Lukas Paravicini
Chief Financial Officer

ACCELERATING RETURNS

SUMMARY FINANCIAL INFORMATION

Volumes
-4.0%
reflecting wider industry market size declines across our footprint

Tobacco & NGP net revenue
+4.6%
at constant currency, driven by robust tobacco price mix and NGP growth

Adjusted operating cash conversion
100%
2023: 92%

Reported operating profit
+4.5%
reflecting operating performance, with adverse foreign exchange movements

Adjusted operating profit
+4.6%
at constant currency, driven by tobacco pricing, reduced NGP losses and Logista

Adjusted net debt/EBITDA
1.8x
2023: 1.9x

Reported basic EPS
300.7p
an increase of 19.1%

Adjusted EPS
297.0p
an increase of 10.9% on a constant currency basis

As we enter the final year of our current strategy, these results reflect Imperial's improved resilience to withstand geopolitical and macroeconomic pressures and the benefit of our continued investments in consumer capability and cultural transformation. We have delivered market share gains in our priority markets and achieved robust tobacco pricing to support the delivery of another year of improving financial performance and growing capital returns.

On a constant currency basis, tobacco & NGP net revenue grew 4.6%, 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 positively to our results with gross profit up 4.4%. This was driven by strong performance in the underlying business particularly in Spain and Italy, as well as the benefit of prior year acquisitions.

Reported revenue declined -0.2% reflecting volume declines in our high excise markets and adverse foreign exchange, largely offset by growth in NGP and Distribution revenues. Reported operating profit increased +4.5%, driven by strong operating performance, with adverse foreign exchange movements offset by the non-repeat of charges relating to legal provisions and fair value adjustments and impairment of other financial assets.

Cash generation remains a key focus, and we have delivered £2.4 billion of free cash flow, with 100% adjusted operating cash conversion. The strong cash generation has enabled us to invest in our strategy, committing to return £2.4 billion to shareholders via dividend and share buyback. Reported net debt reduced by £0.1 billion to £8.3 billion with adjusted net debt/EBITDA at 1.8x in FY24.

On a reported basis, cash flow improved year on year due to a working capital cash inflow.

We have announced a further £1.25 billion share buyback, which we expect to complete no later than 29 October 2025. This represents approximately 6.8% of the share capital as at 30 September 2024 and is a 13.6% increase on last year's £1.1 billion buyback, where we repurchased 54,087,312 shares, or 6.0% of our share capital, in FY24. In support of our progressive dividend policy, we are also increasing our dividend per share by 4.5% for FY24.

We anticipate our growth phase will continue for the remainder of our five-year strategy as the business capitalises on the gains and investments we have previously made.

SUMMARY INCOME STATEMENT

	Reported		Adjusted	
£ million (unless otherwise indicated)	**2024**	2023	**2024**	2023
Revenue/net revenue/gross profit*				
Tobacco & NGP revenue/net revenue	**21,307**	21,656	**8,157**	8,012
Distribution revenue/gross profit	**11,104**	10,819	**1,503**	1,466
Operating profit				
Tobacco & NGP	**3,238**	3,106	**3,587**	3,583
Distribution	**322**	298	**330**	306
Eliminations	**(6)**	(2)	**(6)**	(2)
Group operating profit	**3,554**	3,402	**3,911**	3,887
Net finance costs	**(534)**	(298)	**(402)**	(410)
Share of profit/(losses) of investments accounted for using the equity method	**9**	7	**9**	7
Profit before tax	**3,029**	3,111	**3,518**	3,484
Tax	**(282)**	(655)	**(799)**	(781)
Profit for the year	**2,747**	2,456	**2,719**	2,703
Minority interests	**(134)**	(128)	**(138)**	(131)
Earnings per ordinary share (pence)	**300.7**	252.4	**297.0**	278.8
Dividend per share (pence)	**153.42**	146.82	**153.42**	146.82

* 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 revenue. Distribution gross profit is Distribution revenue less the cost of distributing products. This was previously referred to as Distribution net revenue.

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.

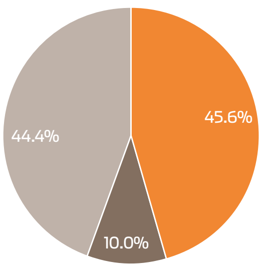
While we believe that APMs can provide helpful information which supplements reported measures, we are also aware of the need to ensure that an appropriate balance is maintained between the two sets of reporting metrics, with adjusted disclosures not being given greater prominence than GAAP measures.

In the prior year, we included measures of performance to exclude our exit from Russia in April 2022 in the comparator values. Reference to these comparator values is not required in this financial year. Thus we have reduced the number of APMs used in the period.

GROUP RESULTS – ADJUSTED CONSTANT CURRENCY ANALYSIS

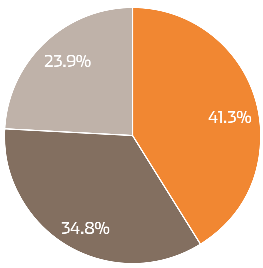
£ million (unless otherwise indicated)	Full year ended 30 September 2023	Foreign exchange	Constant currency movement	Full year ended 30 September 2024	Change	Constant currency change
Tobacco & NGP net revenue						
Europe	3,240	(56)	182	3,366	3.9%	5.6%
Americas	2,812	(96)	120	2,836	0.9%	4.3%
Africa, Asia, Australasia and Central & Eastern Europe	1,960	(69)	64	1,955	(0.3%)	3.3%
Tobacco & NGP net revenue	8,012	(221)	366	8,157	1.8%	4.6%
Tobacco & NGP adjusted operating profit						
Europe	1,482	(52)	111	1,541	4.0%	7.5%
Americas	1,257	(44)	22	1,235	(1.8%)	1.8%
Africa, Asia, Australasia and Central & Eastern Europe	844	(52)	19	811	(3.9%)	2.3%
Tobacco & NGP adjusted operating profit	3,583	(148)	152	3,587	0.1%	4.2%
Distribution						
Gross profit	1,466	(27)	64	1,503	2.5%	4.4%
Adjusted operating profit including eliminations	304	(6)	26	324	6.6%	8.6%
Group adjusted results						
Adjusted operating profit	3,887	(154)	178	3,911	0.6%	4.6%
Adjusted net finance costs	(410)	15	(7)	(402)	2.0%	(1.7%)
Adjusted EPS (pence)	278.8	(12.2)	30.4	297.0	6.5%	10.9%

Volumes, billion stick equivalent (SE)



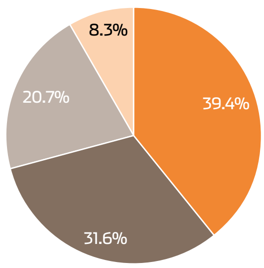
Europe	86.6bn SE
Americas	19.1bn SE
AAACE	84.3bn SE

Tobacco & NGP net revenue (actual FX rate), £ million



Europe	£3,366m
Americas	£2,836m
AAACE	£1,955m

Adjusted operating profit (actual FX rate), £ million



Europe	£1,541m
Americas	£1,235m
AAACE	£811m
Distribution	£324m

SALES PERFORMANCE

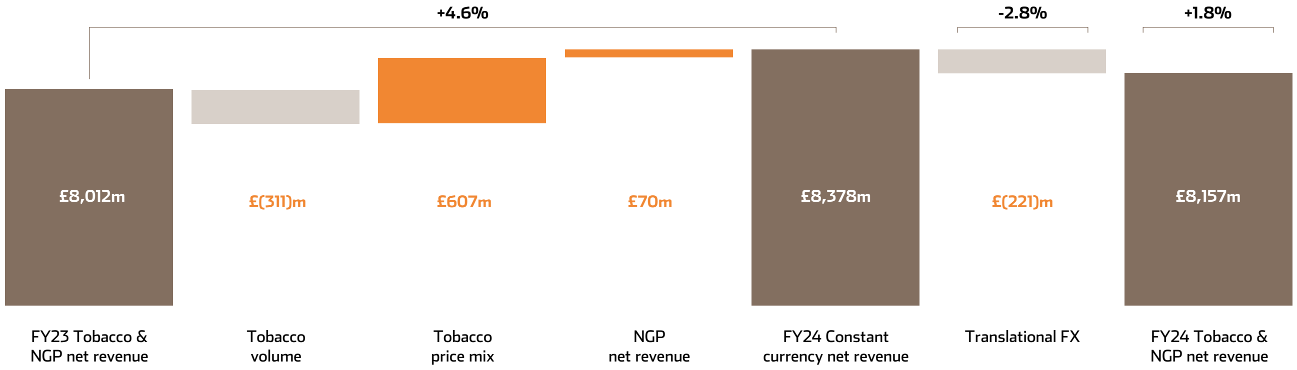
- Reported revenue declined -0.2% reflecting volume declines in high excise markets and adverse foreign exchange, largely offset by growth in NGP and Distribution revenues
- Tobacco & NGP net revenue grew +4.6% at constant currency, comprising +3.8% from tobacco and +26.4% from NGP
- Tobacco volume was down -4.0%, reflecting wider industry market size declines across our footprint
- Aggregate market share growth in our five priority markets of +5bps (FY23 +10bps)
- Tobacco price mix was strong at +7.8% due to positive pricing offsetting a small negative mix
- NGP net revenue increased +26.4% to £335m at constant currency, driven by growth across all geographies with the US region back to growth
- Distribution gross profit grew +4.4%, driven by strong tobacco pricing and benefit of prior year acquisitions
- Translation FX was a headwind at -2.8% due to average sterling strengthening against the dollar and euro

Reported revenue

-0.2%

Tobacco & NGP net revenue

+4.6%



OPERATING PROFIT

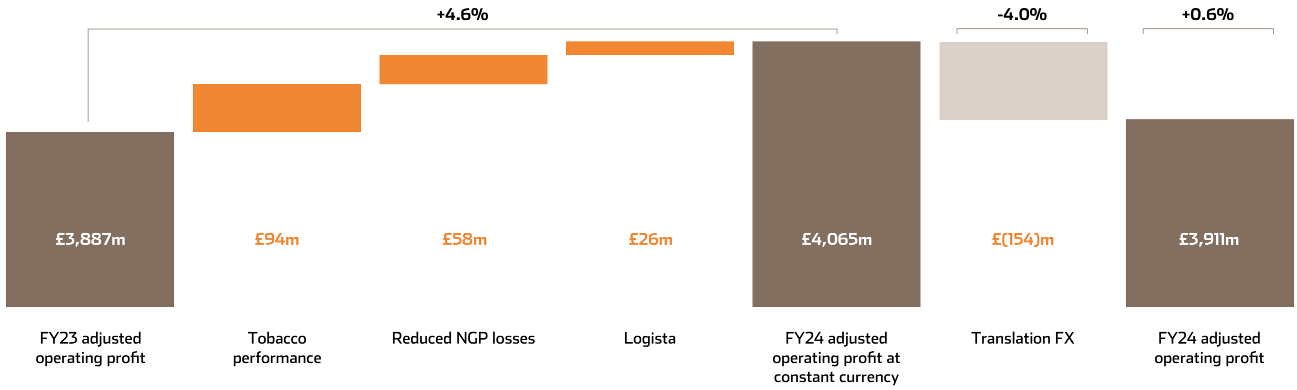
- Reported Group operating profit of £3,554m increased by +4.5% reflecting strong operating performance, with adverse foreign exchange offset by the non-repeat of charges relating to legal provisions and the write-down of financial assets
- Adjusted Group operating profit increased +4.6% at constant currency, driven by strong tobacco pricing offsetting tobacco volume declines, lower NGP losses and Logista performance
- Tobacco adjusted operating profit increased by +2.5% at constant currency, reflecting strong pricing offsetting volume declines
- NGP losses reduced 43.0% at constant currency to £77m, with improved gross margin and volume growth supporting continued investment in new product launches
- Translation FX on adjusted operating profit of -4.0% reflects average sterling strengthening against the dollar and euro

Reported operating profit

+4.5%

Group adjusted operating profit

+4.6%

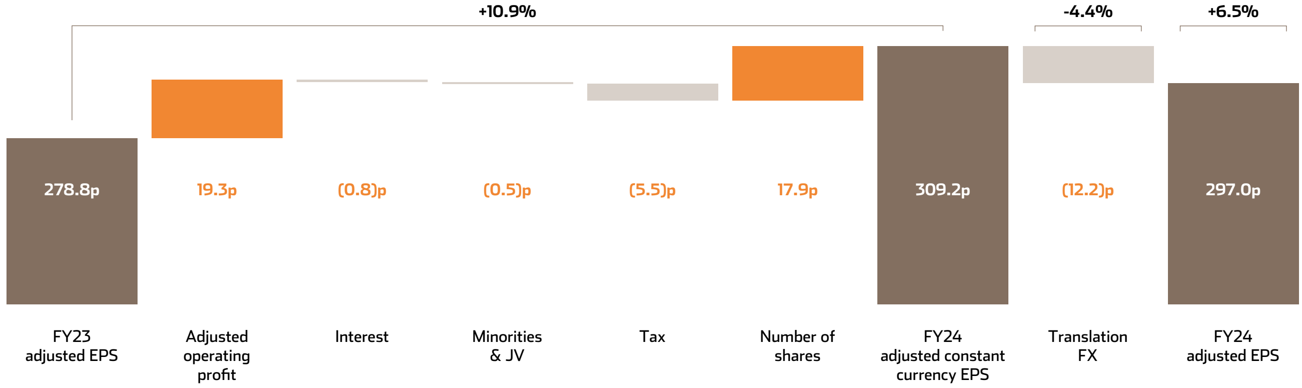


EARNINGS PER SHARE

- Reported EPS increased +19.1% to 300.7 pence reflecting strong operating performance, lower tax charge and reduced share count, offsetting higher interest costs
- Adjusted EPS was 297.0 pence, up +10.9% at constant currency with adjusted operating profit growth enhanced by the reduced share count due to the ongoing share buyback

Reported EPS
+19.1%

Adjusted EPS
+10.9%



SUMMARY CASH FLOW STATEMENT*

£ million	Reported 2024	Reported 2023	Adjusted 2024	Adjusted 2023
Group operating profit	**3,554**	3,402	**3,911**	3,887
Depreciation, amortisation and impairments	**647**	632	**294**	270
EBITDA	**4,201**	4,034	**4,205**	4,157
Loss on disposal of subsidiary	**–**	1	**–**	–
Profit on disposal of assets	**(13)**	(39)	**(13)**	(39)
Other non-cash movements	**(93)**	70	**(54)**	46
Operating cash flows before movement in working capital	**4,095**	4,066	**4,138**	4,164
Working capital	**100**	(347)	**100**	(347)
Tax cash flow	**(888)**	(590)	**(888)**	(590)
Cash flows from operating activities	**3,307**	3,129	**3,350**	3,227
Net capital expenditure	**(321)**	(254)	**(321)**	(254)
Restructuring	**–**	–	**(43)**	(98)
Cash interest	**(416)**	(407)	**(416)**	(407)
Minority interest dividends	**(136)**	(104)	**(136)**	(104)
Free cash flow	**2,434**	2,364	**2,434**	2,364
Acquisitions	**(42)**	(183)	**(42)**	(183)
Acquisition of non-controlling interests	**(49)**	–	**(49)**	–
Shareholder dividends	**(1,299)**	(1,312)	**(1,299)**	(1,312)
Share buyback	**(1,020)**	(1,006)	**(1,020)**	(1,006)
Net cash inflow/(outflow)	**24**	(137)	**24**	(137)
Leases paid	**(93)**	(92)		
Increase in borrowings	**3,848**	1,462		
Repayment of borrowings	**(3,948)**	(1,518)		
Cash flow relating to derivative instruments	**(34)**	(64)		
Net decrease in cash and cash equivalents	**(203)**	(349)		

* See Financial Statements for full Cash Flow Statement.

CASH FLOW

Cash flows from operating activities were £3,307 million (2023: £3,129 million).

As anticipated, gross capital expenditure of £371 million was higher than the prior year (2023: £325 million). Capital expenditure net of the proceeds from the sale of assets, or net capital expenditure, was £321 million, and was also higher than the prior year (2023: £254 million). Net capital expenditure is anticipated to remain within an expected range of £300 million to £350 million in 2025. The increased capital expenditure is supporting projects to drive simplified and efficient operations in line with our strategic plan.

Adjusted operating cash conversion was 100% (2023: 92%) on a 12-month basis.

£ million (unless otherwise indicated)	2024	2023
Adjusted operating profit	**3,911**	3,887
Cash flow from operating activities post capital expenditure pre interest and tax	**3,917**	3,563
Adjusted operating cash conversion	**100%**	92%

Free cash flow of £2,434 million (2023: £2,364 million) is above the prior year primarily due to the higher cash flows from operating activities as a result of the working capital inflow compared to the outflow in the prior year, offset by higher cash taxes.

Restructuring cash costs relating to Board-approved restructuring programmes totalled £43 million (2023: £95 million), and comprised three previous programmes: Cost Optimisation Programme I of £8 million (2023: £24 million), Cost Optimisation Programme II of £10 million (2023: £10 million) and the 2021 Strategic Review Programme of £25 million (2023: £61 million). Together, the cumulative cash spend for all three restructuring programmes is £1,389 million to date. The remaining cash spend is ongoing, although not expected to be in excess of the existing provisions.

£ million	2024	2023
Restructuring cash cost	**43**	98
Cumulative to date	**1,389**	1,346

The net cash inflow of £24 million (2023: £137 million outflow) improved year on year, reflecting positive working capital movement and lower acquisitions compared to the prior year. Acquisition costs were £42 million (2023: £183 million) and include Imperial's deferred consideration for intellectual property relating to nicotine pouches marketed in the US and Logista's acquisition of Belgium Parcel Service (BPS). Acquisition of non-controlling interests of £49 million relate to Logista's acquisition of the remaining stakes in El Mosca, Speedlink and Carbo Collabatelle. Of the £1.1 billion share buyback announced in October 2023, £1.0 billion was completed in the period with the remaining £0.1 billion to be finalised in October. We have announced a further share buyback of up to £1.25 billion of shares during FY25.

RETURN ON INVESTED CAPITAL

Return on invested capital (ROIC) increased by 120 basis points, driven by a reduction in invested capital. ROIC is 19.7% (2023: 18.5%).

Adjusted operating profit increased by £24 million.

Our FY24 invested capital has reduced compared to the prior year mainly due to the foreign exchange impact on intangible assets.

£ million	2024	2023
Reported operating profit	**3,554**	3,402
Adjusting items (APM section within Supplementary Information)	**357**	485
Adjusted operating profit	**3,911**	3,887
Equivalent tax charge	**(888)**	(871)
Net adjusted operating profit after tax	**3,023**	3,016
Working capital	**(2,772)**	(2,567)
Intangible assets	**15,938**	16,944
Property, plant and equipment	**1,561**	1,617
Invested capital	**14,727**	15,994
Average annual invested capital	**15,361**	16,304
Return on invested capital	**19.7%**	18.5%

ADJUSTED NET DEBT/EBITDA

Adjusted net debt reduced by £286 million to £7,740 million (2023: £8,026 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 0.1x below prior year at 1.8x.

Reported net debt reduced by £98 million to £8,340 million (2023: £8,438 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 £7,740 million (2023: £8,026 million).

£ million	2024	2023
Reported net debt	**(8,340)**	(8,438)
Accrued interest	**95**	125
Lease liabilities	**386**	349
Fair value of interest rate derivatives	**119**	(62)
Adjusted net debt	**(7,740)**	(8,026)
Adjusted EBITDA	**4,205**	4,157
Adjusted net debt/EBITDA	**1.8x**	1.9x

RECONCILIATION BETWEEN REPORTED AND ADJUSTED PERFORMANCE MEASURES

	Operating profit		Net finance (costs)/income		Earnings per share (pence)	
£ million unless otherwise indicated	**2024**	2023	**2024**	2023	**2024**	2023
Reported	**3,554**	3,402	**(534)**	(298)	**300.7**	252.4
Russia, Ukraine and associated markets	**–**	4	**–**	–	**–**	0.4
Amortisation and impairment of acquired intangibles	**353**	347	**–**	–	**40.6**	38.0
Fair value adjustment and impairment of other financial assets	**–**	36	**–**	–	**–**	3.4
Loss on disposal of subsidiaries	**–**	1	**–**	–	**–**	0.1
Charges related to legal provisions	**–**	85	**–**	–	**(0.2)**	6.4
Structural changes to defined benefit pension schemes	**4**	12	**–**	–	**0.5**	1.0
Net fair value and exchange movements on financial instruments	**–**	–	**110**	(149)	**(13.1)**	(25.8)
Post-employment benefits net financing cost/(income)	**–**	–	**11**	(13)	**0.7**	(1.4)
Tax interest cost	**–**	–	**10**	50	**1.3**	5.2
Effects of discounting long-term provisions	**–**	–	**1**	–	**0.1**	–
Recognition of deferred tax assets	**–**	–	**–**	–	**(33.7)**	(23.0)
Provision for state aid recoverable	**–**	–	**–**	–	**(11.6)**	–
Uncertain tax positions	**–**	–	**–**	–	**18.9**	22.4
Prior year adjustments	**–**	–	**–**	–	**(6.6)**	–
Adjustments above attributable to non-controlling interests	**–**	–	**–**	–	**(0.6)**	(0.3)
Adjusted	**3,911**	3,887	**(402)**	(410)	**297.0**	278.8

Adjusting items

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

In the period to 30 September 2024 adjusting items relate mainly to amortisation of acquired intangibles of £353 million (2023: £347 million) and fair value movements on derivative financial instruments of £110 million (2023: £(149) million).

Restructuring charges relating to Board-approved restructuring programmes have already been fully recognised in profit and loss in previous years but provisions and cash spend are ongoing. Any further restructuring costs in the financial year have therefore not been recognised as adjusting items in the FY24 results. There will be ongoing cash spend from past restructuring programmes.

During the period factory footprint rationalisation costs were supported by profit on sale of former operational sites and have not been included in adjusted items.

Finance costs

Adjusted net finance costs were lower at £402 million (2023: £410 million), due to savings from swapping our outstanding US dollar bonds to euro in September 2023, a tailwind from a higher GBP/EUR FX rate and lower average adjusted net debt over the course of the year offset by the refinancing of naturally maturing cheaper debt at higher rates in both FY23 and FY24. Reported net finance costs were £534 million (2023: £298 million), incorporating the impact of net fair value and foreign exchange losses on financial instruments of £110 million (2023: £149 million gain), post-employment benefits net financing costs of £11 million (2023: £13 million income) and net tax settlement interest costs of £10 million (2023: £50 million). The net fair value losses of £119 million on financial instruments are primarily due to negative valuation movement of the Group's interest rate derivatives reflecting lower future market interest rate expectations.

Our all-in cost of debt modestly decreased to 4.2% (2023: 4.3%) reflecting the previously mentioned factors.

Our interest cover increased to 10.5x (2023: 10.1x) reflecting the Group's higher adjusted EBITDA and lower adjusted net finance costs for the year.

While interest rates are expected to fall, they are likely to remain higher than they were prior to the start of FY23, meaning we will continue to refinance naturally maturing cheaper debt at higher rates. We therefore still expect upward pressure on finance costs going forward although we have hedging in place for 83% of our expected debt in FY25.

Taxation

Our adjusted effective tax rate is 22.7% (2023: 22.4%) and the reported effective tax rate is 9.3% (2023: 21.1%). The increase in the adjusted effective tax rate on the prior year is driven by upward pressure from a higher UK corporation tax rate offset by reduced negative impacts from the prior year's adjustment of our priority markets. The adjusted tax rate is higher than the reported rate mainly due to the positive outcome in the state aid litigation following the European Court of Justice decision on 19 September 2024 and foreign exchange movements arising on consolidation which are not subject to tax.

We expect our adjusted effective tax rate for the year ended 30 September 2025 to be between 23% to 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 lower rates in other markets such as the UK. The rate is also sensitive to future legislative changes affecting international businesses such as changes arising from the OECD's (Organisation for Economic Cooperation and Development) Base Erosion and Profits Shifting (BEPS) work. Whilst we seek to mitigate the impact of these changes, we anticipate there will be further upward pressure on the adjusted and reported tax rate in the medium term, due to global pressures to increase CIT tax rates.

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 (4.0% and 4.4%, respectively). Sterling strengthened against the US dollar (3.4%) and against the euro (1.8%). Other major currencies remained broadly flat compared to the prior year.

Dividend payments

The Group paid two interim dividends of 22.45 pence per share in June and September 2024.

The Board has approved a further interim dividend of 54.26 pence per share and will propose a final dividend of 54.26 pence per share bringing the total dividend for the year to 153.42 pence. This represents a 4.5% increase to the amount of 146.82 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 51.0% with respect to basic earnings per share.

The third interim dividend will be paid on 31 December 2024 to shareholders registered on 29 November 2024. Subject to AGM approval, the proposed final dividend will be paid on 31 March 2025 to shareholders registered on 21 February 2025.

We have announced a change to the future dividend payment profile to four equal quarterly dividend payments for FY25 onwards. This smoothing of the dividend payment profile will result in more consistent cash returns to shareholders throughout the year, compared to the current 30:70 split. This is enabled by the strong visibility of cash flows from our portfolio following the successful execution of our strategy. The change will also help to reduce our leverage variance within the year, particularly around the half year, which is partly a result of the current dividend phasing.

To create the base for future quarterly payments, we intend to pay two interim cash dividends of 40.08 pence per share in June and September 2025.

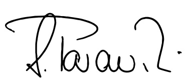
Dividend payments

	Amount (pence)	Ex-date	Record date	Payment date
FY24 First interim	22.45	23-May-24	24-May-24	28-Jun-24
FY24 Second interim	22.45	22-Aug-24	23-Aug-24	30-Sep-24
FY24 Third interim	54.26	28-Nov-24	29-Nov-24	31-Dec-24
FY24 Final	54.26	20-Feb-25	21-Feb-25	31-Mar-25
FY25 First interim	40.08	22-May-25	23-May-25	30-Jun-25
FY25 Second interim	40.08	21-Aug-25	22-Aug-25	30-Sep-25

Funding/liquidity

During the year, we repaid our £600 million bond which matured in March 2024 and our US$ 1 billion bond which matured in July 2024. In June 2024, we issued bonds totalling US$ 2 billion; US$ 1.25 billion with a coupon of 5.5%, maturing in February 2030, and US$ 750 million with a coupon of 5.875%, maturing in July 2034. Simultaneously, we also repurchased US$ 550 million of the existing US$ 1.5 billion bond maturing in July 2025 via a capped tender offer. We swapped the new US dollar bonds to euro, therefore closing adjusted net debt continues to be materially all euro. As at 30 September 2024, the Group had committed financing in place of around £12.1 billion, which comprised 30% bank facilities and 70% raised from capital markets. During the year, the maturity date of €3,125 million of the Group's existing syndicated multi-currency facility was extended to 30 September 2027. One further tranche of €184 million was not extended and therefore maintains its maturity date of 30 September 2025. In October 2024, the second tranche of €184 million which had not been extended during the year and had a maturity date of 30 March 2026 was sold to another financial institution and the maturity date of that tranche was extended to 30 September 2027. The Group also put in place an additional £700 million of committed bilateral bank facilities with maturity dates in September 2025.

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



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Chief Financial Officer