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, profit/loss on disposal of subsidiaries, Russia, Ukraine and associated market costs, restructuring costs, business acquisition and disposal costs, fair value adjustment and impairment of other financial assets, charges related to legal provisions, structural changes to defined benefit pension schemes, fair value and exchange gains and losses on financial instruments, post-employment benefits net financing cost/income, 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	**2024**	2023
Russia, Ukraine and associated markets	**–**	(4)
Amortisation and impairment of acquired intangibles	**(353)**	(347)
Fair value adjustment and impairment of other financial assets	**–**	(36)
Loss on disposal of subsidiaries	**–**	(1)
Charges related to legal provisions	**–**	(85)
Structural changes to defined benefit pension schemes	**(4)**	(12)
Total adjusting administrative and other expenses	**(357)**	(485)
Total non-adjusting administrative and other expenses	**(485)**	(455)
Administrative and other expenses	**(842)**	(940)

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 £399 million (2023: £392 million) of which £353 million (2023: £347 million) relates to acquired intangibles and is adjusting and £46 million (2023: £45 million) relates to internally generated intangibles and is non adjusting. In the year ended 30 September 2024 adjusting items all relate to amortisation. £345 million (2023: £339 million) is attributable to Tobacco & NGP and £8 million (2023: £8 million) is attributable to Distribution.

Fair value adjustment and impairment of other financial assets

As the movement in the fair value of loan receivables associated with the investment in Auxly Cannabis Group Inc. has the potential to be significant and does not show a fair representation of the day-to-day operational performance of the asset, it is treated as an adjusting item. No fair value adjustments have been recognised in the year ended 30 September 2024. The fair value adjustment in the prior year includes changes in the carrying value of certain financial assets held by ITG Brands.

Charges related to legal provisions

The adjusting item relates to legal provisions that the Group has provided for (see note 25). These are potential liabilities arising from a number of legacy legal disputes across the Group that have been in the courts for several years and which the Group have considered as being unrelated to ongoing business performance and therefore adjusted. The final settlement and agreement of these cases still remain uncertain but future outflows are still expected.

Structural changes to defined benefit pension schemes

These are non-recurring pension scheme restructuring costs (see note 24). These comprise £6 million of costs following a tax legal ruling that became applicable in relation to the closure of a defined benefit retirement scheme in the UK during the prior year, £4 million of settlement losses in relation to a lump sum offered to deferred members of a defined benefit retirement scheme in Ireland, and £6 million of settlement gains following the partial buy-out of some of the pensioner and dependent population of defined benefit retirement schemes in the USA.

The prior year included £8 million of net costs related to the closure of the UK defined benefit retirement scheme to future accrual and a £4 million settlement charge on the full closure of the New Zealand defined benefit scheme.

Adjusting items recognised within share of profit of investments accounted for using the equity method

£ million	2024	2023
Share of profit of investments accounted for using the equity method	**9**	7

Adjusting items recognised within tax

£ million	2024	2023
Deferred tax on amortisation of acquired intangibles	**–**	(4)
Tax on net foreign exchange and fair value gains and losses on financial instruments	**224**	89
Tax on post-employment benefits net financing cost	**5**	–
Tax on charges relating to legal provisions	**2**	26
Tax on structural changes to defined benefit pension schemes	**–**	3
Tax on fair value adjustment and impairment of other financial assets	**–**	5
Tax on interest settlements	**(1)**	2
Recognition of deferred tax assets	**293**	212
Provision for state aid tax recoverable	**101**	–
Uncertain tax positions	**(164)**	(207)
Prior year adjustments	**57**	–
Total adjusting taxation charges	**517**	126
Other non-adjusting taxation charges	**(799)**	(781)
Reported tax	**(282)**	(655)

ALTERNATIVE PERFORMANCE MEASURES *continued*

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, restructuring 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
- newly enacted taxes in the year; 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 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. The recognition of a deferred tax asset in relation to tax credits brought forward within the Group's Maltese treasury centre, has been recognised as a result of clarifying tax guidance issued by the tax authorities during the year ended 30 September 2024 and the resulting intention to utilise these brought forward tax credits against forecast taxable income relating to loans refinanced for a further fixed term tenure during the financial year.

Provision for state aid tax recoverable
Significant one-off tax charges or credits arising from prior period items are excluded from the adjusted tax charge. The receivable booked for the state aid tax recoverable is therefore 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.

Prior period tax items
Significant one-off tax charges or credits arising from prior period items are excluded from the adjusted tax charge. A review of the historic current tax position of Imperial Tobacco International GmbH was undertaken resulting in a prior year adjustment of £53 million. In line with the policy, the relevant tax effect has been adjusted out.

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.

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

	2024			2023		
£ million	**Tobacco**	**NGP**	**Total**	Tobacco	NGP	Total
Revenue	**21,708**	**376**	**22,084**	22,114	299	22,413
Duty and similar items	**(13,877)**	**(47)**	**(13,924)**	(14,364)	(34)	(14,398)
Sale of peripheral products	**(3)**	**–**	**(3)**	(3)	–	(3)
Net revenue	**7,828**	**329**	**8,157**	7,747	265	8,012

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	**2024**	2023
Distribution revenue	**11,104**	10,819
Distribution cost of sales	**(9,601)**	(9,353)
Distribution gross profit	**1,503**	1,466

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	**2024**	2023
Profit before tax	**3,029**	3,111
Net finance costs	**534**	298
Share of profit of investments accounted for using the equity method	**(9)**	(7)
Operating profit	**3,554**	3,402
Russia, Ukraine and associated markets	**–**	4
Amortisation and impairment of acquired intangibles	**353**	347
Fair value adjustment and impairment of other financial assets	**–**	36
Loss on disposal of subsidiaries	**–**	1
Charges related to legal provisions	**–**	85
Structural changes to defined benefit pension schemes	**4**	12
Total adjustments	**357**	485
Adjusted operating profit	**3,911**	3,887

ALTERNATIVE PERFORMANCE MEASURES *continued*

Reconciliation from Tobacco & NGP operating profit to adjusted operating profit

£ million	2024 Tobacco	2024 NGP	2024 Total	2023 Tobacco	2023 NGP	2023 Total
Operating profit/(loss)	**3,321**	**(83)**	**3,238**	3,262	(156)	3,106
Russian, Ukraine and associated markets	**–**	**–**	**–**	4	–	4
Amortisation and impairment of acquired intangibles	**341**	**4**	**345**	334	5	339
Fair value adjustment and impairment of other financial assets	**–**	**–**	**–**	20	16	36
Loss on disposal of subsidiaries	**–**	**–**	**–**	1	–	1
Charges related to legal provisions	**–**	**–**	**–**	85	–	85
Structural changes to defined benefit pension schemes	**4**	**–**	**4**	12	–	12
Adjusted operating profit/(loss)	**3,666**	**(79)**	**3,587**	3,718	(135)	3,583

Reconciliation from Distribution operating profit to Distribution adjusted operating profit

£ million	2024	2023
Distribution operating profit	**322**	298
Amortisation of acquired intangibles	**8**	8
Distribution adjusted operating profit	**330**	306

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.

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	2024	2023
Reported net finance costs	**534**	298
Fair value gains on derivative financial instruments	**513**	707
Fair value losses on derivative financial instruments	**(632)**	(568)
Exchange gains on financing activities	**9**	10
Net fair value and exchange (losses)/gains on financial instruments	**(110)**	149
Interest income on net defined benefit assets	**22**	43
Interest cost on net defined benefit liabilities	**(33)**	(30)
Post-employment benefits net financing (cost)/income	**(11)**	13
Tax interest cost	**(10)**	(50)
Effect of discounting on long-term provisions	**(1)**	–
Adjusted net finance costs	**402**	410
Comprising:		
Interest income on bank deposits	**(16)**	(12)
Interest cost on lease liabilities	**14**	10
Interest cost on bank and other loans	**404**	412
Adjusted net finance costs	**402**	410

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 operating profit before tax.

Reconciliation from reported tax to adjusted tax

£ million	2024	2023
Reported tax	**282**	655
Deferred tax on amortisation of acquired intangibles	**–**	(4)
Tax on net foreign exchange and fair value gains and losses on financial instruments	**224**	89
Tax on post-employment benefits net financing cost	**5**	–
Tax on charges relating to legal provisions	**2**	26
Tax on structural changes to defined benefit pension schemes	**–**	3
Tax on fair value adjustment and impairment of other financial assets	**–**	5
Tax on interest settlements	**(1)**	2
Recognition of deferred tax assets	**293**	212
Provision for state aid tax recoverable	**101**	–
Uncertain tax positions	**(164)**	(207)
Prior year adjustments	**57**	–
Adjusted tax charge	**799**	781

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

£ million unless otherwise indicated	2024 Earnings per share (pence)	2024 Earnings	2023 Earnings per share (pence)	2023 Earnings
Reported basic	**300.7**	**2,613**	252.4	2,328
Russia, Ukraine and associated markets	**–**	**–**	0.4	4
Amortisation and impairment of acquired intangibles	**40.6**	**353**	38.0	351
Fair value adjustment and impairment of other financial assets	**–**	**–**	3.4	31
Loss on disposal of subsidiaries	**–**	**–**	0.1	1
Charges related to legal provisions	**(0.2)**	**(2)**	6.4	59
Structural changes to defined benefit pension schemes	**0.5**	**4**	1.0	9
Net fair value and exchange movements on financial instruments	**(13.1)**	**(114)**	(25.8)	(238)
Post-employment benefits net financing cost/(income)	**0.7**	**6**	(1.4)	(13)
Tax interest cost	**1.3**	**11**	5.2	48
Effect of discounting on long-term provisions	**0.1**	**1**	–	–
Recognition of deferred tax assets	**(33.7)**	**(293)**	(23.0)	(212)
Provision for state aid tax recoverable	**(11.6)**	**(101)**	–	–
Uncertain tax positions	**18.9**	**164**	22.4	207
Prior year adjustments	**(6.6)**	**(57)**	–	–
Adjustments above attributable to non-controlling interests	**(0.6)**	**(4)**	(0.3)	(3)
Adjusted	**297.0**	**2,581**	278.8	2,572
Adjusted diluted	**295.3**	**2,581**	277.1	2,572

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	2024	2023	2022
Reported operating profit	**3,554**	3,402	2,683
Adjusting items (see section C)	**357**	485	1,011
Adjusted operating profit	**3,911**	3,887	3,694
Equivalent tax charge	**(888)**	(871)	(827)
Net adjusted operating profit after tax	**3,023**	3,016	2,867
Working capital	**(2,772)**	(2,567)	(2,823)
Intangibles	**15,938**	16,944	17,777
Property, plant and equipment	**1,561**	1,617	1,659
Invested capital	**14,727**	15,994	16,613
Average annual invested capital	**15,361**	16,304	16,240
Return on invested capital (%)	**19.7**	18.5	17.7

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.

J) Adjusted net debt

Management monitors the Group's borrowing levels using adjusted net debt which excludes interest accruals, lease commitments and the fair value of derivative financial instruments providing commercial hedges of interest rate risk. The adjusted net debt metric is used in monitoring performance against various debt management obligations including covenant compliance.

Adjusted net debt calculation

£ 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)

Average adjusted net debt during the year was £9,506 million (2023: £9,574 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	2024	2023
Adjusted operating profit (see section C above)	**3,911**	3,887
Depreciation, amortisation and impairments	**294**	270
Adjusted EBITDA	**4,205**	4,157

L) Adjusted operating cash conversion

Adjusted operating cash conversion is calculated as cash flow from operations pre-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	2024	2023
Net cash flows generated from operating activities	**3,307**	3,129
Tax	**888**	590
Net capital expenditure	**(321)**	(254)
Restructuring	**43**	98
Cash flow post capital expenditure pre interest and tax	**3,917**	3,563
Adjusted operating profit	**3,911**	3,887
Adjusted operating cash conversion	**100%**	92%

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	2024	2023
Net cash generated from operating activities	**3,307**	3,129
Net capital expenditure	**(321)**	(254)
Cash interest	**(416)**	(407)
Minority interest dividends	**(136)**	(104)
Free cash flow	**2,434**	2,364

GLOSSARY

Financial terms

Adjusted closing net debt	Adjusted closing net debt is measured at balance sheet foreign exchange rates, with a full reconciliation shown within section J of the supplementary information.
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. Adjusted net debt is defined within section J of the supplementary information. EBITDA 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 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	Adjusted operating profit margin is calculated as adjusted operating profit divided by net revenue.
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 net debt in the year.
Cash conversion	Cash conversion is calculated as cash flow from operations pre-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	Dividend Benefit Obligation.
EBITDA	Earnings before interest, taxation, depreciation and amortisation.
EPS	Earnings per share
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.

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 Organization
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

GLOSSARY *continued*

Other *continued*	
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 initiatives
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