | 18.31 | 19.80 | 18.31 |
| Exercise price £ | n/a | 15.96 | n/a |

Market conditions were incorporated into the Monte Carlo method used in determining the fair value of LTIP awards at grant date. Assumptions in 2025 and 2024 are given in the following table:

| % | 2025 | 2024 |
|---|---|---|
| Future Imperial Brands share price volatility | 17.8 | 18.1 |
| Share price volatility of the tobacco and alcohol comparator group | 14.0-24.7 | 15.4-23.1 |
| Correlation between Imperial Tobacco and the alcohol and tobacco comparator group | 21.0 | 18.9 |

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Employee Share Ownership Trusts

The Imperial Tobacco Group PLC Employee and Executive Benefit Trust and the Imperial Tobacco Group PLC 2001 Employee Benefit Trust (the Trusts) have been established to acquire ordinary shares in the Company to satisfy rights to shares arising on the exercise and vesting of options and awards. The purchase of shares by the Trusts has been financed by a gift of £19.2 million and an interest free loan of £147.5 million. In addition the Group has gifted treasury shares to the Trusts. None of the Trusts' shares has been allocated to employees or Executive Directors as at 30 September 2025. All finance costs and administration expenses connected with the Trusts are charged to the consolidated income statement as they accrue. The Trusts have waived their rights to dividends and the shares held by the Trusts are excluded from the calculation of basic earnings per share.

### Shares held by Employee Share Ownership Trusts

| Millions of shares | 2025 | 2024 |
|---|---|---|
| At 1 October | **0.3** | 1.6 |
| Gift of shares from Treasury | **5.7** | 2.0 |
| Distribution of shares held by Employee Share Ownership Trusts | **(3.0)** | (3.3) |
| At 30 September | **3.0** | 0.3 |

The shares in the Trusts are accounted for on a first in first out basis and comprise nil shares acquired in the open market (2024: nil) and 3.0 million (2024: 0.3 million) treasury shares gifted to the Trusts by the Group. 5.7 million (2024: 2.0 million) shares were gifted in the financial year 2025.

## 28. TREASURY SHARES

Subject to authorisation by special resolution, the Group may purchase its own shares in accordance with the Companies Act. Any shares which have been bought back may be held as treasury shares or, if not so held, must be cancelled immediately upon completion of the purchase, thereby reducing the amount of Group's issued share capital. Shares held in treasury do not qualify for dividends. Shares purchased under the share buyback programme initiated on 8 October 2024 were cancelled immediately on completion of the purchase. During the financial year 5.7 million shares (2024: 2.0 million shares) were gifted to Employee Share Ownership Trusts.

| | 2025 | | 2024 | |
|---|---|---|---|---|
| £ million unless otherwise indicated | **Millions of shares (number)** | **Value £** | Millions of shares (number) | Value £ |
| At 1 October | **68.3** | **2,183** | 70.3 | 2,183 |
| Gifted to Employee Share Ownership Trusts | **(5.7)** | **-** | (2.0) | - |
| At 30 September | **62.6** | **2,183** | 68.3 | 2,183 |
| Percentage of issued share capital | **7.2** | **n/a** | 7.5 | n/a |

## 29. COMMITMENTS

### Capital commitments

| £ million | 2025 | 2024 |
|---|---|---|
| Contracted but not provided for: | | |
| Property, plant and equipment and software | **160** | 207 |

## 30. CONTINGENT LIABILITIES

The following summary includes updates to matters that have developed since the 2024 Annual Report and Accounts.

### USA state settlement agreements

In November 1998, the major United States cigarette manufacturers, including Reynolds and Philip Morris, entered into the Master Settlement Agreement ("MSA") with 52 US states and territories. These cigarette manufacturers previously settled four other cases, brought by Mississippi, Florida, Texas and Minnesota, by separate agreements with each state (collectively with the MSA, the "State Settlement Agreements", with Mississippi, Florida, Texas and Minnesota known collectively as the "Previously Settled States"). ITG Brands (ITGB) is a party to the MSA and to the Mississippi, Minnesota, and Texas State Settlement Agreements.

In connection with its 12 June 2015 acquisition of four cigarette brands (Winston, Salem, Kool and Maverick, referred to as the "Acquired Brands") from Reynolds and Lorillard, ITGB has been involved in litigation and other disputes with the Previously Settled States, Philip Morris, and Reynolds in the Previously Settled States' state courts and elsewhere. The cases in the Previously Settled States' courts are now resolved, with the Florida court holding ITGB did not assume settlement payment liability through the acquisition and the remainder resolved by settlement. Litigation with Reynolds related to the acquisition continues in Delaware.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Delaware

ITGB is involved in litigation with Reynolds in the Delaware court that has jurisdiction over disputes under the Asset Purchase Agreement (APA) for the Acquired Brands. The current case in progress involves Reynolds' claim to indemnity for Florida settlement payments.

On 30 September 2022, the trial court granted summary judgment to Reynolds and denied summary judgment to ITGB. It held that the Florida court's determination that ITGB did not assume payments under the Florida settlement unless it agreed to do so was not binding on the Delaware courts under principles of issue preclusion. It further held that as a matter of law the contract provisions unambiguously provided ITGB had assumed and was required to indemnify Reynolds for Florida settlement payments. The Court did not determine the amount of Reynolds' damages but left that question open for further proceedings.

On 2 October 2023 the Court issued an initial order on damages. The court rejected ITGB's claim that no damages could be assessed but declined to decide the amount of damages and other issues until after a trial. On 31 October 2023 Philip Morris USA moved to intervene in the damages determination on the theory that any profit adjustment gain belongs to Philip Morris, not ITGB or Reynolds. On 1 April 2024 the court denied intervention. Philip Morris dismissed its appeal from that denial, but has stated it may raise independent claims against Reynolds and/or ITGB on its unjust enrichment and other theories.

Following the Court's 30 September 2022 opinion on liability which found against ITGB, the Court held a trial on damages on 8-9 July 2024. The Court issued an opinion on 3 March 2025 on the matter of damages, finding in favour of Reynolds based on contract language rather than the evidence at trial, except with regard to Reynolds' claim for attorney's fees. A final order reflecting the Court's opinions was issued on 9 April 2025. Damages include US$ 276 million through 2024, plus accrued interest of US$ 94 million calculated through the date of the judgment entered in April 2025. Additional damages through the end of 2025 are estimated at US$ 50.8 million, including US$ 24.2 million for the annual settlement payment for 2025 and additional interest from April 2025 through December 2025 of US$ 26.6 million. Additional amounts based on the annual settlement payment will accrue for 2026 and each year after, estimated at US$ 24.2 million for each year, plus additional interest so long as the prior balance remains unpaid.

ITGB filed a notice of appeal to the Delaware Supreme Court on 8 May 2025 both on the question of liability and on the calculation of damages and has posted a bond to suspend the payment of damages. The amount of the bond is costed at circa US$ 1.5 million per year. The appeal is based on arguments that ITGB has no liability under the APA and that, if liable, damages should be reduced. Oral argument in the appeal has been set for 3 December 2025, and a ruling is expected approximately 90 days later. If our appeal is successful, the subsequent legal processes are expected to take one to three years or more to conclude.

### MSA Previously Settled States Reduction

The MSA contains a downward adjustment, called the Previously Settled States Reduction, which reduces aggregate payments made by Philip Morris, Reynolds, and ITGB by a specified percentage each year. The State of California, later joined by the remainder of the MSA states and by Philip Morris, challenged the application of that Reduction to ITGB for every year from 2016 forward, claiming that it cannot apply to ITGB since it is not making settlement payments to Florida, Minnesota, or Texas under their settlements. The Independent Auditor to the MSA, which initially addresses disputes related to payments, has rejected that challenge every year. Philip Morris has settled that claim as it relates to Minnesota and Texas, but not Florida. It is possible that one of the parties making the challenge may seek to arbitrate the claim under the MSA. The PSS Reduction provides annual MSA payment reductions of up to circa US$ 65 million.

### Overall summary of liability position associated with USA state settlement agreements

The Group's legal advice is that it has a strong position on pending claims related to the Acquired Brands and the Group therefore considers that no provision is required for these matters.

### Product liability investigations

The Group is currently involved in a number of legal cases in which claimants are seeking damages for alleged smoking and health related effects. The Group believes it has meritorious defences to these actions, all of which are being vigorously contested. Although it is not possible to predict the outcome of the pending litigation, the Directors believe that the pending actions will not have a material adverse effect upon the results of the operations, cash flow or financial condition of the Group. This assessment of the probability of economic outflows at the year-end is a judgement which has been taken by management. Consequently, the Group has not provided for any amounts in respect of these cases in the financial statements. There have been no material updates to matters in any product liability investigations in the period since the 2024 Annual Report and Accounts.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Competition authority investigations

#### Spain

On 12 April 2019 the Spanish National Commission on Markets and Competition ("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 were alleged to have infringed competition law by participating in an exchange of sales volume data between 2008 and February 2017. The CNMC considered that this conduct had the effect of restricting competition in the Spanish tobacco market. In June 2019, both Altadis and Logista commenced appeals to the CNMC's decision, and the fines imposed in the Spanish High Court. In September 2019 Altadis and, separately, Logista arranged bank guarantees for the full amount of the fines with the result that payment of the fines had been suspended pending the outcome of the appeals. Therefore, provision for these amounts was not considered appropriate.

On 7 November 2025, Altadis was notified of the judgment from the Spanish High Court, annulling the CNMC's decision and the penalty imposed on Altadis, which is now entitled to cancel the bank guarantee arranged for the fine. Logista was subsequently notified of the High Court's ruling on 11 November 2025, which also confirmed the annulment of the penalty imposed on Logista. According to the judgment, the alleged exchange of sales volume data between 2008 and February 2017 did not have the effect of restricting competition in the Spanish tobacco market. The National Court has ordered the CNMC to pay court costs. There are thirty days to appeal the Spanish High Court's judgment before the Spanish Supreme Court.

### Other litigation

#### US Helms-Burton litigation

Imperial Brands PLC has been named as a defendant in a civil action in federal court in Miami, Florida under Title III of the Cuban Liberty and Democratic Solidarity Act of 1996 ("Helms-Burton") filed on 6 August 2020. Title III provides United States nationals with a cause of action and a claim for treble damages against persons who have "trafficked" in property expropriated by the Cuban government. Although the filed claim is for unquantified damages, we understand the claim could potentially reach approximately US$ 365 million, based on the claimants' claim to own 90% of the property, which they value at US$ 135 million (and then treble based on the claimants' interpretation of the legislation). The claim is based on allegations that Imperial, through Corporación Habanos S.A. (a joint venture between one of Imperial's now former subsidiaries and the Cuban government), has "trafficked" in a factory in Havana, Cuba that the Cuban government confiscated from the claimants' ancestor in the early 1960s, by using the factory to manufacture, market, sell, and distribute Habanos cigars.

At the time the claim was filed against Imperial and up until the conclusion of the Brexit "transition period" on 31 December 2020, Imperial was subject to an EU law known as the EU Blocking Statute (Regulation (EC) No. 2271/96), which conflicts with Helms-Burton, protected Imperial against the impact of Title III, and impacted how Imperial might respond to the threatened litigation. The EU Blocking Statute has been transposed into domestic law with only minimal changes. Accordingly, on 10 January 2021, Imperial submitted an application to the UK Department for International Trade (now the Department for Business and Trade) for authorisation from the Secretary of State for International Trade to defend the action or, at a minimum, to file and litigate a motion to dismiss the action and this was granted on 8 February 2021.

Following a lengthy motion to dismiss proceeding, on 28 November 2023, a magistrate issued a recommended ruling, and recommended dismissal of the case in its entirety as against Imperial on three separate grounds. On 8 April 2024, the judge adopted the magistrate's recommendation that the case be dismissed for lack of personal jurisdiction and entered an order dismissing and closing the case.

The Claimants filed an appeal against the judge's dismissal of the claim on 7 May 2024. The claimants' appeal submissions were filed on 16 August 2024 and the Group response was submitted on 16 October 2024. The appeal hearing took place on 12 August 2025. A decision on the appeal could take 3-12 months. No provision has been made for potential liabilities related to this claim based on the current accounting assessment of the probability of a future economic outflow.

#### UK

In June 2020, the Group responded to a claimant law firm's allegation 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 English High Court against Imperial Brands plc, Imperial Tobacco Limited and four of its subsidiaries (the Imperial Defendants) and two entities in the British American Tobacco (the BAT Defendants) group by a group of Malawian tobacco farm workers. The Imperial Defendants have acknowledged service and confirmed to the claimants that they intend to defend the claim in full.

The Imperial Defendants have not yet been required to file their Defence. The deadline for the Imperial and BAT Defendants to do so has been postponed pending other case management actions and will be determined at a subsequent case management hearing after the completion of a matching exercise (which will seek to establish whether the claimants worked for farmers who grew tobacco purchased by either Defendant group). That hearing is not expected to take place until 2026. The claim is unquantified and given the early stage of the litigation a provision would not be appropriate.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 31. NET DEBT

The movements in cash and cash equivalents, borrowings, and derivative financial instruments in the year were as follows:

| £ million | Current borrowings | Lease liabilities | Non-current borrowings | Derivative financial instruments | Liabilities from financing activities | Cash and cash equivalents | Total |
|---|---|---|---|---|---|---|---|
| At 1 October 2024 | **(1,191)** | **(386)** | **(7,506)** | **(335)** | **(9,418)** | **1,078** | **(8,340)** |
| Reallocation of current borrowings from non-current borrowings | **(1,613)** | **-** | **1,613** | **-** | **-** | **-** | **-** |
| Cash flow | **1,774** | **109** | **(2,438)** | **144** | **(411)** | **310** | **(101)** |
| Change in accrued interest | **12** | **(15)** | **(38)** | **3** | **(38)** | **-** | **(38)** |
| Change in fair values | **-** | **-** | **-** | **8** | **8** | **-** | **8** |
| New leases, terminations and modifications | **-** | **(95)** | **-** | **-** | **(95)** | **-** | **(95)** |
| Exchange movements | **(52)** | **(15)** | **(155)** | **(217)** | **(439)** | **51** | **(388)** |
| At 30 September 2025 | **(1,070)** | **(402)** | **(8,524)** | **(397)** | **(10,393)** | **1,439** | **(8,954)** |

| £ million | Current borrowings | Lease liabilities | Non-current borrowings | Derivative financial instruments | Liabilities from financing activities | Cash and cash equivalents | Total |
|---|---|---|---|---|---|---|---|
| At 1 October 2023 | (1,499) | (349) | (7,882) | (53) | (9,783) | 1,345 | (8,438) |
| Reallocation of current borrowings from non-current borrowings | (1,673) | - | 1,673 | - | - | - | - |
| Cash flow | 1,760 | 107 | (1,660) | 34 | 241 | (203) | 38 |
| Change in accrued interest | 37 | (14) | (21) | 12 | 14 | - | 14 |
| Change in fair values | - | - | - | (119) | (119) | - | (119) |
| New leases, terminations and modifications | - | (144) | - | - | (144) | - | (144) |
| Exchange movements | 184 | 14 | 384 | (209) | 373 | (64) | 309 |
| At 30 September 2024 | (1,191) | (386) | (7,506) | (335) | (9,418) | 1,078 | (8,340) |

Average reported net debt during the year was £10,131 million (2024: £10,037 million).

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Analysis by denomination currency

| £ million | GBP | EUR | USD | Other | 2025 Total |
|---|---|---|---|---|---|
| Cash and cash equivalents | **185** | **522** | **256** | **476** | **1,439** |
| Total borrowings | **(693)** | **(3,943)** | **(4,950)** | **(8)** | **(9,594)** |
| | **(508)** | **(3,421)** | **(4,694)** | **468** | **(8,155)** |
| Effect of cross-currency swaps | **477** | **(5,519)** | **4,662** | **-** | **(380)** |
| | **(31)** | **(8,940)** | **(32)** | **468** | **(8,535)** |
| Lease liabilities | **(36)** | **(291)** | **(37)** | **(38)** | **(402)** |
| Derivative financial instruments | | | | | **(17)** |
| Net debt | | | | | **(8,954)** |

| £ million | GBP | EUR | USD | Other | 2024 Total |
|---|---|---|---|---|---|
| Cash and cash equivalents | 356 | 179 | 129 | 414 | 1,078 |
| Total borrowings | (1,014) | (3,383) | (4,291) | (9) | (8,697) |
| | (658) | (3,204) | (4,162) | 405 | (7,619) |
| Effect of cross-currency swaps | 1,022 | (5,532) | 4,292 | - | (218) |
| | 364 | (8,736) | 130 | 405 | (7,837) |
| Lease liabilities | (39) | (265) | (47) | (35) | (386) |
| Derivative financial instruments | | | | | (117) |
| Net debt | | | | | (8,340) |

### 32. RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET DEBT

| £ million | 2025 | 2024 |
|---|---|---|
| Increase/(decrease) in cash and cash equivalents | **310** | (203) |
| Cash flows relating to derivative financial instruments | **144** | 34 |
| Repayment of lease liabilities | **109** | 107 |
| Increase in borrowings | **(3,899)** | (3,848) |
| Repayment of borrowings | **3,235** | 3,948 |
| Change in net debt resulting from cash flows | **(101)** | 38 |
| Other non-cash movements including revaluation of derivative financial instruments | **(30)** | (105) |
| New leases, terminations and modifications | **(95)** | (144) |
| Exchange movements | **(388)** | 309 |
| Movement in net debt during the year | **(614)** | 98 |
| Opening net debt | **(8,340)** | (8,438) |
| Closing net debt | **(8,954)** | (8,340) |

The increase in borrowings and repayment of borrowings reflect the cash flow movements relating to borrowings outstanding at the start and at the end of each financial year; cash flows relating to short-term borrowings drawn down and repaid within the year are not included in this analysis.

**CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 33. NON-CONTROLLING INTERESTS

### Material non-controlling interests

Detailed below is the summarised financial information of Logista, being a subsidiary where the non-controlling interest of 49.99% is considered material to the Group.

Summarised balance sheet
at 30 September

| Euro million | 2025 | 2024 |
|---|---|---|
| Current assets | **6,575** | 6,290 |
| Current liabilities | **(7,251)** | (6,990) |
| Current net liabilities | **(676)** | (700) |
| Non-current assets | **1,732** | 1,790 |
| Non-current liabilities | **(414)** | (449) |
| Non-current net assets | **1,318** | 1,341 |
| Net assets | **642** | 641 |

Summarised statement of comprehensive income
for the year ended 30 September

| Euro million | 2025 | 2024 |
|---|---|---|
| Revenue | **13,536** | 12,986 |
| Profit for the year | **281** | 308 |
| Total comprehensive income | **281** | 308 |

Summarised cash flow statement
for the year ended 30 September

| Euro million | 2025 | 2024 |
|---|---|---|
| Cash flows from operating activities | **601** | 397 |
| Cash flows from investing activities | **(223)** | (51) |
| Cash flows from financing activities | **(373)** | (370) |
| Net increase/(decrease) in cash and cash equivalents | **5** | (24) |

## 34. POST BALANCE SHEET EVENTS

### Langenhagen factory

On 1 October 2025 the Group announced its intention to cease production at its Langenhagen factory in Germany. The future of the site is currently subject to a consultation with the works councils which will involve a review of available options. The outcome of the consultation will either be a sale of the site to a third party or the closure of the factory, supporting the Group's 2030 Strategy Review Programme.

### Share buybacks

On 8 October 2024 Imperial Brands PLC ('the Company') announced a share buyback programme to repurchase up to £1.25 billion of shares. This programme completed on 29 October 2025 with the Company having repurchased 3,501,120 million shares for a total consideration of £106 million in the period from 1 October 2025 to 29 October 2025.

On 7 October 2025 Imperial Brands PLC ("the Company") announced the start of a new ongoing share buyback programme, to initially repurchase up to £1.45 billion of shares in the period to 28 October 2026. On 30 October 2025, in order to execute the first tranche of this buyback, the Company announced it had entered into an irrevocable and non-discretionary arrangement with its broker Morgan Stanley & Co. International Plc to buy back up to £725 million of its shares commencing from 30 October 2025 and expected to end no later than 30 April 2026.

## 35. RELATED UNDERTAKINGS

In accordance with Section 409 of the Companies Act 2006 a full list of subsidiaries, partnerships, associates, and joint ventures, the principal activity, the full registered address and the effective percentage of equity owned by Imperial Brands PLC, as at 30 September 2025, are provided in the entity financial statements of Imperial Brands PLC. There are no material related parties other than Group companies.

SUPPLEMENTARY INFORMATION

# ALTERNATIVE PERFORMANCE MEASURES

### Use of alternative performance measures

Management believes that non-GAAP or alternative performance measures provide an important comparison of business performance and reflect the way in which the business is controlled. The alternative performance measures seek to remove the distorting effects of a number of significant gains or losses arising from transactions which are not directly related to the ongoing underlying performance of the business and may be non-recurring events or not directly within the control of management.

Accordingly, alternative performance measures exclude, where applicable, amortisation and impairment of acquired intangibles, 2030 strategy implementation costs and non-cash costs, fair value adjustment and impairment of other financial assets, structural changes to defined benefit pension schemes, fair value and exchange gains and losses on financial instruments, post-employment benefits net financing cost, and related tax effects and tax matters. Other significant gains or losses which are not representative of the underlying business may also be treated as adjusting items where there is appropriate justification. The alternative performance measures in this report are not defined terms under IFRS and may not be comparable with similarly titled measures reported by other companies. The alternative performance measures that are used by the Group are defined and reconciled back to the associated IFRS metrics as detailed below.

### Summary of key adjusting items

The items excluded from adjusted performance results are those which are one-off in nature or items which arose due to acquisitions and are not influenced by the day-to-day operations of the Group, and the movements in the fair value of financial instruments which are marked to market and not naturally offset. Adjusted net finance costs also excludes all post-employment benefit net finance cost/income since pension assets and liabilities and redundancy and social plan provisions do not form part of adjusted net debt. This allows comparison of the Group's cost of debt with adjusted net debt. The adjusted performance measures are used by management to assess the Group's financial performance and aid comparability of results year on year.

### Consolidated income statement adjusting items

The following tables summarise the key items recognised within the consolidated income statement that have been treated as adjusting items:

#### Adjusting items recognised within administrative and other expenses

| £ million | | 2025 | 2024 |
|---|---|---|---|
| Amortisation and impairment of acquired intangibles | | **(369)** | (353) |
| 2030 Strategy implementation costs | 6 | **(21)** | - |
| 2030 Strategy non-cash costs | 6 | **(101)** | - |
| Structural changes to defined benefit pension schemes | | **(7)** | (4) |
| Total adjusting administrative and other expenses | | **(498)** | (357) |
| Total non-adjusting administrative and other expenses | | **(545)** | (485) |
| Administrative and other expenses | | **(1,043)** | (842) |

#### Amortisation and impairment of acquired intangibles

Acquired intangibles are amortised over their estimated useful economic lives where these are considered to be finite. Acquired intangibles considered to have an indefinite life are not amortised. Any negative goodwill arising is recognised immediately in the income statement. The Group excludes from adjusted performance measures the amortisation and impairment of acquired intangibles, other than software and internally generated intangibles, and the deferred tax associated with amortisation of acquired intangibles.

It is recognised that there may be some correlation between the amortisation charges derived from the acquisition value of acquired intangibles, and the subsequent future profit streams arising from sales of associated branded products. However, the amortisation of intangibles is not directly related to the operating performance of the business. Conversely, the level of profitability of branded products is directly influenced by day-to-day commercial actions, with variations in the level of profit derived from branded product sales acting as a clear indicator of performance. Given this, the Group's view is that amortisation and impairment charges do not clearly correlate to the ongoing variations in the commercial results of the business and are therefore excluded to allow a clearer view of the underlying performance of the organisation. The deferred tax arising on intangibles which are either being amortised or are fully amortised is excluded on the basis that amortisation of intangibles is not directly related to the operating performance of the business. The related current cash tax benefit is retained in the adjusted measure to reflect the ongoing tax benefit to the Group.

Total amortisation and impairment for the year is £425 million (2024: £399 million) of which £369 million (2024: £353 million) relates to acquired intangibles and is adjusting and £56 million (2024: £46 million) relates to internally generated intangibles and is non adjusting. In the year ended 30 September 2025 adjusting items all relate to amortisation. £358 million (2024: £345 million) is attributable to Tobacco & NGP and £11 million (2024: £8 million) is attributable to Distribution.

#### 2030 Strategy implementation and non-cash costs

Significant one-off costs incurred in integrating acquired businesses and in major rationalisation and optimisation initiatives together with their related tax effects are excluded from our adjusted earnings measures. These include 2030 strategy implementation and non-cash costs incurred as part of fundamental multi-year transformational change projects but do not include costs related to ongoing cost reduction activity. These costs are all Board approved, and include impairment of property, plant and equipment which are surplus to requirements due to restructuring activity. These costs are required in order to address structural issues associated with operating within the Tobacco sector that have required action to both modernise and right-size the organisation, ultimately delivering an operating model suitable for the future of the business. The Group's view is that as these costs are both significant and one-off in nature, excluding them allows a clearer presentation of the underlying costs of the business.

**SUPPLEMENTARY INFORMATION** CONTINUED

## ALTERNATIVE PERFORMANCE MEASURES CONTINUED

### Structural changes to defined benefit pension schemes

These are non-recurring pension scheme restructuring costs (see note 24). These comprise £7 million of costs related to the closure to future benefit build up of defined benefit retirement schemes in Australia and Ireland and the buy-out of pensioners in the Australian defined benefit scheme.

The prior year included a net cost of £4 million related to the closure of the UK defined benefit scheme, lump sum exercise in Ireland and partial buy-out of pensioner and dependent population in the USA.

### Adjusting items recognised within tax

| £ million | 2025 | 2024 |
|---|---|---|
| Deferred tax on amortisation of acquired intangibles | **17** | - |
| Tax on net foreign exchange and fair value gains and losses on financial instruments | **(168)** | 224 |
| Tax on post-employment benefits net financing cost | **5** | 5 |
| Tax on charges relating to legal provisions | **-** | 2 |
| Tax on 2030 strategy implementation costs | **5** | - |
| Tax on 2030 strategy non-cash costs | **33** | - |
| Tax on interest settlements | **(2)** | (1) |
| Recognition and utilisation of deferred tax assets | **(66)** | 293 |
| Provision for state aid tax recoverable | **-** | 101 |
| Uncertain tax positions | **64** | (164) |
| Prior year adjustments | **40** | 57 |
| Total adjusting taxation charges | **(72)** | 517 |
| Other non-adjusting taxation charges | **(836)** | (799) |
| Reported tax | **(908)** | (282) |

### Tax adjustments related to other pre-tax adjusting items

The adjusted tax charge has been calculated to include the tax effects of a number of pre-tax adjusting items including the amortisation of acquired intangibles, net foreign exchange gains and losses, fair value movements on financial instruments, 2030 strategy implementation and non-cash costs and post-employment benefits net financing cost.

### Significant one-off tax charges or credits

The adjusted tax charge also excludes significant one-off tax charges or credits arising from:

- prior period tax items (including re-measurement of deferred tax balances on a change in tax rates); or
- a provision for uncertain tax items not arising in the normal course of business; or
- tax items that are closely related to previously recognised tax matters, and are excluded from our adjusted tax charge to aid comparability and understanding of the Group's performance.

The recognition and utilisation of deferred tax assets relating to tax losses and tax credits not historically generated in the normal course of business are excluded on the same basis.

### Recognition and utilisation of deferred tax assets

Significant one-off tax charges or credits arising from prior period items, and arising due to a change of facts and circumstances in the current year, are excluded from the adjusted tax charge.

### Deferred tax on unremitted earnings

Significant one-off tax charges or credits arising from prior period items are excluded from the adjusted tax charge. The tax effect of the release of a provision for deferred tax on unremitted earnings is excluded from the adjusted tax charge on this basis.

### Uncertain tax positions

Significant one-off tax charges or credits arising from a provision for uncertain tax items not arising in the normal course of business are excluded from the adjusted tax charge.

### Tax on unrecognised losses

The recognition and utilisation of deferred tax assets relating to losses not historically generated in the normal course of business are excluded from the adjusted tax charge.

**SUPPLEMENTARY INFORMATION** CONTINUED

# ALTERNATIVE PERFORMANCE MEASURES CONTINUED

## DEFINITIONS AND RECONCILIATIONS OF ALTERNATIVE PERFORMANCE MEASURES

### A) Tobacco & NGP net revenue

Tobacco & Next Generation Products (NGP) net revenue comprises associated revenue less duty and similar items, excluding peripheral products. Management considers this an important measure in assessing the performance of Tobacco & NGP operations.

The Group recognises revenue on sales to Logista, a Group company, within its reported Tobacco & NGP revenue figure. As the revenue calculation includes sales made to Logista from other Group companies but excludes Logista's external sales, this metric differs from revenue calculated under IFRS accounting standards. For the purposes of alternative performance measures on net revenue the Group treats Logista as an arm's length distributor on the basis that contractual rights are in line with other third party suppliers to Logista. Variations in the amount of inventory held by Logista results in a different level of revenue compared to that which is included within the income statement. For tobacco product sales, inventory level variations are normally not significant.

Reconciliation from Tobacco & NGP revenue to Tobacco & NGP net revenue

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| £ million | **Tobacco** | **NGP** | **Total** | Tobacco | NGP | Total |
| Revenue | **21,071** | **432** | **21,503** | 21,708 | 376 | 22,084 |
| Duty and similar items | **(13,120)** | **(64)** | **(13,184)** | (13,877) | (47) | (13,924) |
| Sale of peripheral products | **(3)** | **-** | **(3)** | (3) | - | (3) |
| Net revenue | **7,948** | **368** | **8,316** | 7,828 | 329 | 8,157 |

### B) Distribution gross profit

Distribution gross profit comprises the Distribution segment revenue less the cost of distributed products. Management considers this an important measure in assessing the performance of Distribution operations.

Reconciliation from Distribution revenue to Distribution gross profit

| £ million | **2025** | 2024 |
|---|---|---|
| Distribution revenue | **11,448** | 11,104 |
| Distribution cost of sales | **(9,918)** | (9,601) |
| Distribution gross profit | **1,530** | 1,503 |

### C) Adjusted operating profit

Adjusted operating profit is calculated as operating profit amended for a number of adjustments; the principal changes are detailed below. This measure is separately calculated and disclosed for Tobacco, NGP, and Distribution where appropriate.

Reconciliation from profit before tax to adjusted operating profit

| £ million | **2025** | 2024 |
|---|---|---|
| Profit before tax | **3,128** | 3,029 |
| Net finance costs | **374** | 534 |
| Share of profit of investments accounted for using the equity method | **(12)** | (9) |
| Operating profit | **3,490** | 3,554 |
| Amortisation and impairment of acquired intangibles | **369** | 353 |
| 2030 Strategy implementation costs | **21** | - |
| 2030 Strategy non-cash costs | **101** | - |
| Structural changes to defined benefit pension schemes | **7** | 4 |
| Total adjustments | **498** | 357 |
| Adjusted operating profit | **3,988** | 3,911 |

**SUPPLEMENTARY INFORMATION** CONTINUED

## ALTERNATIVE PERFORMANCE MEASURES CONTINUED

### Reconciliation from Tobacco & NGP operating profit to adjusted operating profit

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| £ million | **Tobacco** | **NGP** | **Total** | Tobacco | NGP | Total |
| Operating profit/(loss) | **3,299** | **(121)** | **3,178** | 3,321 | (83) | 3,238 |
| Amortisation and impairment of acquired intangibles | **313** | **45** | **358** | 341 | 4 | 345 |
| 2030 Strategy implementation costs | **21** | **-** | **21** | - | - | - |
| 2030 Strategy non-cash costs | **101** | **-** | **101** | - | - | - |
| Structural changes to defined benefit pension schemes | **7** | **-** | **7** | 4 | - | 4 |
| Adjusted operating profit/(loss) | **3,741** | **(76)** | **3,665** | 3,666 | (79) | 3,587 |

### Reconciliation from Distribution operating profit to Distribution adjusted operating profit

| £ million | **2025** | 2024 |
|---|---|---|
| Distribution operating profit | **305** | 322 |
| Amortisation of acquired intangibles | **11** | 8 |
| Distribution adjusted operating profit | **316** | 330 |

See note 12 for details on amortisation and impairment and note 24 for details on structural changes to defined benefit pension schemes.

### D) Adjusted operating profit margin

Adjusted operating profit margin is adjusted operating profit divided by net revenue expressed as a percentage (see note 3). This measure is separately calculated and disclosed for the Tobacco & NGP and Distribution businesses where appropriate. There is no reconciliation required for this metric.

### E) Adjusted net finance costs

Adjusted net finance costs excludes the movements in the fair value of financial instruments which are marked to market and not naturally offset. This measure also excludes all post-employment benefit net finance costs since pension assets and liabilities and redundancy and social plan provisions do not form part of adjusted net debt. This allows comparison of the Group's cost of debt with adjusted net debt.

IFRS 9 requires that all derivative financial instruments are recognised in the consolidated balance sheet at fair value, with changes in the fair value being recognised in the consolidated income statement unless the instrument satisfies the hedge accounting rules under IFRS and the Group chooses to designate the derivative financial instrument as a hedge.

The Group hedges underlying exposures in an efficient, commercial and structured manner. However, the strict hedging requirements of IFRS 9 may lead to some commercially effective hedge positions not qualifying for hedge accounting. As a result, and as permitted under IFRS 9, the Group has decided not to apply cash flow or fair value hedge accounting for its derivative financial instruments. However, the Group does apply net investment hedging, designating certain borrowings and derivatives as hedges of the net investment in the Group's foreign operations, as permitted by IFRS 9, in order to reduce income statement volatility.

The Group excludes fair value gains and losses on derivative financial instruments and exchange gains and losses on borrowings from adjusted net finance costs. Fair value gains and losses on the interest element of derivative financial instruments are excluded as there is no direct natural offset between the movements on derivatives and the interest charge on debt in any one period, as the derivatives and debt instruments may be contracted over different periods, although they will reverse over time or are matched in future periods by interest charges. The fair value gains on derivatives are excluded as they can introduce volatility in the finance charge for any given period.

Fair value gains and losses on the currency element of derivative financial instruments and exchange gains and losses on borrowings are excluded as the relevant foreign exchange gains and losses on the instruments in a net investment hedging relationship are accumulated as a separate component of other comprehensive income in accordance with the Group's policy on foreign currency.

**SUPPLEMENTARY INFORMATION** CONTINUED

## ALTERNATIVE PERFORMANCE MEASURES CONTINUED

Fair value movements arising from the revaluation of contingent consideration liabilities are adjusted out where they represent one-off acquisition costs that are not linked to the current period underlying performance of the business. Fair value adjustments on loans receivable measured at fair value are excluded as they arise due to counterparty credit risk changes that are not directly related to the underlying commercial performance of the business.

The net interest on defined benefit assets or liabilities, together with the unwind of discount on redundancy, social plans and other long-term provisions, are reported within net finance costs. These items together with their related tax effects are excluded from our adjusted earnings measures, as they primarily represent charges associated with historic employee benefit commitments, rather than the ongoing current period costs of operating the business.

### Reconciliation from reported net finance costs to adjusted net finance costs

| £ million | 2025 | 2024 |
|---|---|---|
| Reported net finance costs | **374** | 534 |
| Fair value gains on derivative financial instruments | **227** | 513 |
| Fair value losses on derivative financial instruments | **(219)** | (632) |
| Exchange gains on financing activities | **5** | 9 |
| Net fair value and exchange gains/(losses) on financial instruments | **13** | (110) |
| Interest income on net defined benefit assets | **18** | 22 |
| Interest cost on net defined benefit liabilities | **(29)** | (33) |
| Post-employment benefits net financing cost | **(11)** | (11) |
| Tax interest income/(cost) | **38** | (10) |
| Effect of discounting on long-term provisions | **(1)** | (1) |
| Adjusted net finance costs | **413** | 402 |
| Comprising: | | |
| Interest income on bank deposits | **(14)** | (16) |
| Interest cost on lease liabilities | **15** | 14 |
| Interest cost on bank and other loans | **412** | 404 |
| Adjusted net finance costs | **413** | 402 |

### F) Adjusted tax charge

The adjusted tax charge is calculated by amending the reported tax charge for significant one-off tax charges or credits, as detailed in the table below. The adjusted tax rate is calculated as the adjusted tax charge divided by the adjusted profit before tax.

### Reconciliation from reported tax to adjusted tax

| £ million | 2025 | 2024 |
|---|---|---|
| Reported tax | **908** | 282 |
| Deferred tax on amortisation of acquired intangibles | **17** | - |
| Tax on net foreign exchange and fair value gains and losses on financial instruments | **(168)** | 224 |
| Tax on post-employment benefits net financing cost | **5** | 5 |
| Tax on charges relating to legal provisions | **-** | 2 |
| Tax on 2030 strategy implementation costs | **5** | - |
| Tax on 2030 strategy non-cash costs | **33** | - |
| Tax on interest settlements | **(2)** | (1) |
| Recognition and utilisation of deferred tax assets | **(66)** | 293 |
| Provision for state aid tax recoverable | **-** | 101 |
| Uncertain tax positions | **64** | (164) |
| Prior year adjustments | **40** | 57 |
| Adjusted tax charge | **836** | 799 |

**SUPPLEMENTARY INFORMATION** CONTINUED

## ALTERNATIVE PERFORMANCE MEASURES CONTINUED

### G) Adjusted earnings per share

Adjusted earnings is calculated by amending the reported basic earnings for all of the adjustments recognised in the calculation of the adjusted operating profit, adjusted finance costs and adjusted tax charge metrics as detailed above. Adjusted earnings per share is calculated by dividing adjusted earnings by the weighted average number of shares.

Reconciliation from reported to adjusted earnings and earnings per share

| | 2025 | | 2024 | |
|---|---|---|---|---|
| £ million unless otherwise indicated | **Earnings per share (pence)** | **Earnings** | Earnings per share (pence) | Earnings |
| Reported basic | **251.1** | **2,071** | 300.7 | 2,613 |
| Amortisation and impairment of acquired intangibles | **42.7** | **352** | 40.6 | 353 |
| 2030 Strategy implementation costs | **1.9** | **16** | - | - |
| 2030 Strategy non-cash costs | **8.3** | **68** | - | - |
| Tax on charges related to legal provisions | **-** | **-** | (0.2) | (2) |
| Structural changes to defined benefit pension schemes | **0.8** | **7** | 0.5 | 4 |
| Net fair value and exchange movements on financial instruments | **18.9** | **155** | (13.1) | (114) |
| Post-employment benefits net financing cost | **0.7** | **6** | 0.7 | 6 |
| Tax interest (income)/cost | **(4.4)** | **(36)** | 1.3 | 11 |
| Effect of discounting on long-term provisions | **0.1** | **1** | 0.1 | 1 |
| Recognition and utilisation of deferred tax assets | **8.0** | **66** | (33.7) | (293) |
| Provision for state aid tax recoverable | **-** | **-** | (11.6) | (101) |
| Uncertain tax positions | **(7.8)** | **(64)** | 18.9 | 164 |
| Prior year adjustments | **(4.8)** | **(40)** | (6.6) | (57) |
| Adjustments above attributable to non-controlling interests | **(0.5)** | **(4)** | (0.6) | (4) |
| Adjusted | **315.0** | **2,598** | 297.0 | 2,581 |
| Adjusted diluted | **312.8** | **2,598** | 295.3 | 2,581 |

### H) Return on invested capital (ROIC)

Return on invested capital measures the effectiveness of capital allocation and is calculated by dividing adjusted operating profit after tax by the annual average of: intangible assets, property, plant and equipment, net assets held for sale, inventories, trade and other receivables and trade and other payables. The equivalent tax charge is calculated by multiplying the adjusted effective tax rate for the Group by adjusted operating profit.

The annual average is defined as the average of the opening and closing balance sheet values.

| £ million unless otherwise stated | **2025** | 2024 | 2023 |
|---|---|---|---|
| Reported operating profit | **3,490** | 3,554 | 3,402 |
| Adjusting items (see section C) | **498** | 357 | 485 |
| Adjusted operating profit | **3,988** | 3,911 | 3,887 |
| Equivalent tax charge | **(929)** | (888) | (871) |
| Net adjusted operating profit after tax | **3,059** | 3,023 | 3,016 |
| | | | |
| Working capital | **(2,858)** | (2,772) | (2,567) |
| Intangibles | **16,208** | 15,938 | 16,944 |
| Property, plant and equipment | **1,524** | 1,561 | 1,617 |
| Invested capital | **14,874** | 14,727 | 15,994 |
| Average annual invested capital | **14,801** | 15,361 | 16,304 |
| Return on invested capital (%) | **20.7** | 19.7 | 18.5 |

### I) Constant currency

Constant currency removes the effect of exchange rate movements on the translation of the results of our overseas operations. The Group translates current year results at prior year foreign exchange rates. An analysis of all key metrics can be found in the Group Financial Review.

**SUPPLEMENTARY INFORMATION** CONTINUED

## ALTERNATIVE PERFORMANCE MEASURES CONTINUED

### J) Adjusted net debt

Management monitors the Group's borrowing levels using adjusted net debt which excludes interest accruals, the fair value of derivative financial instruments providing commercial cashflow hedges and lease liabilities.

#### Adjusted net debt calculation

| £ million | 2025 | 2024 |
|---|---|---|
| Reported net debt | **(8,954)** | (8,340) |
| Accrued interest | **123** | 95 |
| Lease liabilities | **402** | 386 |
| Fair value of interest rate derivatives | **23** | 119 |
| Adjusted net debt | **(8,406)** | (7,740) |

Average adjusted net debt during the year was £9,527 million (2024: £9,506 million).

### K) Adjusted net debt to earnings before interest, taxation, depreciation and amortisation (EBITDA) multiple

This is defined as adjusted net debt divided by adjusted EBITDA. Adjusted net debt is measured at balance sheet foreign exchange rates, with a full reconciliation shown in table J above. Adjusted EBITDA is calculated as adjusted operating profit plus amortisation, depreciation and impairments. An analysis of all key metrics can be found in the Group Financial Review. The reconciliation from adjusted operating profit to adjusted EBITDA is shown below:

| £ million | 2025 | 2024 |
|---|---|---|
| Adjusted operating profit (see section C above) | **3,988** | 3,911 |
| Depreciation, amortisation and impairments | **311** | 294 |
| Adjusted EBITDA | **4,299** | 4,205 |

### L) Adjusted operating cash conversion

Adjusted operating cash conversion is calculated as cash flow from operations pre 2030 strategy implementation costs, restructuring and before interest and tax payments less net capital expenditure relating to property, plant and equipment, software and intellectual property rights as a percentage of adjusted operating profit.

#### Adjusted operating cash conversion calculation

| £ million unless otherwise stated | 2025 | 2024 |
|---|---|---|
| Net cash flows generated from operating activities | **3,627** | 3,307 |
| Tax | **513** | 888 |
| Net capital expenditure | **(338)** | (321) |
| 2030 Strategy implementation costs | **21** | - |
| Restructuring | **29** | 43 |
| Cash flow post capital expenditure pre interest and tax | **3,852** | 3,917 |
| Adjusted operating profit | **3,988** | 3,911 |
| Adjusted operating cash conversion | **97%** | 100% |

### M) Free cash flow

Free cash flow is operating profit adjusted for certain cash and non-cash items. The principal adjustments are depreciation, working capital movements, net capex, restructuring cash flows, tax cash flows, cash interest and minority interest dividends.

#### Net cash flows generated from operating activities to free cash flow

| £ million | 2025 | 2024 |
|---|---|---|
| Net cash generated from operating activities | **3,627** | 3,307 |
| Net capital expenditure | **(338)** | (321) |
| Cash interest | **(384)** | (416) |
| Minority interest dividends | **(156)** | (136) |
| Free cash flow | **2,749** | 2,434 |

**SUPPLEMENTARY INFORMATION** CONTINUED

# GLOSSARY

**Financial terms**

| | |
|---|---|
| Adjusted earnings per share | This is an alternative performance measure which is defined within section G of the supplementary information. |
| Adjusted EBITDA | Adjusted EBITDA is calculated as adjusted operating profit plus amortisation, depreciation and impairments. |
| Adjusted net debt | This is an alternative performance measure which is defined within section J of the supplementary information. |
| Adjusted net debt to EBITDA multiple | This is an alternative performance measure which is defined within section K of the supplementary information |
| Adjusted net finance costs | This is an alternative performance measure which is defined within section E of the supplementary information. |
| Adjusted (Non-GAAP) | Non-GAAP measures to provide a useful comparison of performance from one period to the next. |
| Adjusted operating cash conversion | This is an alternative performance measure which is defined within section L of the supplementary information. |
| Adjusted operating profit | This is an alternative performance measure which is defined within section C of the supplementary information. |
| Adjusted operating profit margin | This is an alternative performance measure which is defined within section D of the supplementary information. |
| Adjusted tax charge | This is an alternative performance measure which is defined within section F of the supplementary information. |
| Aggregate priority market share | Aggregate weighted market volume share, based on our five priority markets (USA, Germany, UK, Spain and Australia). Market volume share is calculated based on a 12-month moving annual total (MAT) volume share position from October to September. The market volume size used in the weighting calculation is based on a constant prior year end actual market size. |
| All in cost of debt | Adjusted net finance costs divided by the average adjusted net debt in the year. |
| Adjusted operating cash conversion | Cash conversion is calculated as cash flow from operations pre 2030 strategy implementation costs, restructuring and before interest and tax payments less net capital expenditure relating to property, plant and equipment, software and intellectual property rights as a percentage of adjusted operating profit. |
| Constant currency | Removes the effect of exchange rate movements on the translation of the results of our overseas operations. The Group translates current year results at prior year foreign exchange rates. |
| Dividend per share | Dividend per share represents the total annual dividends, being the sum of the paid interim dividend and the proposed final dividend for the financial year. |
| DBO | Defined Benefit Obligation |
| EBITDA | Earnings before interest, taxation, depreciation and amortisation. |
| EPS | Earnings per share |
| Free cashflow | This is an alternative performance measure which is defined within section M of the supplementary information. |
| GAAP | Generally accepted accounting principles. |
| Market share | Market share data is presented as a 12-month moving average weighted across the markets in which we operate. |
| Net debt to EBITDA | Adjusted closing net debt divided by adjusted EBITDA. |
| Reported (GAAP) | Reported (GAAP) complies with UK-adopted International Accounting Standards and the relevant legislation. |
| Return on invested capital | This is an alternative performance measure which is defined within section H of the supplementary information. |
| Stick equivalent volumes | Stick equivalent volumes reflect our combined cigarette, fine cut tobacco, cigar and snus volumes but exclude any NGP volume such as heated tobacco, modern oral nicotine and vapour. |
| Tobacco & NGP net revenue/Distribution gross profit | This is an alternative performance measure which is defined within sections A and B of the supplementary information. |
| Total shareholder return | Total shareholder return is the total investment gain to shareholders resulting from the movement in the share price and assuming dividends are immediately reinvested in shares. |

**SUPPLEMENTARY INFORMATION** CONTINUED

## GLOSSARY CONTINUED

**Other**

| | |
|---|---|
| AAACE | Africa, Asia And Australasia and Central & Eastern Europe. |
| BERG | Business Employee Resource Groups |
| CDP | Carbon Disclosure Project |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| $CO_2E$ | Carbon Dioxide Equivalent |
| CSRD | The Corporate Sustainability Reporting Directive |
| DEI | Diversity, Equity and Inclusion |
| Distribution | Logistics Segment |
| ECLT | Eliminating Child Labour in Tobacco Growing Foundation |
| EFRAG | European Financial Reporting Advisory Group |
| ELT | Executive Leadership Team |
| EPR | Extended Producer Responsibility Scheme |
| ERP | Enterprise Resource Planning |
| ESG | Environmental, Social and Governance |
| ESRS | European Sustainability Reporting Standards |
| EU | European Union |
| EVP | Electronic Vape Products |
| EY | Ernst & Young LLP |
| FCT | Fine Cut Tobacco |
| FDA | US Food and Drug Administration |
| FMC | Factory Made Cigarettes |
| FMCG | Fast Moving Consumer Goods |
| GHG | Greenhouse Gas |
| GRI | Global Reporting Initiative |
| GWh / KWh | Gigawatt-Hour / Kilowatt-Hour |
| HRIA | Human Rights Impact Assessment |
| HT | Heated Tobacco |
| HTP | Heated Tobacco Products |
| ILO | International Labour Organisation |
| IOSH | Institution of Occupational Safety and Health |
| IPM | Integrated Pest Management |
| ISAE | International Standard for Assurance Engagements |
| ISO | International Organization for Standardization |
| IVMS | In Vehicle Monitoring System |
| KPI | Key Performance Indicators |
| LCWG | Leaf Compliance Working Group |
| Leaf CARE | Leaf Compliance and Response Programme |
| LGBTQ+ | Lesbian, Gay, Bisexual, Transgender, Queer or Questioning, Intersex, Asexual, and More |
| LTA | Lost Time Accident |
| LTIP | Long Term Incentive Plans |
| MMC | Mass Market Cigars |
| MOND | Modern Oral Nicotine Delivery |
| MPI | Manufacturer's Price Increase |
| MSCI | Morgan Stanley Capital International index |
| NGOs | Non-Government Organisation |
| NGP | Next Generation Products |
| NTM | Non-Tobacco Materials |
| OHSE | Occupational Health Safety and Environment |
| OND | Oral Nicotine Delivery Category |
| PDCA | Plan Do Check Act |
| PG&S | Purchased Goods and Services |
| PGS Committee | People, Governance and Sustainability Committee |
| PPE | Personal Protective Equipment |
| Priority markets | Top 5 combustible markets USA, Germany, UK, Spain and Australia |
| PSHG | Product Stewardship and Health Group |
| RECs | Renewable Energy Certificates |
| SASB | Sustainable Accounting Standards Board |
| SBTi | Science Based Targets initiative |
| SCIA | Supply Chain Impact Assessments |
| SDGs | Sustainable Development Goals |
| SE | Stick Equivalent volumes reflect our combined cigarette, fine cut tobacco, cigar and snus volumes |
| SECR | Streamlined Energy and Carbon Reporting |
| SER | Supplier Engagement Rating |
| STP | Sustainable Tobacco Programme |
| T&Cs | Terms and Conditions |
| TCFD | Task Force on Climate-Related Financial Disclosures |
| Tobacco & NGP | Tobacco & Next Generation Products |
| UK | United Kingdom |
| UN SDGs | United Nations Sustainable Development Goals |
| WDI | Workforce Disclosure Initiative |

IMPERIAL BRANDS PLC FINANCIALS

## IMPERIAL BRANDS PLC BALANCE SHEET
at 30 September 2025

| £ million | Notes | 2025 | 2024 |
|---|---|---|---|
| **Fixed assets** | | | |
| Investments | iii | **7,968** | 7,968 |
| | | | |
| **Current assets** | | | |
| Debtors | iv | **2,659** | 1,929 |
| | | | |
| **Creditors: amounts falling due within one year** | v | **(146)** | (189) |
| **Net current assets** | | **2,513** | 1,740 |
| **Net assets** | | **10,481** | 9,708 |
| | | | |
| **Capital and reserves** | | | |
| Called up share capital | vi | **87** | 91 |
| Capital redemption reserve | | **20** | 16 |
| Share premium account | | **5,833** | 5,833 |
| Retained earnings - brought forward | | **3,768** | 4,551 |
| Retained earnings - profit for the year | | **3,552** | 1,616 |
| Retained earnings - share options reserve | | **35** | 14 |
| Retained earnings - dividends paid | | **(1,558)** | (1,299) |
| Retained earnings - repurchase of shares | | **(1,256)** | (1,114) |
| **Total shareholders' funds** | | **10,481** | 9,708 |

As permitted by section 408(3) of the Companies Act 2006, the profit and loss account of the Company is not presented. The profit attributable to shareholders, dealt with in the financial statements of the Company, is £3,552 million (2024: £1,616 million).

The financial statements on pages 202 to 215 were approved by the Board of Directors on 18 November 2025 and signed on its behalf by:

**MURRAY MCGOWAN**
DIRECTOR

**IMPERIAL BRANDS PLC FINANCIALS** CONTINUED

## IMPERIAL BRANDS PLC STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2025

| £ million | Share capital | Share premium and capital redemption | Retained Earnings | Total Equity |
|---|---|---|---|---|
| **At 1 October 2024** | **91** | **5,849** | **3,768** | **9,708** |
| Profit for the year | **-** | **-** | **3,552** | **3,552** |
| **Total comprehensive income** | **-** | **-** | **3,552** | **3,552** |
| **Transactions with owners** | | | | |
| Share options reserve | **-** | **-** | **35** | **35** |
| Repurchase of shares | **(4)** | **4** | **(1,256)** | **(1,256)** |
| Dividends paid | **-** | **-** | **(1,558)** | **(1,558)** |
| **At 30 September 2025** | **87** | **5,853** | **4,541** | **10,481** |
| | | | | |
| At 1 October 2023 | 97 | 5,843 | 4,551 | 10,491 |
| Profit for the year | - | - | 1,616 | 1,616 |
| **Total comprehensive income** | - | - | 1,616 | 1,616 |
| **Transactions with owners** | | | | |
| Share options reserve | - | - | 14 | 14 |
| Repurchase of shares | (6) | 6 | (1,114) | (1,114) |
| Dividends paid | - | - | (1,299) | (1,299) |
| **At 30 September 2024** | 91 | 5,849 | 3,768 | 9,708 |

Total distributable reserves were £4,506 million (2024: £3,754 million).

**IMPERIAL BRANDS PLC FINANCIALS** CONTINUED

# NOTES TO THE FINANCIAL STATEMENTS OF IMPERIAL BRANDS PLC

## I. ACCOUNTING POLICIES

### Basis of preparation and statement of compliance with FRS 101

Imperial Brands PLC (the Company) is the ultimate parent company within the Imperial Brands group of companies (the Group). The Company is a public company limited by shares, incorporated in England and Wales and its principal activity continued to be that of holding investments. The Company's registered number is 3236483 and its registered address is 121 Winterstoke Road, Bristol, BS3 2LL. The average number of employees (all Directors and Senior Management) during the financial year was 8. The Directors of the Group manage the Group's risks at a Group level, rather than at an individual entity level. These risks are detailed in note 2 Accounting Estimates and Judgements of the Group's financial statements.

These financial statements were prepared in accordance with the Companies Act 2006 as applicable to Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101), and applicable accounting standards.

The financial statements have been prepared on the historical cost basis, and as a going concern. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

As permitted by section 408(3) of the Companies Act 2006, no separate profit and loss account has been presented for the Company.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available in the preparation of the financial statements, as detailed below:

- Paragraph 38 of IAS 1 'Presentation of financial statements' - comparative information requirements in respect of:
  (i) paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1 'Presentation of financial statements':
  (i) 10(d) - statement of cash flows;
  (ii) 10(f) - a statement of financial position as at the beginning of the preceding period when an entity applied an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements;
  (iii) 16 - statement of compliance with all IFRS;
  (iv) 38A - requirement for minimum of two primary statements, including cash flow statements;
  (v) 38B-D - additional comparative information;
  (vi) 40A-D - requirements for a third statement of financial position;
  (vii) 111 - cash flow information; and
  (viii) 134-136 - capital management disclosures;
- IAS 7 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting Policies, changes in accounting estimates and errors' - requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective;
- Paragraph 17 of IAS 24 'Related party disclosures' - key management compensation;
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group;
- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based Payment';
- IFRS 7 'Financial Instruments: Disclosures'; and
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' - disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities.

The material accounting policies, which have been applied consistently are set out below. The Directors do not consider there to be any critical accounting estimates or judgements in respect of the Company; see note 2 Accounting Estimates and Judgements of the consolidated financial statements for further detail.

### Investments

Investments held as fixed assets comprise the Company's investment in subsidiaries and are shown at historic purchase cost less any provision for impairment. An annual review of investments is performed for indicators of impairment. If indicators of impairment are identified investments are tested for impairment to ensure that the carrying value of the investment is supported by their recoverable amount.

### Dividends

Final dividends are recognised as a liability in the period in which the dividends are approved by shareholders, whereas interim dividends are recognised in the period in which the dividends are paid. Dividends receivable are recognised as an asset when they are approved.

### Financial instruments

Receivables held under a hold to collect business model are stated at amortised cost.

The calculation of impairment provisions is subject to an expected credit loss model, involving a prediction of future credit losses based on past loss patterns. The approach involves the recognition of provisions relating to potential future impairments, in addition to impairments that have already occurred. The expected credit loss approach involves modelling of historic loss rates, and consideration of the level of future credit risk. Expected loss rates are then applied to the gross receivables balance to calculate the impairment provision.

### Treasury shares

When the Company purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity until the shares are reissued or disposed of. When such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, increases shareholders' funds. When such shares are cancelled they are transferred to the capital redemption reserve.

**IMPERIAL BRANDS PLC FINANCIALS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS OF IMPERIAL BRANDS PLC CONTINUED

### Income taxes

Judgement is involved in determining whether the Company is subject to a tax liability or not in line with tax law. Where liabilities exist, estimation is often required to determine the potential future tax payments. The Company recognises provisions for tax based on estimates of the taxes that are likely to become due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

### New accounting standards

There have been no changes to accounting standards that have significantly impacted the accounting or disclosures within the financial statements for the year ended 30 September 2025.

### New accounting standards that are effective after the year ended 30 September 2025

There are a number of amendments and clarifications to IFRS, effective in future years and, with the exception of IFRS 18 - Presentation and Disclosure in Financial Statements, none of these are expected to significantly impact the Company's results or financial position.

#### IFRS 18 - Presentation and Disclosure in Financial Statements

This new accounting standard is effective for the year ended 30 September 2028 and will involve a change to the structure of the primary financial statements. This requires entities to classify income and expenses into five categories - operating, investing, financing, income tax and discontinued operations. In addition, certain 'non-GAAP' measures – alternative performance measures (APMs) – will now form part of the audited financial statements, and require mandatory definitions and reconciliation to GAAP measures. The Company is presently reviewing the impact of this standard which is expected to fundamentally change the structure of the presentation of the Income statement. As the Company does not present an Income Statement, the impact of the standard is not expected to be significant.

### II. DIVIDENDS

#### Distributions to ordinary equity holders

| | Pence per share | | | £ million | | |
|---|---|---|---|---|---|---|
| | **2025** | 2024 | 2023 | **2025** | 2024 | 2023 |
| Cash: | | | | | | |
| December | **54.26** | 51.82 | 49.31 | **455** | 461 | 464 |
| March | **54.26** | 51.82 | 49.32 | **451** | 453 | 457 |
| June | **40.08** | 22.45 | 21.59 | **328** | 193 | 196 |
| September | **40.08** | 22.45 | 21.59 | **324** | 192 | 195 |
| Total | **188.68** | 148.54 | 141.81 | **1,558** | 1,299 | 1,312 |

The declared third interim dividend for the year ended 30 September 2025 of 40.08 pence per share amounts to a proposed dividend of £322 million, which will be paid in December 2025. The proposed final dividend for the year ended 30 September 2025 of 40.08 pence per share amounts to a proposed dividend payment of £322 million in March 2026 based on the number of shares ranking for dividend at 30 September 2025, and is subject to shareholder approval. If approved, the total dividend paid in respect of 2025 will be £1,314 million (2024: £1,303 million). The dividend paid during 2025 is £1,558 million (2024: £1,299 million).

### III. INVESTMENTS

#### Cost of shares in Imperial Tobacco Holdings (2007) limited

| £ million | **2025** | 2024 |
|---|---|---|
| At 30 September | **7,968** | 7,968 |

The Directors confirm that the carrying value of the investment is supported by the cash flows generated by the underlying assets.

A list of the subsidiaries of the Company is shown in the section on Related Undertakings below.

### IV. DEBTORS

| £ million | **2025** | 2024 |
|---|---|---|
| Amounts owed from Group undertakings | **2,659** | 1,929 |

Amounts owed from Group undertakings are unsecured, interest bearing, have no fixed date for repayment and are repayable on demand. All intragroup receivables are considered to be fully recoverable against the requirements of expected credit losses under IFRS 9.

**IMPERIAL BRANDS PLC FINANCIALS** CONTINUED

# NOTES TO THE FINANCIAL STATEMENTS OF IMPERIAL BRANDS PLC CONTINUED

## V. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| £ million | 2025 | 2024 |
|---|---|---|
| Amounts owed by Group undertakings | - | 35 |
| Bank overdrafts | 2 | 2 |
| Contracted liability for share buyback | 116 | 90 |
| Other creditors | 28 | 62 |
| | 146 | 189 |

Amounts owed by Group undertakings are unsecured, interest bearing, have no fixed date for repayment and are repayable on demand.

## VI. CALLED UP SHARE CAPITAL

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | | Ordinary shares 10p each | | Ordinary shares 10p each |
| | Number | £ million | Number | £ million |
| Authorised, issued and fully paid: | | | | |
| 1 October | 914,502,882 | 91 | 968,590,194 | 97 |
| Shares cancelled | (44,612,248) | (4) | (54,087,312) | (6) |
| 30 September | 869,890,634 | 87 | 914,502,882 | 91 |

On 5 October 2023, the Board approved a £1,100 million share buyback programme in order to return capital to shareholders. Pursuant to the completion of this programme, the Group purchased 3,565,595 shares for a cost of £80 million in the period from 1 October 2024 to 29 October 2024.

On 8 October 2024, the Board approved a £1,250 million share buyback programme in order to return capital to shareholders, which has been completed on 29 October 2025. On 30 October 2024 it was announced that in order to execute the first tranche of this buyback, the Group had entered into an irrevocable and non-discretionary arrangement with its broker Morgan Stanley & Co. International Plc ("Morgan Stanley") to buy back up to £625 million of its shares, commencing from 30 October 2024 and ended on 30 April 2025. The first tranche purchased 23,488,623 shares for a cost of £625 million. Upon completion of the purchase, these shares were cancelled and transferred to the capital redemption reserve. For the second tranche of the programme, the Group entered into an irrevocable and non-discretionary arrangement with Barclays Capital Securities Limited ("Barclays") to buy back up to £625 million of its shares. The second tranche commenced on 1 May 2025 and in the period to 30 September 2025, the second tranche purchased 17,558,030 shares for a cost of £519 million.

In the period to 30 September 2025 44,612,248 shares have been bought back and cancelled at a cost of £1,224 million. The stamp duty and other tax costs were £11 million and the fees charged for the share repurchase were £2 million. Upon completion of the purchase, these shares were cancelled and transferred to the capital redemption reserve. As at 30 September 2025, the Group has recognised a liability of £116 million for the remaining shares to be purchased.

For the year ended 30 September 2025 the amounts recognised in the share premium and capital redemption reserves were £5,833 million (2024: £5,833 million) and £20 million (2024: £16 million) respectively.

## VII. RESERVES

### Treasury shares

Subject to authorisation by special resolution, the Group may purchase its own shares in accordance with the Companies Act. Any shares which have been bought back may be held as treasury shares or, if not so held, must be cancelled immediately upon completion of the purchase, thereby reducing the amount of Group's issued share capital. Shares held in treasury do not qualify for dividends. Shares purchased under the share buyback programme initiated on 8 October 2024 will be cancelled immediately on completion of the purchase. During the financial year 5.7 million shares (2024: 2.0 million shares) were gifted to Employee Share Ownership Trusts.

| | 2025 | | 2024 | |
|---|---|---|---|---|
| £ million unless otherwise indicated | Millions of shares (number) | Value £ | Millions of shares (number) | Value £ |
| At 1 October | 68.3 | 2,183 | 70.3 | 2,183 |
| Gifted to Employee Share Ownership Trusts | (5.7) | - | (2.0) | - |
| At 30 September | 62.6 | 2,183 | 68.3 | 2,183 |
| Percentage of issued share capital | 7.2 | n/a | 7.5 | n/a |

**IMPERIAL BRANDS PLC FINANCIALS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS OF IMPERIAL BRANDS PLC CONTINUED

### VIII. GUARANTEES

The Company provides guarantees to the following subsidiaries under section 479A of the Companies Act 2006, whereby the subsidiaries, incorporated in the UK, are exempt from the requirements of the Act relating to the audit of individual accounts for the financial year ending 30 September 2025:

- Imperial Tobacco Holdings (2007) Limited
- Imperial Tobacco Ventures Limited
- Rizla UK Limited
- Imperial Tobacco Overseas (Polska) Limited
- La Flor de Copan UK Limited
- Tabacalera de Garcia UK Limited
- Imperial Brands Ventures Holdings Limited
- Nerudia Consulting Limited
- Imperial Brands Ventures Finance Limited
- Imperial Brands Ventures Holdings (1) Limited
- Imperial Brands Ventures Holdings (2) Limited
- Altadis Newco Limited

The Company has guaranteed various committed and uncommitted borrowings facilities and liabilities of certain UK and overseas undertakings. As at 30 September 2025, the amount guaranteed is £14,451 million (2024: £13,791 million).

Many of the committed revolving credit facilities remain undrawn as at 30 September 2025 but the maximum potential exposure under each facility has been included due to the ongoing commitment; only drawn utilised balances have been included for facilities that are uncommitted in nature.

The Directors have assessed the fair value and expected credit loss of the above guarantees and do not consider them to be material. They have therefore not been recognised on the balance sheet.

### IX. POST BALANCE SHEET EVENTS

**Share buybacks**

On 8 October 2024 Imperial Brands PLC ('the Company') announced a share buyback programme to repurchase up to £1.25 billion of shares. This programme completed on 29 October 2025 with the Company having repurchased 3,501,120 million shares for a total consideration of £106 million in the period from 1 October 2025 to 29 October 2025.

On 7 October 2025 Imperial Brands PLC ("the Company") announced the start of a new ongoing share buyback programme, to initially repurchase up to £1.45 billion of shares in the period to 28 October 2026. On 30 October 2025, in order to execute the first tranche of this buyback, the Company announced it had entered into an irrevocable and non-discretionary arrangement with its broker Morgan Stanley & Co. International Plc to buy back up to £725 million of its shares commencing from 30 October 2025 and expected to end no later than 30 April 2026.

### X. RELATED PARTY DISCLOSURES

Details of Directors' emoluments and interests, which represent related-party transactions requiring disclosure under IAS 24, are provided within the "Remuneration earned by our Directors for the financial year ended 30 September 2025" section of the Directors' Remuneration Report. This includes details on salary, benefits, pension and share plans.

### RELATED UNDERTAKINGS

In accordance with Section 409 of the Companies Act 2006 a full list of subsidiaries, partnerships, associates, and joint ventures, the country of incorporation and the effective percentage of equity owned, as at 30 September 2025 are disclosed below. With the exception of Imperial Tobacco Holdings (2007) Limited, which is wholly owned by the Company, none of the shares in the subsidiaries is held directly by the Company.

**IMPERIAL BRANDS PLC FINANCIALS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS OF IMPERIAL BRANDS PLC CONTINUED

### SUBSIDIARIES: REGISTERED IN ENGLAND AND WALES, WHOLLY OWNED

Unless otherwise stated, the aggregate percentage of capital held by the Group is 100%, the Group's shareholding represents one type of ordinary share capital held indirectly by Imperial Brands PLC, the year end is 30 September, the country of incorporation is the United Kingdom and the address of the registered office is 121 Winterstoke Road, Bristol BS3 2LL, United Kingdom. For companies incorporated outside of the United Kingdom, the country of incorporation is shown in the address.

| Name |
|---|
| Altadis Newco Limited |
| Attendfriend Limited |
| British Tobacco Company Limited |
| Congar International UK Limited |
| Imperial Brands Enterprise Finance Limited |
| Imperial Brands Finance PLC |
| Imperial Brands Ventures Finance Limited [v] |
| Imperial Brands Ventures Holdings Limited |
| Imperial Brands Ventures Holdings (1) Limited |
| Imperial Brands Ventures Holdings (2) Limited [xi] |
| Imperial Brands Ventures Limited |
| Imperial Investments Limited |
| Imperial Tobacco Altadis Limited |
| Imperial Tobacco Capital Assets (1) |
| Imperial Tobacco Capital Assets (2) |
| Imperial Tobacco Capital Assets (3) |
| Imperial Tobacco Capital Assets (4) |
| Imperial Tobacco Group Limited |

| Name |
|---|
| Imperial Tobacco Holdings (1) Limited [iv] |
| Imperial Tobacco Holdings (2007) Limited [iv] |
| Imperial Tobacco Holdings Limited |
| Imperial Tobacco Initiatives |
| Imperial Tobacco Lacroix Limited |
| Imperial Tobacco Limited |
| Imperial Tobacco Overseas (Polska) Limited |
| Imperial Tobacco Overseas Holdings (1) Limited [viii] |
| Imperial Tobacco Overseas Holdings (2) Limited |
| Imperial Tobacco Overseas Holdings (3) Limited |
| Imperial Tobacco Overseas Holdings (4) Limited |
| Imperial Tobacco Overseas Holdings Limited |
| Imperial Tobacco Overseas Limited [x] |
| Imperial Tobacco Pension Trustees (Burlington House) Limited |
| Imperial Tobacco Pension Trustees Limited [iv] |
| Imperial Tobacco Ventures Limited |
| ITG Brands Limited |
| Joseph & Henry Wilson Limited |
| Nerudia Limited [v] |
| Nerudia Consulting Limited |
| La Flor de Copan UK Limited |
| Park Lane Tobacco Company Limited |
| Rizla UK Limited |
| Tabacalera de Garcia UK Limited |

**IMPERIAL BRANDS PLC FINANCIALS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS OF IMPERIAL BRANDS PLC CONTINUED

### SUBSIDIARIES: INCORPORATED OVERSEAS, WHOLLY OWNED

| Name | Registered address |
|---|---|
| 1213509 B.C. Limited | Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC. V6C 2X8, Canada |
| Altadis Canarias S.A.U. [ii] | C/Comandante Azcarraga 5, Madrid, 28016, Spain |
| Altadis Holdings USA Inc | 628 Green Valley Road, Suite 500, Greensboro, NC 27408, USA |
| Altadis Middle East FZCO | P.O. Box. No. 261718, Jebel Ali Free Zone, Dubai, 261718, United Arab Emirates |
| Altadis Ocean Indien S.A.S. | 5 C, Rue Pierre Emilien KICHENAPANAIDOU, Saint Pierre, France, La Reunion, 97410 |
| Altadis S.A.U. | C/Comandaute Azcarraga 5, Madrid 28016, Spain |
| Altadis Shade Company LLC | 217 Shaker Road, Somers, CT, 06071, USA |
| Athena IP Vermögensverwaltung GmbH | Friesenweg 18, 22763, Hamburg, Germany |
| Cacique, SA - Comércio, Importaçao e Exportaçao | Rua Marechal Deodoro, 690 - Centro Arapiraca, Alagoas, Brazil |
| Commonwealth Brands LLC | 628 Green Valley Road, Suite 500, Greensboro, NC 27408, USA |
| Congar International Corp (Delaware) | Road 14, Km. 72.2, Ave. Antonio R. Barcelo, Cayey, DE, PR 00736, USA |
| Connecticut Shade Corporation | 628 Green Valley Road, Suite 500, Greensboro, NC 27408, USA |
| Consolidated Cigar Holdings Inc [vii] | 628 Green Valley Road, Suite 500, Greensboro, NC 27408, USA |
| Coralma International S.A.S. | 122 Avenue Charles de Gaulle, Neuilly sur Seine, 92200, France |
| Dunkerquoise des Blends S.A.S. | 122 Avenue Charles de Gaulle, Neuilly sur Seine, 92200, France |
| Ets L Lacroix Fils NV/SA | Sint-Bavostraat 66, 2610 Wilrijk, Belgium |
| Fontem Canada Limited | C/O BDO Canada LLP, 6940 Mumford Road, Suite 510, Halifax, NS, B3L 0B&, Canada |
| Fontem (Shenzhen) Technology Solutions Limited [i] | Room 11E/F&17F/G/H,Block F, XinghangHuafu Phase 4, No.2 Xinghua Road, XingWei Community, Fuyong Street, Baoan District, Shenzhen, 518100, China |
| Fontem US, LLC. | 628 Green Valley Road, Suite 500, Greensboro, NC 27408, USA |
| Fontem Ventures B.V. | Radarweg 60, Amsterdam, 1043 NT, Netherlands |
| Huotraco International Limited | No 299, Preah Ang Duong Street, (and corner of street no.108) Sangkat Wat Phnom, Khan Daunh Penh, Phnom Penh, Cambodia |
| Imperial Brands Bulgaria EOOD [i] | EN 1 Building, floor 8, 1 Atanas Dukov Str. 1407 Sofia, Bulgaria |
| Imperial Brands CR s.r.o | Karla Engliše 3201/6, 15 00, Praha 5, Czech Republic |
| Imperial Brands Finance Netherlands B.V. | Slachtedijk 28a, 8501 ZA, Joure, Netherlands |
| Imperial Brands Finland Oy | Auriga Business Center, Juhana Herttuan Puistokatu 21, 20100 Turku, Finland |
| Imperial Brands Global Duty Free & Export S.L. | Calle Comandaute Azcarraga 5, Madrid 28016, Spain |
| Imperial Brands Hellas S.A. | 300 Klisthenous Str, 15344 Gerakas, Attikis, Athens, Greece |
| Imperial Brands Holdings International B.V. | Slachtedijk 28a, 8501 ZA, Joure, Netherlands |
| Imperial Brands Italia S.r.l. | Piazzale Luigi Sturzo 21/33, 00144, Roma |
| Imperial Brands La Romana | Industrial Free Zone #1, La Romana, Dominican Republic |
| Imperial Brands Luxembourg sarl | 56 Rue Charles Martel, L-2134, Luxembourg |
| Imperial Brands Malta Limited | Office 3, AX Business Centre, Ground Floor, Triq id-Difiza Civili Mosta, MST 1741, Malta |
| Imperial Brands Norway A.S. | Ryensvingen 2-4, 0680, Oslo, Norway |
| Imperial Brands Portugal, Sociedade Unipessoal Lda | 144, 7 DT, Avenida da Liberdade, Lisbon, Portugal |
| Imperial Brands Production Ukraine LLC [i] | ul. Akademika Zabolotnogo, 35, 03026, Kiev, Ukraine |
| Imperial Brands Romania s.r.l. | Gara Herastrau Street 4C, Green Court, Building B, Floor 11, Sector 2, Postal Code 020334, Bucharest, Romania |
| Imperial Brands Trading Polska spolka z.o.o | Rondo Ignacego Daszynskiego 1, 00-843 Warsaw, Poland |
| Imperial Brands Ventures LLC | 251 Little Falls Drive, Wilmington, DE 19808, USA |

**IMPERIAL BRANDS PLC FINANCIALS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS OF IMPERIAL BRANDS PLC CONTINUED

| Name | Registered address |
|---|---|
| Imperial Brands Ventures Malta Limited | Office 3, AX Business Centre, Ground Floor, Triq id-Difiza Civili Mosta, MST 1741, Malta |
| Imperial Finance Ireland Limited | 21 Beckett Way, Park West, Nangor Road, Dublin, 12, Ireland |
| Imperial Finance Malta Limited | Office 3, AX Business Centre, Ground Floor, Triq id-Difiza Civili Mosta, MST 1741, Malta |
| Imperial Tobacco (Asia) Pte. Ltd | 9 Raffles Place, #26-01 Repulic Plaza, 048619, Singapore |
| Imperial Tobacco Australia Limited | John Player Special House, Level 4, 4-8 Inglewood Place, Norwest, NSW 2153, Australia |
| Imperial Tobacco Austria Marketing Service GmbH | Zieglergasse 6, A-1070 Vienna, Austria |
| Imperial Tobacco BH doo [i] | Adema Buce 102, Sarajevo, 71000, Bosnia & Herzegovina |
| Imperial Tobacco EFKA Management GmbH | Friesenweg 18, 22763, Hamburg, Germany |
| Imperial Tobacco España, S.L.U. | C/Comandaute Azcarraga 5, Madrid 28016, Spain |
| Imperial Tobacco Estonia OÜ | Veskiposti 2, 10138 Tallinn, Tallinn, Estonia |
| Imperial Tobacco Holdings International B.V. | Slachtedijk 28a, 8501 ZA, Joure, Netherlands |
| Imperial Tobacco Intellectual Property Limited | 21, Beckett Way, Park West, Nangor Road, Dublin, 12, Ireland |
| Imperial Tobacco International GmbH | Friesenweg 18, 22763, Hamburg, Germany |
| Imperial Tobacco Ireland Unlimited Company [v] | 6th Floor, 2 Grand Canal Square, Dublin 2, Ireland |
| Imperial Tobacco Italy S.r.l. | Piazzale Luigi Sturzo 21/33, 00144, Roma, Italy |
| Imperial Tobacco Kyrgyzstan LLC [i] | 115, Ibraimov Street, 10th Floor, Business Center 'Asyl-Tash', Bishkek, 720021, Kyrgyzstan |
| Imperial Tobacco La Romana S.A.S. | 320, Rue Saint-Honore, Paris, 75001, France |

| Name | Registered address |
|---|---|
| Imperial Tobacco Magyarország Dohányforgalmázo Kft (Imperial Tobacco Hungary) | Váci út 141, 1138, Budapest, Hungary |
| Imperial Tobacco New Zealand Limited | Level 24, 157 Lambton Quay, Wellington Central, Wellington 6011, New Zealand |
| Imperial Tobacco Polska Manufacturing S.A. | Ul. Tytoniowa 2/6, Radom, 26-600, Poland |
| Imperial Tobacco Polska S.A. | Jankowice, ul. Przemyslowa 1, Pl-62-080, Tarnowo-Podgome, Poland |
| Imperial Tobacco SCG doo Beograd [i] | Milutina Milankovica 11a, Novi Beograd, Serbia |
| Imperial Tobacco Sigara ve Tutunculuck Sanayi Ve Ticaret A.S. | Kecilikoy OSB, Mah Ahmet Tutuncuoglu Cad. No.11, 45030 Yunusemre, Manisa, Turkey |
| Imperial Tobacco Slovakia a.s. | 7A Galvaniho, 824 53 Bratislava, Slovakia |
| Imperial Tobacco Taiwan Co Limited | 6F1-2 No.2 Sec. 3, Minsheng E road, Zhongshen District, Taipei, Taiwan, Province of China |
| Imperial Tobacco Taiwan Manufacturing Company Limited | No 8 Cyunyi Road, Jhunan, MiaoLi County 350, Taiwan, Province of China |
| Imperial Tobacco Tutun Urunleri Satis Ve Pazarlama A.S. | Kecilikoy OSB, Mah Ahmet Tutuncuoglu Cad. No.11, 45030 Yunusemre, Manisa, Turkey |
| Imperial Tobacco Ukraine [i] | ul. Akademika Zabolotnogo, 35, 03026, Kiev, Ukraine |
| Imperial Tobacco US Holdings BV | 121, Winterstoke Road, Bristol, BS3 2LL |
| Imperial Tobacco West Africa S.A.S. [i] | Cocody-Nord, Quartier Gendarmerie, TF 5937, 01 B.P. 724 Abidjan, Cote D'Ivoire |
| IMPTOB South Africa (Pty) Limited | 5 Sandwood Hills, Dunkirk Estate, Zimbali, South Africa |
| ITG Brands Holdco LLC | 628 Green Valley Road, Suite 500, Greensboro, NC 27408, USA |
| ITG Brands, LLC | 628 Green Valley Road, Suite 500, Greensboro, NC 27408, USA |
| ITG Cigars Inc | 628 Green Valley Road, Suite 500, Greensboro, NC 27408, USA |

**IMPERIAL BRANDS PLC FINANCIALS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS OF IMPERIAL BRANDS PLC CONTINUED

| Name | Registered address |
|---|---|
| ITG Holdings USA Inc [iv] | 628 Green Valley Road, Suite 500, Greensboro, NC 27408, USA |
| ITL Pacific (HK) Limited | Unit 3906, 39th Floor, Hopewell Centre, 183 Queens Road East, Wanchai, Hong Kong |
| Imperial Ventures Malta Limited | Office 3, AX Business Centre, Ground Floor, Triq id-Difiza Civili Mosta, MST 1741, Malta |
| JAW-Invest Oy | Auriga Business Center, Juhana Herttuan puistokatu 21, 20100 Turku, Finland |
| John Player & Sons Limited | 21, Beckett Way, Park West, Nangor Road, Dublin, 12, Ireland |
| JSNM SARL | 122 Avenue Charles de Gaulle, Neuilly sur Seine, 92200, France |
| Macotab S.A.S. (Manufacture Corse des Tabacs) | Route Nationale 193, Furiani, 20600, France |
| MYBLU Spain SLU | CR. Robledo de Chavela, S/N. San Lorenzo del Escorial, Madrid, 28200, Spain |
| Millennium Tobacco Unlimited Company | 21, Beckett Way, Park West, Nangor Road, Dublin, 12, Ireland |
| Newglade International Unlimited Company | 6th Floor, 2 Grand Canal Square, Dublin 2, Ireland |
| Petone Vapes Limited | Russell Mcveagh, Level 24,157 Lambton Quay, Wellington Central, Wellington, 6011, New Zealand |
| Philippine Bobbin Corporation | Cavite Economic Zone, Phase II, Rosario, Cavite, Philippines |
| Real Club de Golf la Herrería S.A. | CR. Robledo de Chavela, S/N. San Lorenzo del Escorial, Madrid, 28200, Spain |
| Reemtsma Cigarettenfabriken Gmbh | Friesenweg 18, 22763 Hamburg, Germany |
| Skruf Snus AB | PO Box 3068, Stockholm, SE-103 61, Sweden |
| Société Centrafricaine de Cigarettes S.A. [i] | Rue David Dacko, BP 1446, Bangui, Central African Republic |
| Société Centrafricaine de Distribution Sarl [i] | Avenue Boganda Pk4, Bangui, Central African Republic |
| Société du Mont Nimba Sarl [i] | BP 3391, Conakry, Guinea |

| Name | Registered address |
|---|---|
| Société Nationale d'Exploitation Industrielle des Tabacs et Allumettes SAS (SEITA) | 200-216 rue Raymond Losserand, Paris, 75014, France |
| Société pour le Développement du Tabac en Afrique S.A.S. | 122 Avenue Charles de Gaulle, Neuilly sur Seine, 92200, France |
| System Designed to Africa Sarl | Km 17, Route national de Rabat, Ain Harrouda, Morocco |
| Tabacalera de Garcia Ltd (Bermuda) | Claredon House, 2 Church Street, Hamilton, HM 11, Bermuda |
| Tahiti Tabacs SASU | PK 4, 300 Côté mer, 98701 Arue, BP 20692 Papeete, French Polynesia |
| Tobaccor S.A.S. [v] | 122 Avenue Charles de Gaulle, Neuilly sur Seine, 92200, France |
| Tobačna 3DVA, trgovsko podjetje, d.o.o. | Cesta 24., junija 90, SI 1231 Ljubljana - Ĉrnuče, Slovenia |
| Tobačna Grosist d.o.o. | Cesta 24., junija 90, SI 1231 Ljubljana - Ĉrnuče, Slovenia |
| Tobačna Ljubljana d.o.o. | Cesta 24., junija 90, SI 1231 Ljubljana - Ĉrnuče, Slovenia |
| Van Nelle Tabak Nederland B.V. | Slachtedijk 28a, 8501 ZA, Joure, Netherlands |
| Van Nelle Tobacco International Holdings B.V. | Slachtedijk 28a, 8501 ZA, Joure, Netherlands |
| Von Erl. Gmbh [i] | Hegelgasse 13/26, 1010 Vienna, Austria |

**IMPERIAL BRANDS PLC FINANCIALS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS OF IMPERIAL BRANDS PLC CONTINUED

### SUBSIDIARIES: INCORPORATED OVERSEAS, PARTLY OWNED

| Name | Registered address | Percentage owned |
|---|---|---|
| 3 For One, SA | Avenue Hermann-Debroux 54. 1160 Anderghem, Belgium | 50.0 |
| 24 Hours B.V | Wijkermeerstraat 31, 2131 HB, Hoofddorp, Netherlands | 50.0 |
| Albacetrans, S.L.U | Poligono Industrial Campollano, Avenida Sexta, 0.02007 Albacete, Spain | 50.0 |
| Belgium Parcels Service, Srl | Avenue Hermann-Debroux 54. 1160 Anderghem, Belgium | 50.0 |
| Be To Be Pharma, S.L.U | C/ Trigo, 39 - Polígono Industrial Polvoranca, Leganés, Madrid, 28914, Spain | 50.0 |
| Carbo Collbatalle, S.L.U. | Zona Franca, Sector E, Calle L, No 6-8. 08040 Barcelona, Spain | 50.0 |
| CDIL - Companhia de Distribuicao Integral Logista Portugal, SA. | Edificio Logista, Rua do Vale da Fote Coberta, 153 E 167, 2890-182, Alcochete, Portugal | 50.0 |
| Compagnie Agricole et Industrielle des Tabacs Africains S.A.S. | 143 bd Romain Rolland, Cedex 14, Paris, 75685, France | 99.9 |
| Compagnie Réunionnaise des Tabacs S.A.S. | 5 C, Rue Pierre Emilien KICHENAPANAIDOU, Saint Pierre, 97410, La Reunion, France | 98.9 |
| Compañía de Distribución Integral de Publicaciones Logista S.L.U. [iv] | Avenida de Europa No.2, Edificio Alcor Plaza/ Ala Este Planta 4a - Modulo 3, Alcorcor, Madrid, 28922, Spain | 50.0 |
| Compañía de Distribución Integral Logista Polska, sp. Z o.o. (SL) | AV. Jerozolimskie 96 - 7ª Planta, Edificio Equator II, 02-304 Varsaw, Poland | 50.0 |
| Compañía de Distribución Integral Logista S.A.U. | C/ Trigo, 39 - Polígono Industrial Polvoranca, Leganés, Madrid, 28914, Spain | 50.0 |
| Distribuidora Valenciana de Ediciones S.A.U. | Pedrapiquers 5, Poligono Industrial Vara de Quart, Valencia, 46014, Spain | 50.0 |
| Dronas 2002, S.L.U. | Energía, 25-29; Polígono Industrial Nordeste, Sant Andreu de la Barca, Barcelona, 08740, Spain | 50.0 |
| German-Ex B.V. | Wijkermeerstraat 31, 2131 HB, Hoofddorp, Netherlands | 50.0 |
| Herinvemol, S.L. | Hercas Industrial Estate Street Sector ZI1, 2T, Molina de Segura 30509 (Murcia) Spain | 50.0 |
| Imperial Tobacco TKS a.d. [i] | ul 11, Oktomvri 125, P O Box 37, 1000 Skopje, Macedonia | 99.1 |
| Imprimerie Industrielle Ivoirienne SA [i] | Zone Industrielle du Banco, Lots No 147-149-150, 01 BP 4124, Yopougon/Abdjan, Cote d'Ivoire | 78.8 |
| Innoreste, S.L.U. | Carretera De Madrid-Cartegena, KM. 376. 30500 Molina de Segura (Murcia), Spain | 50.0 |
| Logesta Deutschland Gmbh, Sociedad Unipersonal | Pilotystrasse, 4, 80538 München, Germany | 50.0 |
| Logesta Freight France Sarl | Inmeuble Le Bristol, 27 Avenue des Murs du Parc, 94300 Vincennes, France | 50.0 |
| Logesta Lusa LDA | Edifico Logista, Pracetta do Vale da Fonte Coberta, 153 E 167, 2890-182 Alcochete, Portugal | 50.0 |
| Logista France Holding S.A. | Inmeuble Le Bristol, 27 Avenue des Murs du Parc, 94300 Vincennes, France | 50.0 |
| Logista France S.A.S. | Inmeuble Le Bristol, 27 Avenue des Murs du Parc, 94300 Vincennes, France | 50.0 |
| Logista Freight Italia S.R.L | Via Valadier, 37 - 00193 Roma, Italy | 50.0 |
| Logista Freight Polska S.R.L. | Av. Jerozolimskie 96 - 7ª Planta Edificio Equator II, Varsovia, Poland | 50.0 |
| Logista Freight, S.A.U | C/ Trigo, 39 - Polígono Industrial Polvoranca, Leganés, Madrid, 28914, Spain | 50.0 |
| Logista Integral, S.A. [iii] | C/ Trigo, 39 - Polígono Industrial Polvoranca, Leganés, Madrid, 28914, Spain | 50.0 |
| Logista Italia Spa | Via Valadier, 37 - 00193 Roma, Italy | 50.0 |
| Logista Payments, S.L.U. | C/ Trigo, 39 - Polígono Industrial Polvoranca, Leganés, Madrid, 28914, Spain | 50.0 |
| Logista Pharma Canarias, S.A.U. | C/ Entreríos Nave 3; Las Palmas de Gran Canaria, 35600, Spain | 50.0 |
| Logista Pharma Italia, S.R.L. | C/ Entreríos Nave 3; Las Palmas de Gran Canaria, 35600, Spain | 50.0 |
| Logista Pharma S.A.U. | C/ Trigo Núm. 39 - Polígono Industrial Polvoranca, Leganés, Madrid, 28914, Spain | 50.0 |
| Logista Promotion et Transport S.A.S. | Inmeuble Le Bristol, 27 Avenue des Murs du Parc, 94300 Vincennes, France | 50.0 |

**IMPERIAL BRANDS PLC FINANCIALS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS OF IMPERIAL BRANDS PLC CONTINUED

| Name | Registered address | Percentage owned |
|---|---|---|
| Logista Regional de Publicaciones, S.A.U. | Avenida de Europa No.2, Edificio Alcor Plaza/ Ala Este Planta 4a - Modulo 3, Alcorcor, Madrid, 28922, Spain | 50.0 |
| Logista Retail France SAS | Inmeuble Le Bristol, 27 Avenue des Murs du Parc, 94300 Vincennes, France | 50.0 |
| Logista Retail Italia S.P.A | Via Valadier, 37 - 00193 Roma, Italy | 50.0 |
| Logista Retail S.A.U | C/ Trigo, 39 - Polígono Industrial Polvoranca, Leganés, Madrid, 28914, Spain | 50.0 |
| Logista Strator Portugal, Unipessoal Lda. | Edificio Logista, Pracetta do Vale Da Fonte, Coberta 153/167, Freguesia de Alcochete, Portugal | 50.0 |
| Logista Strator, SLU | C/ Trigo, 39 - Polígono Industrial Polvoranca, Leganés, Madrid, 28914, Spain | 50.0 |
| Logista Transport Europe B.V. | Wijkermeerstaat 31. 2131 HB, Hoofddorp, Netherlands | 50.0 |
| Logista, Transportes, Transitários e Pharma, Lda., Sociedad Unipersonal | Edifico Logista, Pracetta do Vale da Fonte Coberta, 153 E 167, 2890-182 Alcochete, Portugal | 50.0 |
| MABUCIG Industries S.A. | No 55, Rue 19.14, B.P. 94, Kodeni, - Bobo Dioulasso, Burkina Faso | 50.0 |
| MABUCIG SA (Manufacture Burkinabe de Cigarette) | Zone Industrielle de Bobo-Dioulasso, Secteur No 19, Rue 19.14 No adressage 55, B.P. 94 - Bobo Dioulasso, Burkina Faso | 72.7 |
| Manufacture de Cigarettes du Tchad S.A. | 0502 rue 1039, Arrondissement 1, N'DJamena, Chad | 95.0 |
| Midsid – Sociedade Portuguesa de Distribução, S.A., Sociedad Unipersonal | Edificio Logista, Pracetta do Vale Da Fonte, Coberta 153/167, Freguesia de Alcochete, Portugal | 50.0 |
| Mosca China Logistics Ltd | 603, no.32 Hong Kong Road, Nanfang district, Qingdao City, China | 50.0 |
| Mosca Italia, Srl | Via Roma 2, Cap, 16121, Rome, Italy | 50.0 |
| Mosca Maritimo, S.L.U. | Hercas Industrial Estate Street Sector ZI1, 2T, Molina de Segura 30509 (Murcia) Spain | 50.0 |
| Mosca Portugal, Lda | Santa Iria, Na Avenida Casal SA Serra No 9, Portugal | 50.0 |
| MTOA S.A. [i] | Km 2-5 Bld du Centenaire de la commune de Dakar, Dakar, Senegal | 98.3 |

| Name | Registered address | Percentage owned |
|---|---|---|
| Publicaciones y Libros S.A.U. | Avenida de Europa No.2, Edificio Alcor Plaza/ Ala Este Planta 4a - Modulo 3, Alcorcon, Madrid, 28922, Spain | 50.0 |
| Reemtsma Kyrgyzstan OJSC [i] | 115, Ibraimov Str., 10th Floor, Business Center "Asyl-Tash", Bishkek, Kyrgyzstan | 99.7 |
| S3T Pte Ltd [i] | 9 Raffles Place, #26-01 Republic Plaza, 048619, Singapore | 51.0 |
| SACIMEM S.A. [i] | 110 Antsirabe - Madagascar, Route d'Ambositra, BP 128, Madagascar | 65.4 |
| SGEL Libros, S.L.U. | Polígono Industrial La Quinta, Avda Castilla La Mancha, 2, Nave 3-4, 19171 Cabanillas del Campo, Guadalajara, Mexio | 50.0 |
| SITAB Industries S.A. [i] | Rue de l'Industrie - Lot No 19, 01 - BP 607, Bouake, Cote d'Ivoire | 75.9 |
| SITAR Holding S.A.S. | Z.I n2, B.P. 256, 97457 Saint Pierre, IIe de la Reunion, La Reunion, France | 99.0 |
| Société Africaine d'Impression Industrielle S.A. [i] | Route de Bel Air - Km 2200, Dakar, Senegal | 99.8 |
| Société des Cigarettes Gabonaises S.A. [i] | 2381 bld Léon MBA, BP 2175, Libreville, Gabon | 87.8 |
| Société Industrielle et Agricole du Tabac Tropical S.A. [i] | Avenue de la Pointe Hollandaise, Mpila, BP 50, Brazzaville, Congo | 89.7 |
| Société Ivoirienne des Tabacs S.A. [i] [iii] | Cocody-Nord, Quartier Gendarmerie, TF 5937, 01 B.P. 724 Abidjan, Cote D'Ivoire | 74.9 |
| Société Marocaine des Tabacs S.A. | 87 Rue Hamed El Figuigui, Casablanca, 20500, Morocco | 99.9 |
| SOCTAM S.A. [i] | 15 Rue Geoges V, Mahajanga, Madagascar | 50.5 |
| SOTCHADIS S.A.S. | 502 Rue 1039, BP 852, N'Djamena, Chad | 95.0 |
| Speedlink Worldwide Express B.V. | Wijkermeerstraat 31, 2131 HB, Hoofddorp, Netherlands | 50.0 |
| Transportes El Mosca, S.A.U. | Hercas Industrial Estate Street Sector ZI1, 2T,Molina de Segura 30509 (Murcia), Spain | 50.0 |
| Transportes Moncayo, S.L.U. | Poligno Alfinden, Manzana I-2, Lote A. 50071 La Puebla De Alfinden, Zaragoza, Spain | 50.0 |

**IMPERIAL BRANDS PLC FINANCIALS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS OF IMPERIAL BRANDS PLC CONTINUED

### ASSOCIATES: INCORPORATED OVERSEAS

| Name | Registered address | Percentage owned |
|---|---|---|
| Alcome S.A.S. | 164 rue du faubourg Saint Honore, 75008 Paris, France | 24.0 |
| Compañia Española de Tabaco en Rama SA (Cetarsa) [i] | Avenida de las Angustias, 20, 10300 Navalmoral de la Mata, Cáceres, Spain | 20.8 |
| Distribuidora de Ediciones SADE, S.A. | Calle B, esquina calle 4, s/n. Sector B, Polígono Industrial Zona Franca, 08040 Barcelona, Spain | 35.0 |
| Distribuidora de Publicaciones del Sur, S.L. | Polígono Industrial Pineda, Carretera de Cádiz a Dos Hermanas, Km 547, Nave D. 41014 Sevilla, Spain | 25.0 |
| Distribución de Publicaciones Siglo XXI, Guadalajara | Francisco Medina y Mendoza, 2, 19171 Cabanillas del Campo, Guadalajara, Spain | 40.0 |
| Erion Care | Via Angelo Scarsellini 14, 20161, Milan, Italy | 25.0 |
| Entreprises des Tabacs en Guinée [i] | B.P 3391, Conakry, Guinée Conakry, Guinea | 34.0 |
| Lao Tobacco Limited | KM 8, Thadeua Road, P O Box 181, Vientiane, Lao People's Democratic Republic | 43.7 |
| Logista Libros S.L. | Avda. Castilla La Mancha, 2 - Naves 3-4 del Polígono Industrial La Quinta, Cabanillas del Campo, Guadalajara, Spain | 25.0 |
| Mosca Italia, Srl | Via Roma 2, Cap, 16121, Rome, Italy | 36.6 |
| Nevajgluj a.s | Na strži 1702/65, Nusle, 140 00 Prague 4, Czech Republic | 25.0 |
| Promotion et Distribution a Madagascar | Tour ZITAL Ankorondrano, Antananarivo, Madagascar | 33.4 |
| Sociedad Anonima Distribuidora De Ediciones | Calle B, esquina calle 4, s/n. Sector B, Polígono Industrial Zona Franca, 08040, Barcelona, Spain | 35.0 |
| Société Internationale des Tabacs Malgaches [i] | BP 270, 401 Mahajanga, Madagascar | 47.9 |
| Société Nationale des Tabacs et Allumettes du Mali S.A. [i] | Route Sotuba - Z.I., BP 59, Bamako, Mali | 28.0 |
| SPAK-EKO a.s. | Vajnorská 100/B 831 04 Bratislava, Slovakia | 25.0 |

### JOINT VENTURES: INCORPORATED OVERSEAS

| Name | Registered address | Percentage owned |
|---|---|---|
| Global Horizon Ventures Limited | Unit 3907-08, 39th Floor, Hopewell Centre, 183 Queens Road East, Wanchai, Hong Kong | 50.0 |
| Intertab S.A. [i] | Société Fiduciaire Suisse-Coopers & Lybrand S.A., Route de la Glâne 107, Villars-sur-Glâne, 1752, Switzerland | 50.0 |
| West Tobacco Pte Ltd [i] | 1 Harbourfront Avenue #14-07, Keppel Bay Tower, 098632, Singapore | 50.0 |

### PARTNERSHIPS

The Group also owns the following partnerships:

| Name | Registered address and principal place of business |
|---|---|
| Fabrica de Tabacos La Flor de Copan S de R.L. de CV | Apartado Postal 209, Colonia Mejia-García, Santa Rosa de Copán, Honduras |
| Imperial Tobacco (Efka) GmbH & Co. KG | Friesenweg 18, 22763 Hamburg, Germany |
| Imperial Tobacco Kazakhstan LLP [i] | 3rd Floor, Prime Business Park, 100/2 Nursultan Nazarbayev Avenue, Medeuskiy District, Almaty, 050000, Kazakhstan |
| ITG Brands Holdpartner LP | 628 Green Valley Road, Suite 500, Greensboro, NC 27408, USA |

**IMPERIAL BRANDS PLC FINANCIALS** CONTINUED

## NOTES TO THE FINANCIAL STATEMENTS OF IMPERIAL BRANDS PLC CONTINUED

The subsidiaries listed were held throughout the year and the consolidated Group financial statements include all the subsidiary undertakings identified. All dormant UK entities have taken the exemption available to not have an audit of their financial statements.

Unless otherwise stated the entities are unlisted, have one type of ordinary share capital and a reporting period ending on 30 September each year.

(i) December year end
(ii) March year end
(iii) Listed entity
(iv) Holding of one type of ordinary share only (where more than one type of share is authorised/in issue). Only applicable to partly owned entities. Percentage ownership is shown in the tables above.
(v) Holding of two types of ordinary share (where more than one type of ordinary share is authorised/in issue). Only applicable to 100% owned subsidiaries.
(vi) Holding of preference shares only
(vii) Holding of ordinary and preference shares
(viii) Holding of ordinary and redeemable shares
(ix) Holding of ordinary and deferred shares
(x) Holding of two types of ordinary share and redeemable shares

The percentage of issued share capital held by the immediate parent and the effective voting rights of the Group are the same except for Imperial Tobacco Italy S.r.l. where the entire share capital, and therefore 100% of the voting rights, are held by a number of Group companies.

# SHAREHOLDER INFORMATION

## Financial calendar and dividends

Half year results are expected to be announced in May 2026 and the Full year results in November 2026.

The Annual General Meeting of the Company will be held on Wednesday 28 January 2026 at 9.30am at the Bristol Marriott Royal Hotel, College Green, Bristol BS1 5TA. The Notice of Meeting and explanatory notes about the resolutions to be proposed are set out in the circular enclosed with this Report.

Dividends are generally paid at the end of March, June, September and December. Payment of the 2025 final dividend, if approved, will be on 31 March 2026 to shareholders on the Register of Members at the close of business on 20 February 2026. The associated ex-dividend date will be 19 February 2026.

## Share dealing service

Our Registrar offers Shareview Dealing, a service which allows you to buy or sell Imperial Brands PLC ordinary shares if you are a UK resident. You can deal on the internet or by phone. Log on to **www.shareview.co.uk/dealing** or call them on 03456 037 037 between 8.00am and 4.30pm Monday to Friday for more information about this service. If you wish to sell your Imperial Brands PLC ordinary shares, you will need your shareholder reference number, which you can find on your share certificate.

## Individual savings account

Investors in Imperial Brands PLC ordinary shares may take advantage of a low-cost Individual Savings Account (ISA) and Investment Account where they can hold their Imperial Brands PLC ordinary shares electronically. The ISA and Investment Account are operated by Equiniti Financial Services Limited.

For further information please go to **www.shareview.co.uk/dealing** or call Equiniti on 0345 0700 720.

## Dividend reinvestment plan

Imperial Brands PLC has set up a dividend reinvestment plan (DRIP) to enable shareholders to use their cash dividend to buy further Imperial Brands PLC ordinary shares in the market. Further information can be obtained from Equiniti on 0371 384 2037 (+44 371 384 2037 if calling from outside the UK) or online at **www.shareview.co.uk**.

## American depositary receipt facility

Imperial Brands PLC ordinary shares are traded on the OTCQX International Premier platform in the form of American Depositary Shares (ADSs) using the symbol 'IMBBY'. The ADS facility is administered by J.P. Morgan Chase, N.A and enquiries should be directed to them at the address shown opposite.

## Website

Information on Imperial Brands PLC is available on our website: **www.imperialbrandsplc.com**.

Equiniti also offers a range of shareholder information online. You can access information on your holdings, indicative share prices and dividend details and find practical help on transferring shares or updating your details at: **www.shareview.co.uk**.

## Registered office

121 Winterstoke Road
Bristol BS3 2LL

+44 (0)117 963 6636

Incorporated and domiciled in England and Wales No: 3236483

## Registrar

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

+44 (0)371 384 2037*
+44 (0)371 384 2255* text phone for shareholders with hearing difficulties

* Lines are open 8.30am to 5.30pm, Monday to Friday excluding public holidays in England and Wales.

## American depositary receipt facility

EQ Shareowner Services
P.O. Box 64504
St. Paul, MN 55164-0504

Toll-free number inside USA:
+ 1-800-990-1135*
From outside the USA:
+1-651-453-2128*

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Visit: **www.shareowneronline.com**.
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