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.