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.

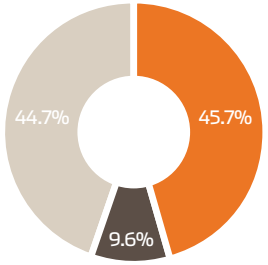
Reconciliations between reported and adjusted measures are included in the Supplementary Information. Percentage growth figures for adjusted results are given on a constant currency basis, where the effects of exchange rate movements on the translation of the results of our overseas operations are removed.

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

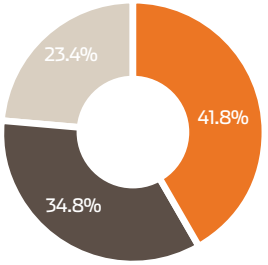
£ million (unless otherwise indicated)	Full year ended 30 September 2024	Foreign exchange	Constant currency movement	Full year ended 30 September 2025	Change	Constant currency change
Tobacco & NGP net revenue						
Europe	3,366	(43)	153	3,476	3.3%	4.5%
Americas	2,836	(81)	137	2,892	2.0%	4.8%
Africa, 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)



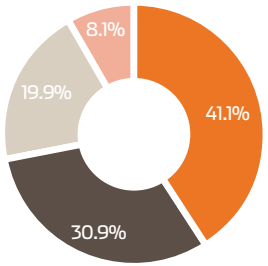
Europe	85.4bn SE
Americas	18.0bn SE
AAACE	83.5bn SE

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

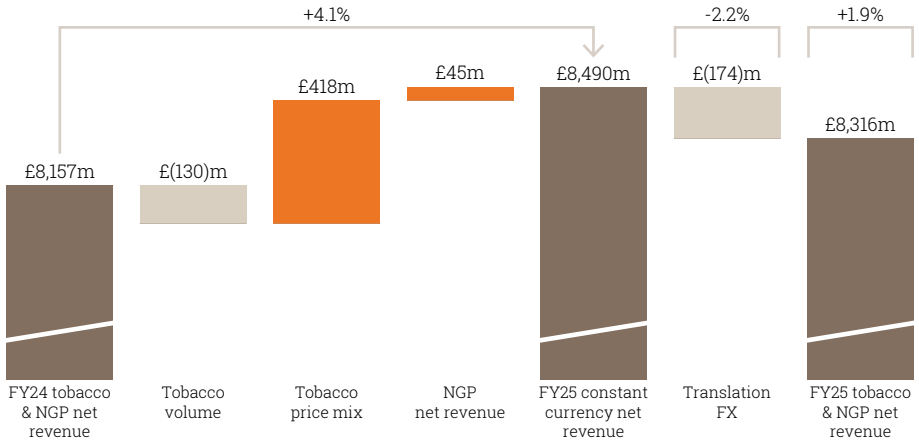
REPORTED REVENUE CHANGE

(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

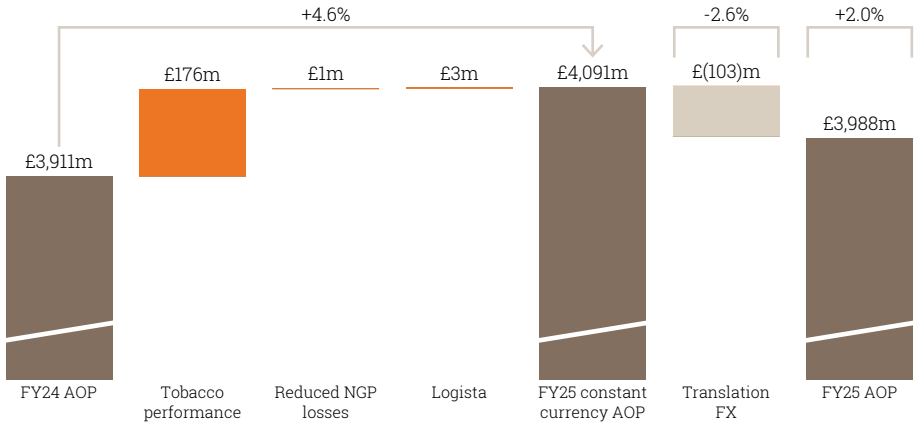
REPORTED OPERATING PROFIT CHANGE

(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

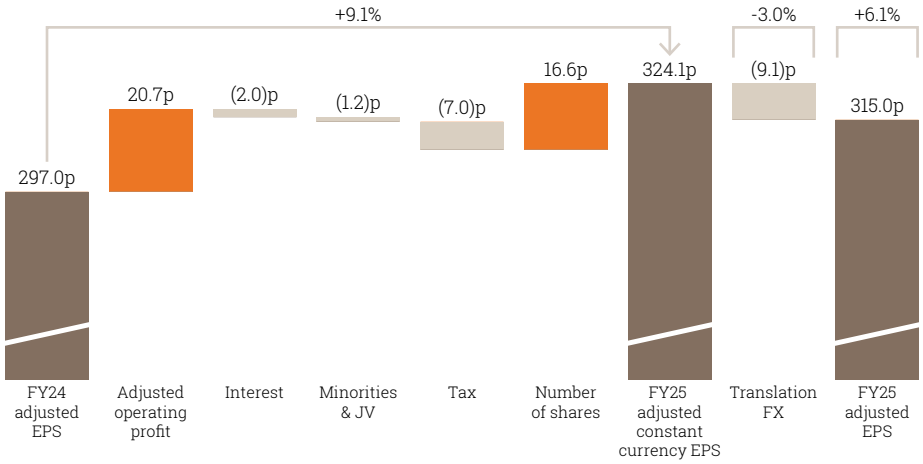
REPORTED EPS CHANGE

(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