

Company Number: 03214426

IMPERIAL BRANDS FINANCE PLC

Interim Financial Statements 2024

Imperial Brands Finance PLC

Interim Management Report

For the six months ended 31 March 2024

Company Number: 03214426

The Directors present their Interim Management Report together with the condensed unaudited Interim Financial Statements of Imperial Brands Finance PLC ("the Company") for the six months ended 31 March 2024.

Business review and performance

The principal activity of the Company is to provide treasury services to Imperial Brands PLC and its subsidiaries ("the Group"). There have been no changes in the composition of the Company in the interim period.

The performance of the Company is dependent on external borrowings and intragroup loans payable and receivable and interest thereon, together with fair value gains and losses on derivative financial instruments.

The profit for the six months ended 31 March 2024 was £75 million (2023: £277 million) and is stated after a release of £1 million (six months ended 2023: £73 million) arising on a decrease in the expected credit loss provision against the carrying value of certain loans made to entities within the Imperial Brands Group. The expected loss provision arises due to the assessment of credit risk associated with the future repayment of the loans. The release of the provision is not tax allowable and therefore there is no associated tax charge. Total shareholders' funds as at 31 March 2024 were £2,752 million (31 March 2023: £2,561 million).

The directors do not recommend a dividend for the current period. There were no aggregate dividends on the ordinary shares recognised as a charge to shareholders' funds during the six months ended 31 March 2024 (2023: £nil).

Principal risks and uncertainties

The Company is a wholly owned indirect subsidiary of Imperial Brands PLC, which is the ultimate parent company within the Group, and the Directors of the Group manage operations at a Group level. The Company, as the main financing and financial risk management company for the Group, undertakes transactions to manage the Group's financial risks, together with its financing and liquidity requirements.

The principal risks and uncertainties of the Company are discussed in note 20 of the Company's Annual Report and Accounts for the year ended 30 September 2023, which does not form part of this report, but is available at www.imperialbrandsplc.com. These risks and uncertainties remain materially unchanged as at 31 March 2024.

Outlook

The business activity is expected to continue at levels similar to the current level. The Company will continue to manage the overall liquidity and financial risk management requirements of the Group as they change over time. The Company will manage the Group's financing requirement in combination with other Group entities where it is beneficial to the Group as a whole.

Going concern

The Directors are satisfied that the Company has adequate resources to meet its operational needs for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing these Interim Financial Statements.

Directors' responsibility statement

The Board of Directors comprising L J Paravicini, M E Slade and D M Tillekeratne, confirms that:

- the condensed Interim Financial Statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by Rule 4.2.4 of the Disclosure Transparency Rules of the United Kingdom's Financial Conduct Authority ("the DTRs"); and
- the Interim Management Report includes a fair review of the information required by Rule 4.2.7 of the DTRs, namely an indication of important events that have occurred during the six months ended 31 March 2024 and their impact on the condensed set of Interim Financial Statements, and a description of the principal risks and uncertainties for the remaining six months of the year.

By order of the Board



M E Slade
Director
24 May 2024



D M Tillekeratne
Director
24 May 2024

Imperial Brands Finance PLC

Income Statement

For the six months ended 31 March 2024

(In £ million)	Notes	Unaudited	Unaudited	Audited
		6 months ended 31 March 2024	6 months ended 31 March 2023	Year ended 30 September 2023
Other operating income		-	-	1
Administrative expenses		(2)	(1)	(4)
Impairment gain		1	73	25
Operating (loss)/profit		(1)	72	22
Investment income	2	1,365	1,516	2,671
Finance costs	3	(1,264)	(1,254)	(2,194)
Profit before taxation		100	334	499
Tax on profit	4	(25)	(57)	(106)
Profit for the period		75	277	393

All activities derive from continuing operations.

The Company has no other comprehensive income other than that included above and, therefore, no separate Statement of Comprehensive Income has been presented.

Imperial Brands Finance PLC

Balance Sheet

at 31 March 2024

(In £ million)		Unaudited At 31 March 2024	Unaudited At 31 March 2023	Audited At 30 September 2023
Non-current assets				
Derivative financial instruments	6	505	694	824
		505	694	824
Current assets				
Other receivables	7	29,667	29,988	28,624
Cash and cash equivalents		44	28	681
Derivative financial instruments	6	158	72	126
		29,869	30,088	29,431
Total assets		30,374	30,782	30,255
Current liabilities				
Borrowings		(3,370)	(1,851)	(1,450)
Derivative financial instruments	6	(410)	(579)	(174)
Trade and other payables		(15,859)	(16,584)	(17,245)
		(19,639)	(19,014)	(18,869)
Non-current liabilities				
Borrowings		(5,621)	(6,977)	(6,178)
Derivative financial instruments	6	(709)	(832)	(829)
Other payables		(1,653)	(1,398)	(1,702)
		(7,983)	(9,207)	(8,709)
Total liabilities		(27,622)	(28,221)	(27,578)
Net assets		2,752	2,561	2,677
Equity				
Share capital		2,100	2,100	2,100
Retained earnings		652	461	577
Total equity		2,752	2,561	2,677

The notes on pages 6 to 8 form an integral part of these Interim Financial Statements.

The Interim Financial Statements were approved by the Board of Directors on 24 May 2024 and signed on its behalf by:

M E Slade
Director



D M Tillekeratne
Director



Company Number: 03214426

Imperial Brands Finance PLC

Statement of Changes in Equity (unaudited)

at 31 March 2024

(In £ million)	Share capital	Retained earnings	Total equity
At 1 October 2023	2,100	577	2,677
Profit for the period	-	75	75
Total comprehensive income	-	75	75
At 31 March 2024	2,100	652	2,752

(In £ million)	Share capital	Retained earnings	Total equity
At 1 October 2022	2,100	184	2,284
Profit for the period	-	277	277
Total comprehensive income	-	277	277
At 31 March 2023	2,100	461	2,561

Imperial Brands Finance PLC

Notes to the Interim Financial Statements

For the six months ended 31 March 2024

1. Accounting policies

These condensed Interim Financial Statements have been prepared on the going concern basis and in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including the Companies Act 2006 and FRS 101.

Basis of preparation

The condensed Interim Financial Statements comprise the unaudited results for the six months ended 31 March 2024 and 31 March 2023, together with the audited results for the year ended 30 September 2023.

The information shown for the year ended 30 September 2023 does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006, and is an abridged version of the Company's Financial Statements for that year. The Auditors' Report on those Financial Statements was unqualified and did not contain any statements under section 498 of the Companies Act 2006. The Financial Statements for the year ended 30 September 2023 were approved by the Board of Directors on 13 December 2023 and filed with the Registrar of Companies.

This condensed set of Interim Financial Statements for the six months ended 31 March 2024 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and FRS 104 'Interim Financial Reporting' ("FRS 104") as adopted by the Financial Reporting Council ("FRC") using the recognition and measurement requirements of FRS 100 'Application of Financial Reporting Requirements' ("FRS 100") and FRS 101 'Reduced Disclosure Framework' ("FRS 101"). The condensed set of Interim Financial Statements for the six months ended 31 March 2024 should be read in conjunction with the Annual Report and Financial Statements for the year ended 30 September 2023.

The Company has taken advantage of the following disclosure exemptions under FRS 101 on the basis that the disclosures are available within the consolidated financial statements of the ultimate parent company, which is Imperial Brands PLC:

- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1 Presentation of Financial Statements.
- the requirements of paragraphs 10(d) and 10(f) of IAS 1 Presentation of Financial Statements.
- the requirements of IAS 7 Statement of Cash Flows.
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures.
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The Imperial Brands PLC consolidated financial statements may be found via the investor relations section of the Imperial Brands PLC website at www.imperialbrandspc.com/investors.

The Interim Financial Statements have been prepared on an amortised cost or fair value basis as described in the accounting policies on derivative financial instruments below.

The Company is a wholly owned indirect subsidiary of Imperial Brands PLC and is included in the consolidated Financial Statements of Imperial Brands PLC. Consequently, the Company has taken advantage of the exemption conferred by FRS 101 paragraph 8(h) and not presented a cash flow statement.

2. Investment income

	Unaudited	Unaudited	Audited
	6 months ended 31 March 2024	6 months ended 31 March 2023	Year ended 30 September 2023
(In £ million)			
Interest receivable from Group undertakings	822	656	1,328
Interest on bank deposits and other loan receivables	2	4	6
Exchange gains on monetary assets and liabilities	272	491	630
Fair value gains on external derivative financial instruments	269	365	707
	1,365	1,516	2,671

Imperial Brands Finance PLC

Notes to the Interim Financial Statements

For the six months ended 31 March 2024

3. Finance costs

	Unaudited	Unaudited	Audited
	6 months ended 31 March 2024	6 months ended 31 March 2023	Year ended 30 September 2023
(In £ million)			
Interest payable to Group undertakings	450	282	607
Interest on bank loans and other loan payables	147	181	349
Fair value losses on external derivative financial instruments	395	273	568
Fair value losses on intragroup derivative financial instruments	272	518	670
	1,264	1,254	2,194

4. Tax on profit

Analysis of charge in the period:

	Unaudited	Unaudited	Audited
	6 months ended 31 March 2024	6 months ended 31 March 2023	Year ended 30 September 2023
(In £ million)			
UK Corporation tax on profits for the period	25	57	106
Withholding tax	-	-	1
Double taxation relief	-	-	(2)
Adjustments in respect of prior years	-	-	1
Current tax	25	57	106
Total taxation	25	57	106

5. Fair value of financial assets and liabilities

There are no material differences between the carrying value of the Company's financial assets and liabilities and their estimated fair value, with the exception of bonds. The fair value of bonds is estimated to be £6,626 million (2023: £7,869 million) and has been determined by reference to market prices at the balance sheet date. The carrying value of bonds is £6,837 million (2023: £8,234 million). The fair value of all other borrowings is considered to be equal to their carrying amount.

Imperial Brands Finance PLC

Notes to the Interim Financial Statements

For the six months ended 31 March 2024

6. Derivative financial instruments

(In £ million)	Unaudited	Unaudited	Audited
	6 months ended 31 March 2024	6 months ended 31 March 2023	Year ended 30 September 2023
Assets			
Interest rate swaps	488	604	775
Foreign exchange contracts	1	10	12
Cross currency swaps	174	152	163
Total carrying value of derivative financial assets	663	766	950
Liabilities			
Interest rate swaps	(548)	(621)	(718)
Foreign exchange contracts	(6)	(29)	(5)
Intragroup forward foreign currency contracts	(272)	(414)	-
Cross currency swaps	(293)	(347)	(280)
Total carrying value of derivative financial liabilities	(1,119)	(1,411)	(1,003)
Total carrying value of derivative financial instruments	(456)	(645)	(53)
Analysed as:			
Interest rate swaps	(60)	(17)	57
Foreign exchange contracts	(5)	(19)	7
Intragroup forward foreign currency contracts	(272)	(414)	-
Cross currency swaps	(119)	(195)	(117)
Total carrying value of derivative financial instruments	(456)	(645)	(53)

The Company's derivative financial instruments are held at fair value. Fair values are determined based on observable market data such as yield curves and foreign exchange rates to calculate the present value of future cash flows associated with each derivative at the balance sheet date, and are consistent with those applied for the year ended 30 September 2023.

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 through Bloomberg and valuations are validated by reference to counterparty valuations where appropriate. Some of the Company'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 £7 million (2023: £10 million) and would have been a £9 million (2023: £20 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.

7. Other receivables

(In £ million)	Unaudited	Unaudited	Audited
	6 months ended 31 March 2024	6 months ended 31 March 2023	Year ended 30 September 2023
Amounts owed by Group undertakings	29,649	29,980	28,610
Other receivables and prepayments	18	8	14
Total	29,667	29,988	28,624

Amounts owed by Group undertakings are unsecured, both interest bearing and non-interest bearing and can be either repayable on a future date to be mutually agreed between the Company and the counterparty borrower or have fixed repayment dates. At 31 March 2024 £26,531 million (2023: £26,738 million) of the amounts owed by Group undertakings is repayable on a mutually agreed future date and £3,118 million (2023: £3,242 million) were term loans. There were £29,623 million (2023: £29,954 million) of interest bearing loans and £26 million (2023: £26 million) of non-interest bearing loans. Where loans were subject to interest the rates charged varied from 0.131% to 12.000% (2023: 0.131% to 13.750%).

The Directors have assessed the extent to which amounts owed by the Group companies are impaired. For those balances that are neither overdue nor impaired the Directors have concluded that the expected credit losses (ECL) that are possible from default events over the next twelve months are immaterial and consequently no allowance for impairment has been recognised. For those balances assessed to be impaired, an expected credit loss adjustment of £582 million (31 March 2023: £535 million) has been recognised to reflect the credit risk inherent within a number of the current intragroup loans receivable, as disclosed in the following table.

Imperial Brands Finance PLC

Notes to the Interim Financial Statements

For the six months ended 31 March 2024

7. Other receivables (continued)

	31 March 2024		
	Gross amount	ECL allowance	Net balance
Group undertaking loan receivable balances that are not impaired	29,438	-	29,438
Group undertaking loan receivable balances that are impaired	793	(582)	211
	30,231	(582)	29,649
	31 March 2023		
	Gross amount	ECL allowance	Net balance
Group undertaking loan receivable balances that are not impaired	29,740	-	29,740
Group undertaking loan receivable balances that are impaired	775	(535)	240
	30,515	(535)	29,980
	30 September 2023		
	Gross amount	ECL allowance	Net balance
Group undertaking loan receivable balances that are not impaired	28,401	-	28,401
Group undertaking loan receivable balances that are impaired	792	(583)	209
	29,193	(583)	28,610

The provision released during the period was £1 million (2023: £73 million).

8. Related party transactions

The Company has taken advantage of the Group dispensation permitted under FRS 101 for 100% owned Group subsidiaries, not to disclose intragroup transactions undertaken during the period.

During the period the Company charged interest and other expenses to Compañía de Distribución Integral Logista S.A.U. to the value of €9 million (2023: €5 million). At 31 March 2024, the Company had an outstanding balance receivable due from Compañía de Distribución Integral Logista SAU totalling €689 million (2023: €515 million).

During the period the Company was charged interest to the value of €34 million by Logista France SAS (2023: €19 million). At 31 March 2024, the Company had an outstanding balance payable to Logista France SAS totalling €1,201 million (2023: €1,349 million).

During the period the Company was charged interest to the value of €27 million by Logista Italia SpA (2023: €15 million). At 31 March 2024, the Company had an outstanding balance payable to Logista Italia SpA totalling €974 million (2023: €1,057 million).