



IMPERIAL
BRANDS

ACCELERATING GROWTH WITH A CHALLENGER MINDSET

IMPERIAL BRANDS PLC
ANNUAL REPORT 2024

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For more information see www.imperialbrandsplc.com

MEET OUR PEOPLE

Agnès, Mathilde and Emilie, cover Internal Communications Officer, Social Affairs Manager and Trade Marketing Manager, France	
Samanli, End-to-End Planning Team Manager, Poland	1
Khadar, Information Systems Support Specialist, France	1
Adeline, Merchandising Manager, France	17
Amir, Brand Manager, Austria	24
Justin Norman, Packing Operator, USA	29
Dimitra, Brand Executive, UAE	31
Lalanirina, Emmanuel and Julia, Supply Chain Manager, Process & Industrial Projects Manager and Manufacturing Excellence Manager, Madagascar	42
Andre, Lab Assistant, Germany	65
Chia-Wei and Chang-Wei, Technicians, Taiwan	69

Performance measures used throughout the report

Reported (GAAP)
Complies with UK-adopted International Accounting Standards and the relevant legislation.

Adjusted (Non-GAAP)
Non-GAAP measures provide a useful comparison of performance from one period to the next. The basis of our adjusted measures is explained in the accounting policies accompanying our financial statements and the APM section within Supplementary Information.

Constant currency basis
Removes the effect of exchange rate movements on the translation of the results of our overseas operations. We translate current year results at prior year foreign exchange rates. See page 36 for more details.

Market share
Market share data is presented as a 12-month moving average weighted across the markets in which we operate.

Stick equivalent
Stick equivalent volumes reflect our combined cigarette, fine cut tobacco, cigar and snus volumes.

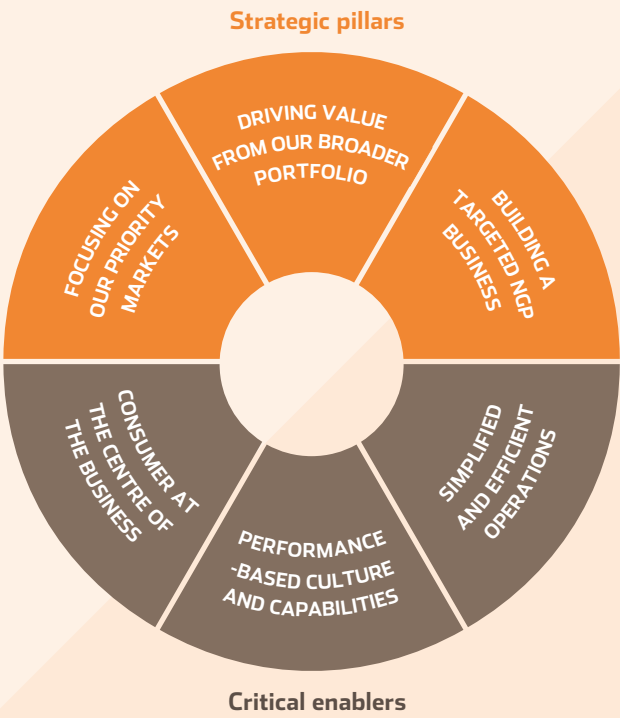
WE ARE A
CONSUMER-LED
CHALLENGER
BUSINESS

By becoming more consumer focused, more agile and more performance driven we are better able to deliver enhanced shareholder returns and meet the needs of our wider stakeholders.



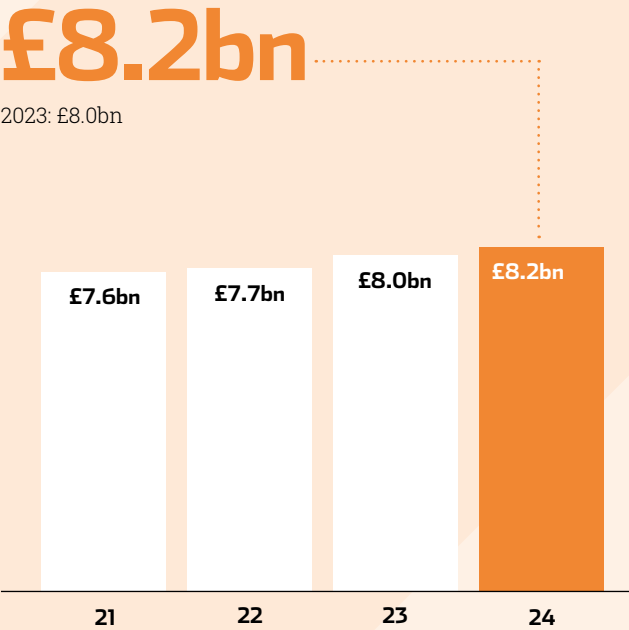
DELIVERING ON OUR STRATEGY

OUR FOCUSED STRATEGY



MARKETS WE
OPERATE IN
c.120

TOBACCO AND NGP NET REVENUE
(£ BILLION)

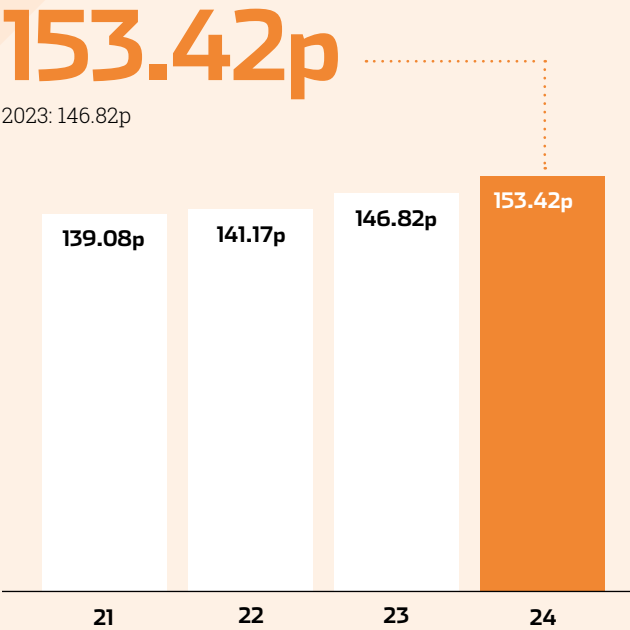


2024 Tobacco & NGP net revenue growth at constant currency +4.6%

AGGREGATE MARKET SHARE OF OUR FIVE PRIORITY
COMBUSTIBLE MARKETS (BASIS POINTS)



DIVIDEND PER SHARE
(PENCE)

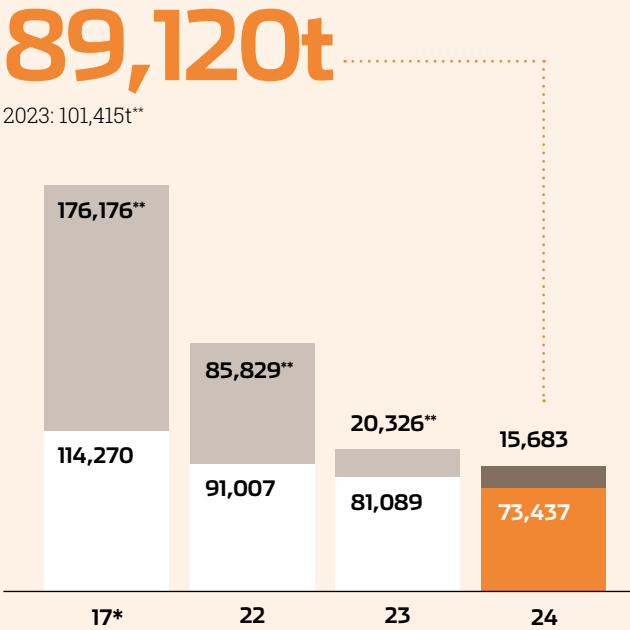


2024 Dividend per share growth +4.5%

NGP NET REVENUE GROWTH AT CONSTANT
CURRENCY (PER CENT)



ABSOLUTE CO₂ EQUIVALENT EMISSIONS SCOPE 1
AND SCOPE 2 MARKET-BASED (TONNES)



Our target is to be Net Zero in our direct operations by 2030

* 2017 is the baseline.
** Baseline and previous years have been restated due to Scope 2 market-based emissions correction.

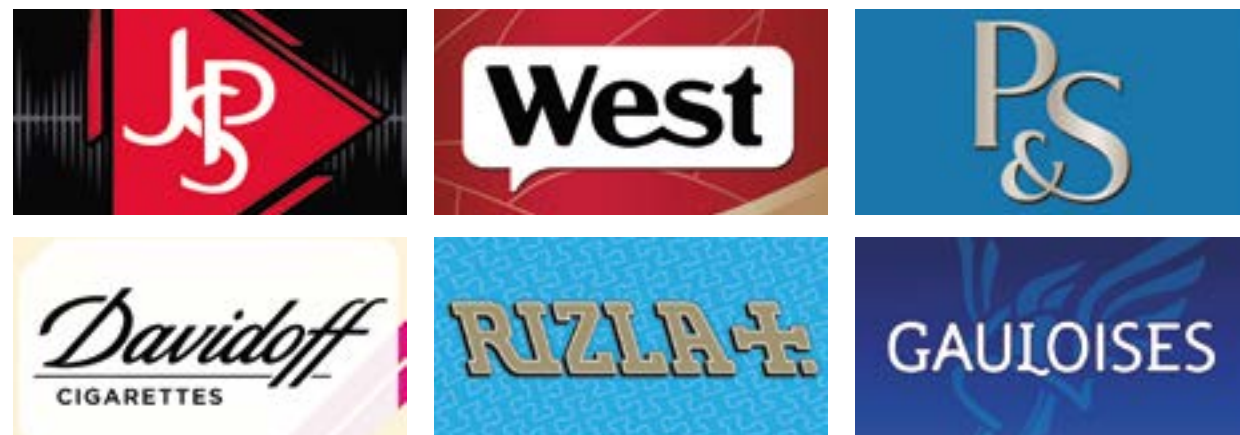
FY25 SHARE REPURCHASE ANNOUNCED (£ BILLION)



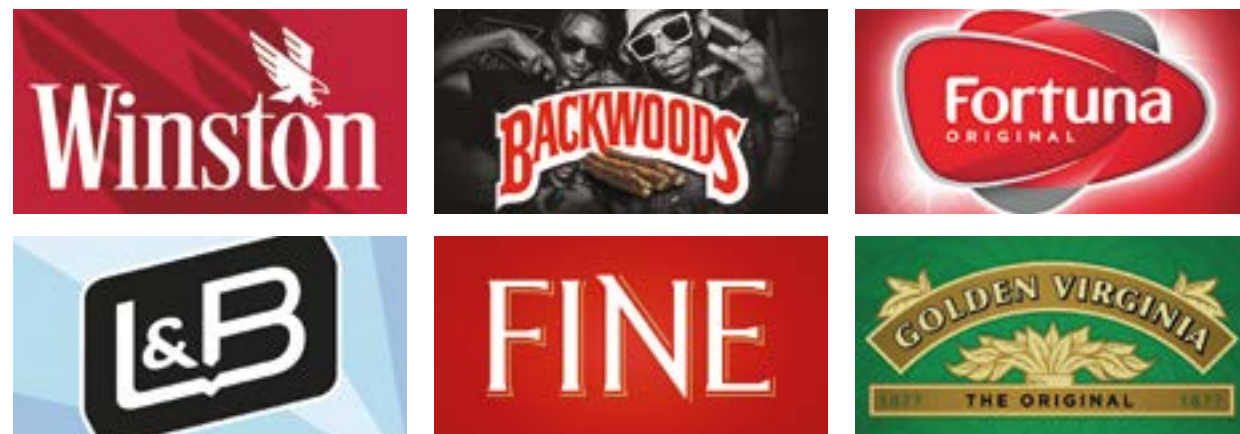
WE START WITH THE CONSUMER

We put the consumer at the centre of our business, with strong insights guiding our approach to building a portfolio of local and international challenger brands which resonate with millions of adult consumers every day.

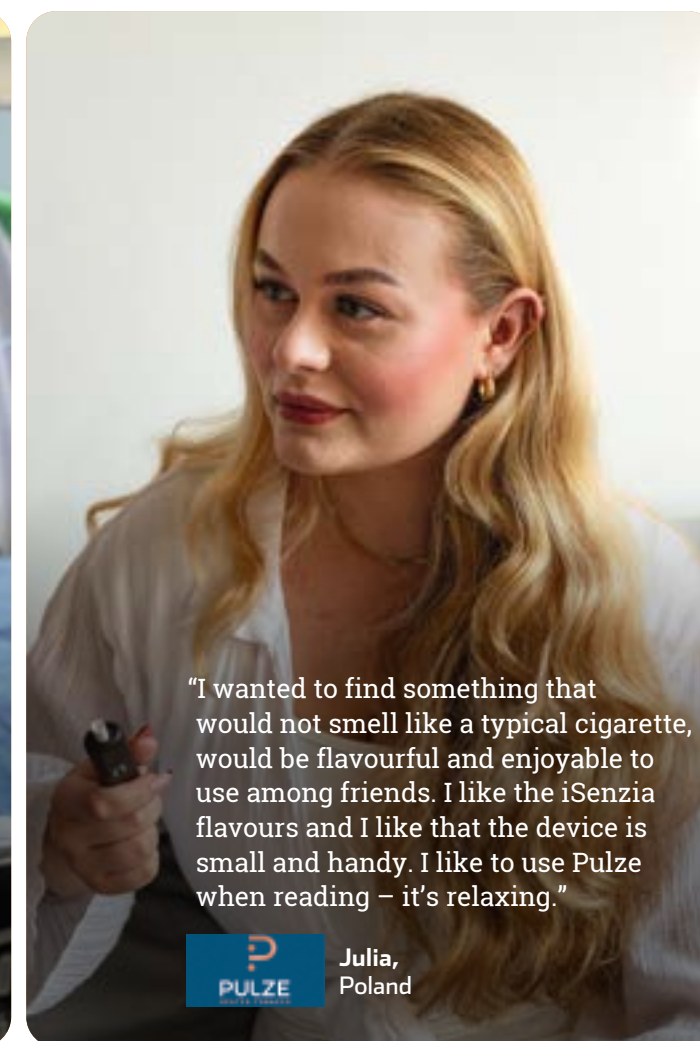
INTERNATIONAL BRANDS



LOCAL JEWELS



NEXT GENERATION PRODUCTS (NGP)



WHY INVEST IN IMPERIAL?

We are a consumer-focused business underpinned by a disciplined capital allocation framework. This gives us the ability to invest in our strategy, while maintaining a strong, efficient balance sheet and delivering enhanced shareholder returns.

REVITALISED TOBACCO BUSINESS

Investment in our brand equity and sales force initiatives has enabled us to balance market share delivery with strong pricing. The tobacco value creation model remains resilient, with affordability enabling sustainable pricing to offset volume declines. In our top five combustible markets that generate c.70% of operating profit, we have grown market share after years of declines. This, combined with a more disciplined focus on our broader market portfolio, is driving improved combustible returns.

Aggregate priority market share cumulative 2021-2024 (basis points)

+48bps

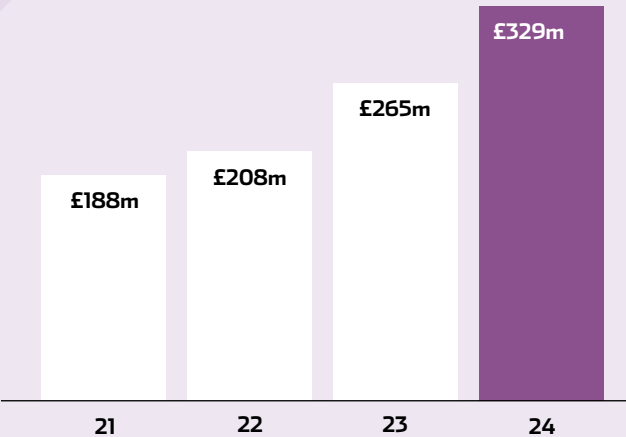


BUILDING A SUSTAINABLE NEXT GENERATION PRODUCT BUSINESS

Next generation products (NGP) offer adult smokers a route to smoking cessation and remain relatively nascent in many markets. As a challenger, our role is to offer consumers a choice where they have already expressed an NGP preference and where we can leverage our existing customer relationships. Our partnership approach to product innovation enables us to adapt swiftly to changing consumer preferences and with our consumer focus and disciplined execution we have built an NGP business that offers choice.

NGP net revenue (£ million)

£329m



SELF-HELP INITIATIVES DELIVERING OPERATIONAL IMPROVEMENT

We have identified multiple initiatives to deliver operational improvements that will enhance our decision making and drive efficiencies. For example, we are adopting new ways of working with our enabling functions using a global business service model and implementing a new ERP system to replace our 60 legacy systems.



ENHANCING OUR CAPITAL RETURNS

We have a clear capital allocation framework alongside our strategy:

1. Invest in strategic delivery

Since our strategy is largely organic and we work with innovation partners, our capital expenditure needs are relatively light. Any M&A is likely to be small.

2. Maintain leverage

We are committed to an investment grade credit rating and will maintain our leverage at the lower end of the range 2.0-2.5 times adjusted net debt/EBITDA.

3. Progressive dividend growth

We have committed to grow our dividend every year, taking into account the underlying business performance.

4. Return surplus capital to shareholders

We have an ongoing share buyback programme, with £1.25 billion committed in FY25.

 Further information on our strategy can be found on pages 16 to 21.

COMBINED, THESE ARE GENERATING A STRONG FINANCIAL OUTLOOK

Improving tobacco and NGP net revenue trajectory, with a compound annual growth rate of 1% to 2%.

Enhancing profitability through operational leverage, better geographic mix from continued stabilisation of priority market shares, reduced losses from our investment in NGP and restructuring cost savings driving a mid single-digit compound annual growth rate for Group adjusted operating profit.

The business is highly cash generative with low capital intensity, a working capital focus and disciplined capital expenditure producing adjusted operating cash conversion of typically 90% to 100%.

Free cash flow generated in FY24

£2.4bn

2023: £2.4bn

Capital returns to shareholders committed in FY25

£2.8bn

2024: £2.4bn





DEVELOPING OUR TRACK RECORD

Dear Shareholders

I am pleased to report a further step-up in performance: operationally, financially, and in the delivery of our ambitious People and Planet objectives. Our success in 2024 builds on the consistent track record we have been developing since the launch of our current strategy four years ago. As we enter the final year of the plan, I couldn't be more proud of the progress the company has made leaning into our challenger status and embedding the consumer at the heart of everything we do.

Against an unpredictable environment, the team has been innovative, resourceful and resilient, and has demonstrated a laser focus on delivery of their commitments.

While Imperial Brands' transformation journey continues, and there are always risks associated with a change programme of this ambition and scale, it is undoubtedly a much stronger business than it was when we began this journey in 2021. We are now better able to create predictable and sustainable value for shareholders and meet the needs of our wider stakeholders.

STARTING WITH THE CONSUMER

The scale of our transformation, particularly within our growing consumer capabilities, was brought home to me by two Board visits over the past year.

In March, we visited the Czech Republic, a highly competitive market for next generation products (NGP). I was pleased to see our team using a challenger mindset to compete successfully against our larger competitors.

Fresh consumer insights were being used to build targeted, differentiated brands. Our agile sales teams were getting new products to market at pace and identifying new channels and promotional opportunities. This activity was underpinned by a deep sense of responsibility and clearly focused on adult smokers and existing nicotine consumers.

Our second visit in July was to our fast-developing innovation centre – or "Sense Hub" – in Liverpool. It is a great case study for Imperial's challenger way of developing new products. We saw how our team was bringing together consumers and third-party partners in the same space to drive new insights and accelerate development cycles. This distinctive way of working has taken us from a position four years ago where our products were uncompetitive to a point now where we have attractive offerings in multiple categories.

ACCELERATING CAPITAL RETURNS FOR SHAREHOLDERS

Our consumer-focused transformation has supported a further improvement in financial performance. This year we met our strategic objectives of low-single-digit growth in tobacco and mid-single-digit adjusted operating profit growth. In NGP, we achieved double-digit net revenue growth while also reducing our losses.

We have clearly defined our capital allocation priorities, which start with investment to support our strategic delivery. Our objective is to support the long-term sustainable cash flows of the business to enable us to maintain our progressive dividend policy and ongoing share buyback. The Board is recommending a total annual dividend of 153.42 pence per share, which represents an increase of 4.5% on the prior financial year in line with the Group's progressive policy. We also announced a change to the future dividend payment profile to four equal dividend payments for FY25 onwards. 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.

During the five-year period of our current strategy we expect to make total capital returns including dividends and share buybacks of £10 billion – equivalent to 67% of our market value in January 2021 when we launched our strategy.

DELIVERING ON PEOPLE AND PLANET OBJECTIVES

Our challenger mindset has been important in the way we are now consistently delivering on our People and Planet priorities, which focus on building a healthier future for our consumers, colleagues and wider environment. Our recent progress is a result of the resourcefulness, deep accountability and purposeful collaboration of a great many people in our business.

In September I kicked off an ESG webinar for investors. We have come a long way in the two years since our previous event covering this topic. We have driven significant reductions in carbon emissions, waste and workplace accidents.

Our broad plan to improve diversity, equity and inclusion is starting to yield results. In particular, we have seen improvements in female representation in senior management.

The Board plays a highly engaged role providing support and challenge to management as they develop and deliver their ESG plans. Over the past year, we have made further improvements to the way we provide oversight, including an expansion of the remit for the People & Governance Committee, now known as the People, Governance & Sustainability Committee, which is chaired by me.

 **For more on People and Planet**
see pages 59-77

 **For the People, Governance & Sustainability**
Committee report, see page 104

ENGAGING FOR CONSUMER HEALTH

A key ESG priority is to play a growing role in tobacco harm reduction by developing our NGP business and engaging for balanced, strongly enforced regulatory environments.

We are building on our long-term commitment to science which analyses the harm reduction potential of our NGP and their real-world use as smoking cessation tools.

In our major markets, we seek regulation that balances the need to make an attractive range of smoke-free products available to adult smokers, while driving out irresponsible products and preventing youth access.

We continue to be concerned with policy in some markets which leans towards prohibition. In August, I visited our employees, consumers and customers in Australia, one of the most challenging markets in our portfolio, where around 30% of tobacco products are illicit. The Australian market is a sobering example of the unintended consequences of over-restrictive regulation. Onerous limits on the availability of NGP and extremely high taxation on tobacco products have led to a spiralling trade in illegal products. These prohibitive policies have been damaging both for consumers seeking trusted reduced harm products and for the government, which receives decreasing excise revenues.

BOARD CHANGES

Our Board has a strong and diverse mix of skills and experiences, and we continue to develop our capabilities through education sessions and new appointments. In January, we welcomed Julie Hamilton to the Board and to our People, Governance & Sustainability Committee. In October 2024, she also joined the Remuneration Committee. Julie, who was Chief Commercial and Global Sales Officer at Diageo, has over 30 years' experience in marketing, strategy and digital transformation. Prior to Diageo, Julie spent 25 years at the Coca-Cola Company where she held a range of leadership positions, including Chief Customer and Commercial Leadership Officer.

Diane de Saint Victor has decided to retire from the Board at the conclusion of the 2025 AGM. Diane has been a valued member of the Board, with roles on the Remuneration and People, Governance & Sustainability Committees. I would like to thank Diane for her insights and contribution over the past three years and on behalf of the Board, wish her the best for the future.

BECOMING AN EVEN STRONGER CHALLENGER

As we enter the final year of our current strategy, our transformation will carry on at pace as we continue to develop consumer capabilities, agile ways of working and our performance culture. In March 2025, I look forward to joining Stefan and our management team, when we provide detail of our next five-year strategy, which will build on our recent success and evolve Imperial Brands into an even stronger challenger business.



Thérèse Esperdy
Chair

"We are better able to create predictable and sustainable value for shareholders and meet the needs of our wider stakeholders."



DELIVERING ON OUR STRATEGY

As we enter the final year of our current strategy, I am pleased with how we have strengthened the Company and delivered a more consistent performance.

Imperial Brands has become a more effective challenger business through new consumer capabilities, agile ways of working, and a high-performance culture.

This ongoing transformation is driving improving operational and financial outcomes, and growing capital returns.

STRONG PERFORMANCE

In combustible tobacco, our focus on operational excellence has enabled us to grow aggregate market share in our five priority markets with a five basis point improvement, while driving further strong pricing.

Since the launch of our strategy in 2021, these five largest markets, which account for c.70% of operating profit, have recorded a cumulative aggregate share increase of 48 basis points. This performance is consistent with our strategic objective to hold or grow aggregate share across these markets, balancing market share delivery with value creation.

Over the past year, tobacco pricing increased 7.8%, more than offsetting declining volumes, to deliver tobacco net revenue growth of 3.8% at constant currency.

In next generation products (NGP), we continue to grow through product innovation and scaling up within our existing market footprint. NGP net revenue grew by 26% on a constant currency basis. At actual exchange rates, this takes our cumulative growth over the four years since 2020 to 64%.

The Company's strong performance has driven constant currency net revenue growth in tobacco and NGP revenue of 4.6% – the strongest like-for-like top-line growth in more than 10 years. Logista in our Distribution segment also contributed positively to our financial 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.

All of this helped to drive Group adjusted operating profit growth of 4.6% at constant currency and reported operating profit growth of 4.5%.

A STRONGER CHALLENGER BUSINESS

This strong financial performance is underpinned by our transformation into a strong challenger business better able to deliver consistent growth.

Being a successful challenger is about getting closer to consumers, making targeted technology investments to improve agility, and building a culture of high performance.

Our Global Consumer Office, set up in 2021, is now well established, with a team of 1,000 experts in insights, innovation, marketing and revenue growth management, working seamlessly with our markets.

A highlight of my year was visiting our new sensory laboratory in Shenzhen, which further strengthens our innovation capabilities, helping us link our consumers to our valued partners.

Over the past 12 months, we passed important milestones in our long-term digital investment programme. In particular, in October 2024 the first market cluster went live in our project to create a unified enterprise resource planning system replacing 60 legacy systems.

We continue to add to our capabilities through senior appointments. During the year we welcomed three new members of the Executive Leadership Team. Priyali Kamath joined us from P&G as President of Africa, Asia, Australasia and Central & Eastern Europe. Deborah Binks-Moore brings deep experience of regulated businesses to the new role of Chief Corporate Affairs Officer. Kevin Massie has been appointed General Counsel, having held a range of senior roles, most recently at the international consumer business PZ Cussons.

Across the organisation, we continue to invest in developing our culture. 850 colleagues have now completed Connected Leadership, our intensive seven-day programme which enables our senior people to become better coaches to their teams.

This year in our Employee Experience survey we maintained our 74% engagement score, which is one percentage point above the global benchmark.

CONSISTENT COMBUSTIBLE PERFORMANCE

Our transformation is leading to further success at a market level, where in combustibles we focus on the performance of our five priority markets.

Share gains in the US, Germany, Spain and Australia have been offset by a decline in the UK.

In the US, our portfolio, which offers adult smokers a brand offering at each key price point, enabled us to continue to gain share. This structured approach, combined with our continued investment in improving our sales and marketing capabilities, has supported more than four years of stable or growing share and an improved financial performance.

In Germany, our initiatives have stabilised our market share after more than a decade of steep losses. In Spain, we delivered another year of share gains coupled with improved pricing. The UK and Australia are challenging markets with elevated market size declines caused by high excise and growth in illicit trade. Here, we have continued to balance value creation through increased pricing while managing our market share performance.

We are also delivering strong performances in our medium-sized and smaller markets. For example, in our Africa, Asia, Australasia and Central & Eastern European (AAACE) region, we delivered an improved financial performance after a difficult first half which was affected by disruption to shipment timings in the Middle East.

SUSTAINABLE GROWTH IN NEXT GENERATION PRODUCTS

In NGP, we made significant progress towards our goal of a sustainable business which makes a strong contribution to both Group performance and reducing harm for consumers.

For the first time, we reported increased revenue in all three regions. We are also growing revenue and market share across all three categories.

In the US, our return to growth was spearheaded by the launch in February of Zone, our modern oral nicotine proposition. Early feedback from both consumers and the retail trade has been extremely positive.

In the Europe region, we saw strong growth in vape, led by the UK and supported by new products including the 1,000-puff blu bar disposable and the rechargeable blu bar kit. In this category, we now have a highly competitive product portfolio focused on responsibly meeting the needs of adult smokers and existing nicotine consumers.

In AAACE, improving revenues were supported by progress in the heated category. In our focus markets in Central & Eastern Europe, we are building consumer loyalty and securing our fair share against strong competition. Our iSenzia tea-based heat sticks are emerging as an important addition to our offering.

Following the launch of our strategy in 2021, we needed to reset our NGP operations while we gathered consumer insights and modernised our product portfolio. Now, following a period of test-and-learn launches, we are operating at scale with NGP available in over 20 markets. In eight markets, NGP account for 20% or more of total tobacco and NGP net revenue and in 11 markets, we have brands which occupy top three positions in their categories. Our growing success has meant that we have been able to continue to reduce losses while continuing to invest in future growth. We still have a long way to go on this journey, but we have built the foundations for a sustainable business, underpinned by disciplined investment and increased agility to meet changing consumer needs.

“Being a successful challenger is about getting closer to consumers, making targeted technology investments to improve agility, and building a culture of high performance.”

TOWARDS A HEALTHIER FUTURE

Our NGP business is not just growing consistently – it is also growing responsibly.

During the year we completed several scientific studies which validated the potential of our new products to support smokers seeking to quit cigarettes.

We maintain rigorous marketing standards to ensure we only target adults who already smoke or consume nicotine products. Additionally, we continue to engage with policymakers to develop strong regulatory regimes which build trust in NGP by minimising youth access and eliminating illegal products.

Strong progress continues to be made on our other People & Planet priorities, including our “Triple Zero” objectives, which cover carbon emissions, waste and workplace injuries.

Direct carbon emissions are now down 69% since our baseline year of 2017 and we remain on course to become Net Zero across our supply chain by 2040. Since May 2024, within our own operations we have sent zero waste to landfill and have reduced absolute waste by 32% compared to our 2017 baseline. The number of lost-time accidents has reduced by 47% compared to our 2019 baseline year.

In September, we were pleased to showcase our evolving approach to ESG through an investor webinar. For more information on our progress see pages 59-77. A replay of our webinar, together with our presentation, is available at www.imperialbrandspc.com.

ALLOCATING CAPITAL WITH DISCIPLINE

As a highly cash generative business, we recognise the importance of a clear and transparent capital allocation framework to our stakeholders. Consistency and discipline are key principles that underpin our four capital allocation priorities:

- Invest behind the strategy to deliver our growth initiatives
- Maintain a strong and efficient balance sheet with a target leverage towards the lower end of our adjusted net debt to EBITDA range of 2-2.5 times
- A progressive dividend policy with dividends growing annually, taking into account underlying business performance
- Return surplus capital to shareholders

Since reaching our target leverage in September 2022, we have entered into an ongoing, multi-year buyback, which began with an initial buyback of £1 billion during FY23, and a further £1.1 billion for FY24. In October 2024, we announced a third year of buybacks with a £1.25 billion programme – an increase of 14% on the prior year. This will be largely completed during FY25 and will bring our capital returns via buybacks under the current strategy to £3.35 billion.

In line with our progressive dividend policy, we are recommending a 4.5% increase for the FY24 dividend to 153.42 pence per share. In October, we announced our intention to change the payment profile of our dividend to four equal quarterly payments for FY25 onwards. This change in the dividend payment profile will lead to more consistent cash returns to shareholders throughout the year and, during the transitional period of FY25, will result in increased dividend payments of 40.08 pence per share in June and September 2025.

OUTLOOK

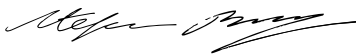
We are now working on our strategy for the next five-year period through to 2030, which will build on the foundations established under the current strategy. Further details will be provided at a capital markets event on 26 March 2025. In the meantime, our priority is to deliver on the final 12 months of the current five-year plan and, while we take nothing for granted, we remain confident in our ability to deliver on our existing operational and financial commitments.

In the coming year, at constant currency we expect to deliver low single-digit tobacco and NGP net revenue growth and to grow our Group adjusted operating profit close to the middle of our mid-single-digit range. This will be driven by continued profit growth from our combustible tobacco business and a further reduction in operating losses in our NGP portfolio. Given the strong momentum in our NGP business, we will continue to invest to drive another year of double-digit constant currency net revenue growth, while balancing our objective to build a sustainable and profitable business.

In line with previous years, performance will be weighted to the second half of the year driven by the phasing of combustible pricing and investment. As a result, first half Group adjusted operating profit is expected to grow at low single digits at constant currency.

We expect to deliver at least high-single-digit earnings per share growth at the full year at constant currency supported by the ongoing share buyback and partly offset by higher adjusted finance and tax costs. At current rates, foreign exchange translation is expected to be a headwind of 1-2% to net revenue, adjusted operating profit and earnings per share.

We remain focused on driving sustainable growth in cash flows to underpin another year of shareholder returns and to support our growing role in this industry's transition to a healthier future.



Stefan Bomhard
Chief Executive Officer

LEADERSHIP



A TEAM WITH DIVERSE EXPERIENCE

Our Executive Leadership Team (ELT) has a strong blend of experience from across leading global consumer companies and deep tobacco and local market knowledge.



DIAGEO



P&G



IMPERIAL BRANDS



COŠTA



1. Stefan Bomhard (German)
Chief Executive Officer

2. Lukas Paravicini (Swiss)
Chief Financial Officer

3. Deborah Binks-Moore (British)
Chief Corporate Affairs Officer

4. Alison Clarke (British)
Chief People and Culture Officer

5. Javier Huerta (Mexican)
Chief Supply Chain Officer

6. Priyali Kamath (Indian)
President, Africa, Asia, Australasia, and Central & Eastern Europe (AAACE) Region

7. Kevin Massie (Canadian)
General Counsel

8. Murray McGowan (British)
Chief Strategy and Development Officer

9. Paola Pocci (Italian)
Chief Consumer Officer

10. Kim Reed (American)
President and CEO, Americas Region

11. Aleš Struminský (Czech)
President, Europe Region



For more information see
www.imperialbrandspc.com

OUR DISTINCTIVE APPROACH

The choices we make in running our business differentiate us from our global peers.

Consumer centricity

We put the consumer at the centre of our business with strong consumer insight guiding all our decision-making.

Local and international brands

Our differentiated brand portfolio means we offer consumers heritage brands with local provenance and international brands that have a broader geographic appeal.

Focus

We focus our investment on clear performance drivers in our five priority combustible markets and drive value from our broader market portfolio.

We are building our NGP business in markets where consumers have already expressed their preferences and where we already have established distribution.

Partnerships

Our partnership approach to innovation enables us to compete in multiple NGP categories with an agile response to changing market dynamics and fast product development.

OUR ASSETS

Our colleagues

Our colleagues are our most important asset. We have 25,000 committed and passionate employees who want to make a difference.

Our brands

Our portfolio of 160 brands provides enjoyment and pleasure for millions of adult consumers every day.

Our relationships

We have solid, trusted partnerships with stakeholders, including customers and suppliers across c.120 markets.

Our operations

We have a network of 27 manufacturing sites that source and process tobacco raw materials to provide high-quality products at lowest cost.

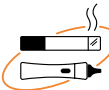
Our industry knowledge

Our deep knowledge of the tobacco and nicotine industry, including our consumer insights, helps us to operate responsibly in all our markets.

Our financial strength

We are able to raise prices to more than offset volume declines to deliver high margins and strong cash flows to invest and drive returns.

STAKEHOLDER VALUE



Consumers

Millions of adults worldwide choose to enjoy our tobacco and next generation products. Meeting their expectations of quality and understanding their evolving requirements are vital for the long-term sustainable growth of our business.



Governments and regulators

Approaches to legislation vary significantly across geographies. We support reasonable regulation of tobacco and nicotine products and look to have constructive engagement with policymakers and regulators.



Colleagues

It is essential we create a supportive, safe and rewarding work environment to enable them to deliver our goals and develop their careers.



Investors

Our investors provide capital to the business and monitor management's allocation of that capital within the business.



Customers

We work closely with distributors, wholesalers and retailers to ensure our products are available to adult consumers in a diverse range of outlets worldwide. They play a crucial role in our business model.



Suppliers

We maintain strong relationships with our tobacco, non-tobacco materials (NTM) and NGP suppliers to help ensure sustainable supply and business continuity, underpinned by fair contract and payment terms.

 For more information see pages 54-57.

WHAT WE DO



ADULT CONSUMER INSIGHTS

We start with the consumer – and everything we do is based around a deep understanding of existing adult smokers and nicotine consumers. Our insights research is led by our Global Consumer Office and we unlock value by ensuring we offer our consumers the right product choices to meet their needs. These insights provide competitive advantage and inform our product offerings in both combustible tobacco and NGP.



SCIENCE & REGULATION

We use our know-how and smaller size to be agile in how we respond to regulatory changes. This is supported by our science and corporate affairs teams, who understand the regulatory environment in all our markets and ensure we operate responsibly and provide high-quality products compliant with local standards. We work to scientifically substantiate the harm reduction potential of all our NGP relative to cigarettes.



MARKETING & INNOVATION

Our marketing and innovation teams add value by using consumer insights to develop a portfolio of combustible tobacco and potentially reduced-harm products to engage and excite adult consumers. We use sales and marketing communications and innovation to differentiate our brands and meet evolving consumer needs, while at the same time ensuring our products are not marketed to youth.



SUSTAINABLE SOURCING

Our leaf purchasing teams work with a diverse and complex supply chain from smallholder farmers to multinational companies to procure high-quality leaf and nicotine for our products. Our procurement teams add value by responsibly meeting all our sourcing needs including leaf, nicotine and non-tobacco materials such as papers, filters and packaging, as well as the power and water we use to run our factories. Their decisions are guided by our ESG commitments.



EFFICIENT MANUFACTURING

Our manufacturing teams employ the latest production methods, working to the highest quality and product manufacturing standards. Our scale and knowledge are competitive strengths, enabling us to supply quality products at lowest cost. Where appropriate, for example with NGP devices, we use third-party manufacturers with the technical expertise to deliver high-quality products. We also use third-party logistics companies to distribute our products.



STRONG RETAIL PARTNERSHIPS

We sell our products to our customers. Our sales and marketing teams have built strong partnerships with them through sales force coverage, retailer incentivisation and point-of-sale advertising, where appropriate. We understand their needs and help them to navigate the changing regulatory environment. Our goal is to deliver mutually attractive commercial arrangements that support growth and value creation for our retailer, wholesaler and distributor customers.

OUR STRATEGY IN ACTION

The choices we make are guided by our strategy, purpose and vision as well as our approach to managing our environmental, social and governance (ESG) priorities.

OUR PURPOSE

Forging a path to a healthier future for moments of relaxation and pleasure.

OUR VISION

To build a strong challenger business powered by responsibility, focus and choice.

STRATEGIC PILLARS

 For more information see pages 18-19.

CRITICAL ENABLERS

 For more information see pages 20-21.



HOW WE MEASURE OUR PERFORMANCE

To measure our performance we have 10 financial and four non-financial key performance indicators. We also measure the performance of several other indicators.

 Financial performance is reported on pages 34-41, and non-financial performance is reported on pages 59-77.

OUR BEHAVIOURS



Start with the Consumer



Collaborate with Purpose



Be Authentic, Inclusive to all



Take Accountability with Confidence



Build our Future

OUR APPROACH TO ESG

 For more information see pages 59-77.

HEALTHIER FUTURES



Consumer health



Climate change



Packaging and waste

POSITIVE CONTRIBUTION TO SOCIETY



Farmer livelihoods & welfare



Sustainable & responsible sourcing

SAFE & INCLUSIVE WORKPLACE



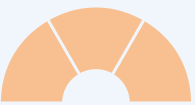
Human rights



Employee health, safety & wellbeing



Diversity, equity & inclusion



STRATEGIC PILLARS

FOCUSING ON PRIORITY MARKETS

Our approach is creating growing revenue and profit from our largest tobacco businesses

KEY DEVELOPMENTS

Five markets – the United States, Germany, the UK, Spain and Australia – contribute around 70% of operating profit. A key pillar of our strategy is a focus on driving value in these businesses through targeted brand building, improvements in sales capabilities and careful portfolio management.

Our ambition is to maintain stable market share in aggregate and in any given year some markets will grow share while other markets may see reductions. In 2024, we recorded the fourth consecutive year of stable or growing aggregate share alongside strong pricing. Share gains in the US, Germany, Spain and Australia have more than offset declines in the UK.

OUR TRANSFORMATION IN ACTION

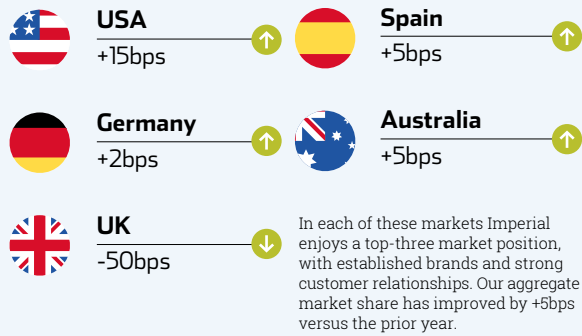
2021
Definition of key operational levers to drive performance in each of our five largest combustible markets; US, the largest global market established as separate region led by Kim Reed; aggregate market share for priority markets stabilised after a period of decline

2022
Branding refreshed for local jewel brands including Winston in US and Nobel in Spain

2023
Focused investment in sales force in US and Germany continues

2024
Aggregate market share growth alongside strong pricing; German market share growth

Five priority markets and their FY24 share gains/losses 12-month share



DRIVING VALUE FROM OUR BROADER MARKET PORTFOLIO

We focus on the medium-sized and smaller markets with the strongest opportunities for future growth

We have developed a rigorous approach to managing our broader portfolio of markets. This involves stronger consumer engagement, targeted investment in brands and improved sales execution.

The establishment of the Africa, Asia, Australasia and Central & Eastern Europe region has enabled stronger performance management of these markets and more effective sharing of best practices. We utilise the same tools as our largest five markets to drive performance across our broader market portfolio.

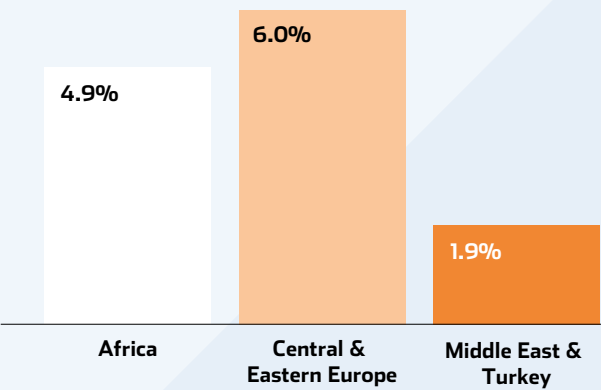
2021
AAA (later AAACE) region established to enable stronger focus on attractive medium-sized and smaller markets

2022
Exits from Japan, Russia and several Central Asian markets

2023
Strong revenue growth reported in Africa; Asia, Middle East & Turkey; Central & Eastern Europe

2024
Further consumer experience added to the ELT with the appointment of AAACE President Priyali Kamath from P&G

FY24 Tobacco and NGP net revenue growth by wider market clusters



BUILDING SCALE IN NEXT GENERATION PRODUCTS

We are defining a distinctive challenger position offering strong consumer choices across multiple categories

Our consumer-led, partnership approach to innovation and development means we now have attractive propositions across all categories: vape, heated products and oral nicotine. However, we continue to be disciplined in our market entry strategy – only launching products where there is existing consumer demand for the category and where we already have strong routes to market. Since 2020, at actual exchange rates we have grown NGP net revenue by 64%, and NGP now accounts for 4% of tobacco and NGP net revenue.

During 2024, we grew NGP net revenue across all three of our global regions – and across all categories. US performance was driven by the launch of our new Zone oral nicotine pouches. In the Europe region, growth was led by our refreshed portfolio of vaping products including the new blu bar disposable and the rechargeable blu bar kit. In AAACE, we are building consumer loyalty in heated products, including our new iSenzia tea-based sticks.

2020
NGP reboot: disciplined market exits and underperforming investments cut

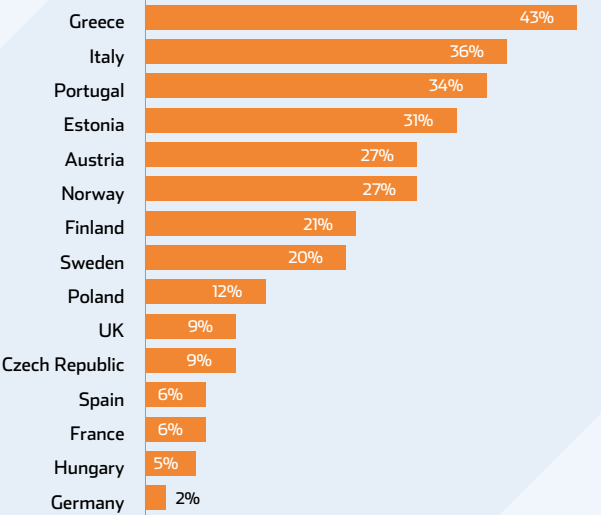
2021
Investment aligned behind new strategy; test and learn approach in heated tobacco with trials in Greece and Czech Republic

2022
blu 2.0 pod device pilots in France; roll-out of new oral pouch flavours in European markets

2023
Multiple vape and heated product and market launches; NGP now available in more than 20 European markets

2024
Launch of Zone oral pouches in US; NGP accounts for 20% or more of tobacco and NGP net revenue in eight European markets

NGP as a percentage of Imperial’s tobacco and NGP net revenue in European markets





CRITICAL ENABLERS

PUTTING THE CONSUMER AT THE CENTRE OF THE BUSINESS

Investments in insights, innovation, marketing and portfolio management are supporting success in global markets

KEY DEVELOPMENTS

The tobacco and nicotine environment is undergoing transformative change with consumer tastes becoming more eclectic. The pace of innovation is accelerating and there is now a broad NGP ecosystem where partnering is important to success. To capitalise on these long-term trends, we have been patiently investing in our consumer capabilities.

In consumer insights, there has been a step change in our level of consumer interactions. During FY24 we conducted a total of 220,000 interviews and, at any one time, we have at least 70 research programmes in flight. Also during the year, we opened a new sensory laboratory in Shenzhen adding to our existing facilities in Liverpool and Hamburg. In revenue growth management, after initial pilots, we have begun a global roll-out of SWIPE, our new price simulation tool.

OUR TRANSFORMATION IN ACTION

- 2021**
Group Consumer Office established, creating new centre of expertise for insights, innovation, marketing and portfolio management

2022
Acceleration of development cycles enables new NGP launches
- 2023**
Innovation hubs open in Liverpool and Hamburg; launch of "Dimensions", global insights project segmenting individual consumer moments; New York capital markets day showcasing consumer capabilities; Paola Pocci appointed as Chief Consumer Officer

2024
Opening of Shenzhen sensory laboratory, enabling closer collaboration with partners

Consumer interviews in FY24
220,000

Innovation centres
3

People in the Global Consumer universe
1,000

DEVELOPING OUR PERFORMANCE CULTURE

We have a structured approach to becoming a more accountable, collaborative and inclusive organisation

Our progress towards becoming a consistently high-performing business has been driven by an integrated multi-year programme. Underpinning all our activities have been our five behaviours: Start with the Consumer; Collaborate with Purpose; Take Accountability with Confidence; Be Authentic and Inclusive to all; and Build our Future.

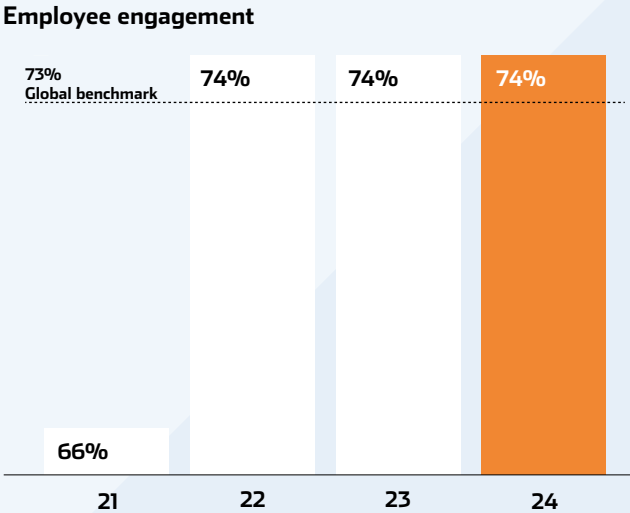
Key activities for 2024 have included an expansion of the Connected Leadership programme, which enables our senior people to become better coaches and unlock the full potential of their teams. We have also launched new initiatives to support career development and the acceleration of high-potential female leaders.

This year we maintained our strong engagement score of 74%, one point above the global benchmark.

- 2021**
Strategy launch identifies Culture as key enabler for improved performance; Connections programme to embed five core behaviours

2022
Connected Performance – more rigorous performance management for objective setting and bonuses; Board approves long-term diversity, equity and inclusion ambitions
- 2023**
Connected Leadership coaching courses begin. By end FY24, 850 leaders have graduated from this seven-day programme

2024
We maintained our engagement score at 74%, one percentage point above the global benchmark



SIMPLIFYING AND BECOMING MORE EFFICIENT

New ways of working and improvements in tech and data are enabling more sustainable growth

Our 2021 strategy identified a need to better integrate our operations to become simpler and more efficient.

We have made significant structural changes to our enabling functions including finance, IT and People & Culture to help these teams partner more closely with the business. Our Global Business Services unit, set up in 2022, is now well established and across our global factory footprint, we are improving standardisation, driving a safety-first and quality-first approach.

We have also embarked on Unify, our multi-year business transformation programme, enabling the simplification of our operations and making them more efficient by standardising our core business processes, harmonising our data and unifying our core system that connect us globally to provide enhanced business and consumer insights, enabling informed decisions at speed for us to be an agile and challenger business. In October 2024, we passed an important milestone with the first market cluster adopting these tools.

- 2021**
New performance management approach introduced; market clusters reduced from 13 to 10

2022
Changes to business support functions; investment in new ERP system announced
- 2023**
300 roles moved to new Global Business Services unit

2024
Connected Change programme launched to embed change management skills among senior leaders; new ERP system live in first market October 2024

Legacy systems to be replaced by 2028
60

People employed in our Global Business Services unit
>320

Productivity gains
10%

HOW WE ARE PERFORMING

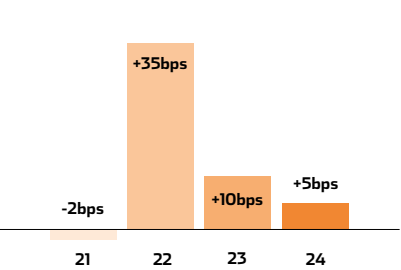


R KPIs used as bonus and LTIP performance criteria for Executive Directors. See Remuneration Report on pages 115-129 for more information

We use key performance indicators to assess the progress we are making in delivering our purpose, vision and strategy.

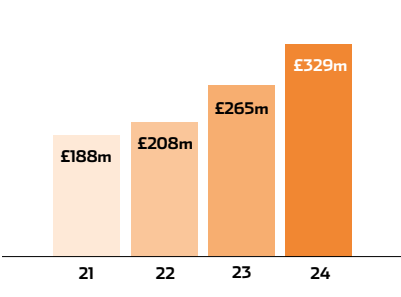
FINANCIAL KPIs¹

Aggregate priority market share vs prior year (basis points) R



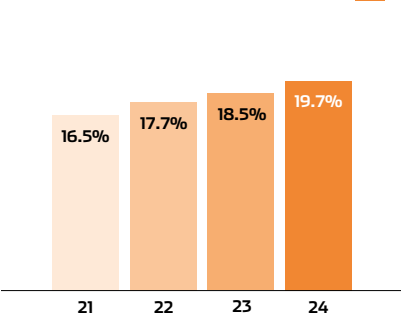
Performance
Our “focus on our priority markets” has enabled us to stabilise the market share loss we experienced for a number of years. We balance market share with value creation so we are no longer the major market share donor to our competitors in our higher value markets. Gains in the US, Germany, Spain and Australia offset declines in the UK.

NGP net revenue (£m) R



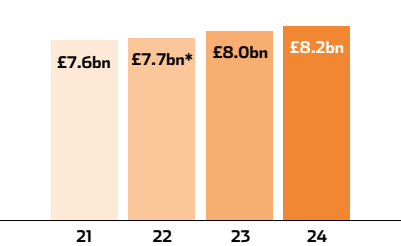
Performance
NGP revenue grew by 26.4% on a constant currency basis in the year. This growth in our NGP revenue reflects our strategic priority to “build a targeted NGP business” and the step up in investment during the period.

Return on invested capital (%) R



Performance
Return on invested capital improved in the year by 120bps to 19.7%, benefiting from a reduction in FY24 invested capital compared to the prior year, mainly due to the foreign exchange impact on intangible assets.

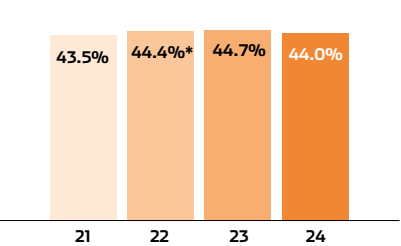
Tobacco & NGP net revenue (£bn)



Performance
Tobacco & NGP net revenue grew by 1.8% at actual exchange rates and increased by 4.6% on a constant currency basis. Tobacco net revenue was up 3.8% at constant currency, reflecting progress made in the two combustible strategic priorities of: “focus on our priority markets” and “driving value from our broader portfolio”.

* Excluding Russia.

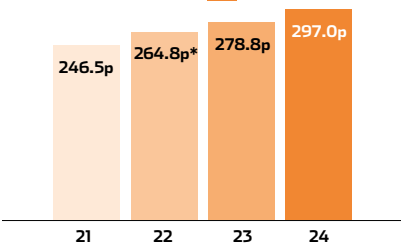
Tobacco & NGP adjusted operating margin (%)



Performance
Margins declined 70 basis points at actual rates and 10 basis points at constant currency. While gross margins increased, the decline in adjusted operating margin is a result of inflation and increased depreciation.

* Excluding Russia.

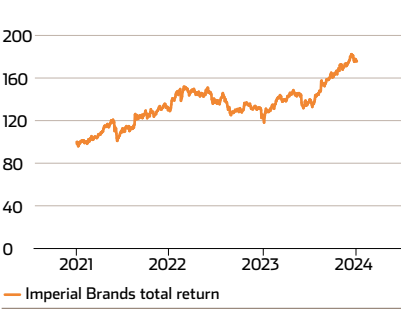
Adjusted earnings per share (pence) R



Performance
Adjusted earnings per share increased 6.5% at actual exchange rates and increased 10.9% on a constant currency basis. Reported earnings per share grew 19.1%. This movement is explained in the Group Financial Review.

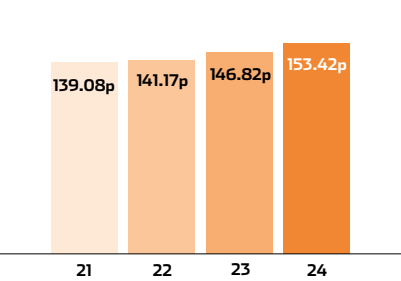
* Excluding Russia.

Total shareholder return R



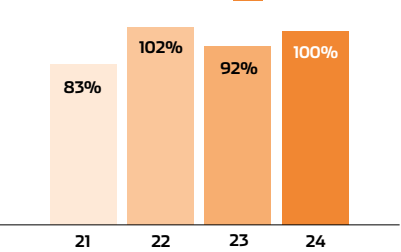
Performance
We have delivered total shareholder returns of 76% over the prior three-year period. Delivery in line with our guidance supports growing investor confidence in our management team’s ability to implement our strategy.

Dividend per share (pence)



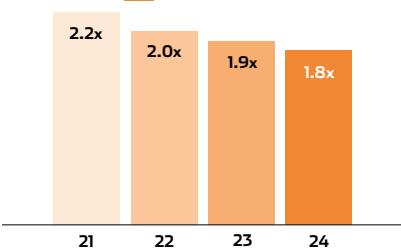
Performance
The dividend grew 4.5% reflecting our progressive dividend policy and in line with our capital allocation policy.

Adjusted operating cash conversion rate (%) R



Performance
2024 adjusting cash conversion of 100% was higher than the prior year due to an improvement in working capital.

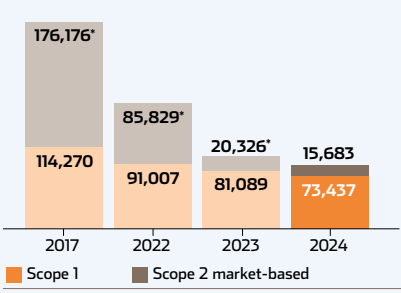
Adjusted net debt to EBITDA (multiple) R



Performance
Adjusted net debt to EBITDA reduced to 1.8x in FY24, close to our capital allocation target of 2.0x to 2.5x. Adjusted net debt reduced to £7.7 billion, after £2.3 billion of returns to shareholders via dividend and share buyback. EBITDA increased year-on-year, reflecting the growth in adjusted operating profit during the financial year.

NON-FINANCIAL KPIs^{1,2}

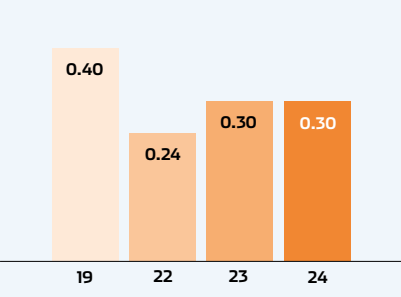
Absolute Scope 1 and 2 market-based CO₂ equivalent emissions (tonnes)³ R



Total value is total Scope 1 and Scope 2 market-based absolute CO₂e emissions

Performance
We have seen a 69% decrease in our total Scope 1 and Scope 2 market-based emissions from our 2017 baseline year. *The baseline and previous years’ data has been restated due to the correction in Scope 2 market-based emissions relating to the source of heat and steam in our factory in Türkiye.

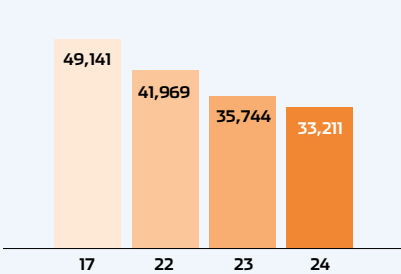
Lost time accident frequency rate (per 200,000 hours)⁴



Performance
Although we have reduced the number of lost time accidents in FY24, the lost time accident rate has remained unchanged from last year due to a corresponding reduction in hours worked.

We have seen a 25% decrease in the LTA rate compared to the 2019 baseline year.

Waste (tonnes)³



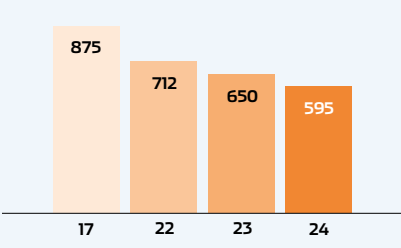
Performance
Our target is to reduce waste by 20% by 2030. We have exceeded this target with a 32% reduction in waste compared to the 2017 baseline year. We will set a new waste reduction target subject to ESG Committee approval.

Employee experience

To monitor the progress of our cultural change programme, we conduct an annual Employee Experience survey. In FY24, our employee engagement score was 74%, the same level as the prior year and above the global benchmark. Participation in the survey was 83%. Additionally, we have developed an internal bespoke index with which to monitor the outcome of our leadership talent development programmes.

More non-financial performance indicators can be found in the ESG Review on pages 59-77 and in our Reporting Criteria document available on our website.

Energy consumption (GWh)³ R



Performance
We set a target to reduce absolute energy consumption by 25% by 2030 versus the 2017 baseline year. In FY24 we exceeded this target with a 32% reduction compared to the baseline year. We will set a new energy reduction target subject to ESG Committee approval.

Our 2024 relative energy consumption is 72,943 kWh/£m net revenue.

- 1. Definitions for non-financial KPIs can be found in the ESG Review on pages 59-77 and in the Reporting Criteria document available at www.imperialbrandspc.com.
- 2. Certain 2024 non-financial data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY’s Assurance Opinion is available on our website. Our reporting scope and definitions are detailed in the [Reporting Criteria document](#) published on our website. See www.imperialbrandspc.com/sustainability for more information.
- 3. Our 2024 environmental data follows the reporting period Q4 financial year 2023 to Q3 financial year 2024. This is to allow for data collection, validation and external assurance. Our reporting scope and definitions are detailed in the [Reporting Criteria document](#) published on our website.
- 4. Our health and safety data is for the full 2024 financial year. Our reporting scope and definitions are detailed in the [Reporting Criteria document](#) published on our website.

1. Definitions for financial KPIs can be found in Supplementary Information.

GLOBAL MARKET CONTEXT

As the highly regulated global market for tobacco transforms into a more diverse market for nicotine across multiple categories, Imperial is leveraging its challenger mindset to deliver for consumer needs and consumer health.

EVOLVING CONSUMER DEMAND

The global nicotine market represents US\$ 957 billion of retail sales, with 92% of this accounted for by combustible tobacco. Within combustible tobacco, cigarettes remain the largest category, with more than 5.3 trillion consumed each year. However, the development and consumer adoption of next generation products (NGP) and smokeless tobacco over the past decade has led to retail sales of US\$ 77 billion, accounting for the remaining 8%. NGP encompasses vaping products, heated tobacco devices and sticks, and oral nicotine pouches.

Despite the well-known health risks of smoking, more than 20% of the world’s adult population still choose to smoke. Our consumers tell us they value our products for the moments of relaxation and pleasure they provide. Many of these consumers also tell us that they are looking for potentially less harmful alternatives to traditional combustible products, but that they have yet to find a perfect replacement for cigarettes. (For more information see pages 64-65.)

This means we are seeing a growing diversity of behaviour, with consumers using different products for different moments in their day.

Our strategy prepares us for a market where multiple nicotine categories coexist, but these market developments are not without their challenges. A greater number of nicotine product categories introduces supply chain complexity – which Imperial mitigates using a strong supplier partnership model. It also introduces regulatory complexity, which can be harder to mitigate. (For more information see pages 46-48.)

Thanks to our focused investments in transformation, we are now well placed to provide much greater consumer choice and to make a positive contribution to this wider market transition.

PROMOTING HARM REDUCTION

Regional and market regulators have diverse policies towards tobacco harm reduction. Public health bodies agree it is the smoke created by the burning of tobacco leaf that contains most of the harmful chemicals responsible for smoking-related disease. This is not always reflected in policy.

Some governments, such as the UK and New Zealand, have policies that support existing smokers’ transition to potentially less harmful products, and these markets have seen positive public health benefits.

Other governments and the World Health Organization (WHO) do not recognise the public health benefits of NGP. This is often due to a sole focus on concerns about a youth access “on-ramp”. This is an important consideration, although it should not detract from the much larger – and scientifically substantiated – value of the “off-ramp” that NGP can provide to many millions of existing smokers.

We will continue to advocate for policies that embrace the concept of tobacco harm reduction.

NAVIGATING REGULATION AND EXCISE

The traditional tobacco market remains heavily regulated. Such regulation continues to evolve and remains a significant influence on how we manufacture, advertise and sell our products, and how our consumers buy and enjoy them. Regulation varies widely across regions and markets.

Nationally, countries such as New Zealand and Australia have unveiled comprehensive programmes of new regulation, while other countries such as the US and Greece have further developed product-by-product approval pathways for the marketing of tobacco and nicotine products.

At a regional level, the EU is re-examining its Tobacco Products Directive, Tobacco Advertising Directive and Tobacco Excise Directive.

Combustible tobacco is heavily taxed, contributing more than €80 billion to European governments alone each year, and is often seen as a non-controversial source of urgent additional government funding.

High excise taxes are also a tool governments use to curb combustible demand. Excise taxes vary; some are based on a percentage share of the retail price while others are linked to inflation, such as in the UK, where we have seen drastic excise rises over the last year.

Imperial Brands supports reasonable and rational regulation of tobacco and nicotine products. We believe NGP offer potential harm reduction and should be subject to excise rates at significantly lower levels than combustible products to help encourage smoker transition.

We are also clear that all our products are for adult nicotine consumers only. (For more information see pages 64-65.)

COMBATTING ILLICIT TRADE

The prevalence of the illicit trade in tobacco and nicotine products means that we face competition from a criminal supply chain.

Illicit tobacco deprives the responsible industry of revenue, deprives governments of vital excise and deprives consumers of the security of enjoying rigorously tested, high-quality products. The illicit trade is a complex phenomenon, driven by economic, practical and political factors.

Where governments have adopted aggressive policies against NGP to limit the development of the nicotine market, we have seen negative consequences for population-level public health and the growth of an illicit trade in NGP.

At the extreme end is the difference between New Zealand, where the legalisation of vape coincided with a steep fall in youth smoking rates, and Australia, where there has never been a significant legal market for NGP and yet a black market thrives.

Fighting illicit trade requires a co-ordinated approach from government and industry. Imperial continues to work with enforcement agencies and to encourage proportionate regulation that will minimise the likelihood of nicotine products being targeted by criminal organisations.



Global nicotine market retail sales:

US\$ 957 billion

of which NGP and smokeless tobacco accounts for:

US\$ 77 billion

Source: Euromonitor 2024

Cigarettes consumed globally each year:

5.3 trillion

Source: Euromonitor 2024

Percentage of world’s adult population who smoke:

>20%

Source: OurWorldinData.org

Combustible tobacco tax contribution to European governments:

€80 billion

Source: EU Commission (2022, last full year available)

EUROPE
REGION



Aleš Struminský
President, Europe Region

AT A GLANCE

Tobacco volume
↓ -3.7%

Tobacco & NGP
net revenue*
↑ +5.6%

Tobacco net revenue*
↑ +4.5%

NGP net revenue*
↑ +20.5%

Adjusted
operating profit*
↑ +7.5%

* Change at constant currency.

HEADLINES

- Financial performance driven by strong pricing across multiple markets as volume decline rates continue to improve
- Encouraging stabilisation in German market share, with market share growth in Spain and decline in the UK
- Leveraging our local jewel brand strategy to drive operational and financial performance
- NGP net revenue performance reflects scale building in existing markets and new product innovations
- Successful roll-out of new vapour products including the 1,000-puff blu bar disposable and the rechargeable blu bar kit during the year
- Adjusted operating profit growth reflects strong combustible performance and improving NGP gross margins

Our results in Europe are driven by strong combustible pricing, an improvement in volume decline rates and growth in NGP net revenue.

Strategic initiatives in our priority markets supported our combustible tobacco performance. In Germany, we delivered an encouraging stabilisation in market share after more than a decade of market share declines. Investments in our sales force size and capabilities have led to an improvement of our retailer coverage and mean we are better able to take advantage of market opportunities. We leveraged our portfolio and revenue management capabilities to support the roll-out of new formats in both the premium and the value pricing points. In Spain, our brand equity investments supported price increases while still delivering market share growth. Strong sales growth was driven by our local jewel brands strategy with a new value proposition with Fortuna GO to capture down-trading as the pricing ladder expands and a focus on key distribution channels. In the UK, our continued brand equity investment in our local jewel brands, underpinned the roll-out of a new fine cut offer and supported price increases which helped to partially mitigate the challenging market volume declines and market share declines.

Tobacco volumes were broadly in line with long-term decline rates at 3.7%. German volumes benefited from the easing of pressures on consumer incomes combined with an encouraging market share performance. This offset the impact of elevated excise regimes in markets, such as the UK, which contributed to continuing pressure on volumes in those markets. Tobacco net revenue increased 4.5% at constant currency, reflecting a strong price mix of 8.2%, which more than offset the volume declines.

Our NGP portfolio has delivered strong net revenue growth of 20.5% at constant currency with growth across all three categories as we gained scale in our existing market footprints. Our consumer-led partnership model on NGP innovation supported new product roll-outs in all three categories. In vaping, in the UK, France and Spain we introduced a new disposable device under the blu brand which delivers an increased 1,000 puffs. Additionally, in response to consumer demand for a more sustainable product, towards the end of the year we rolled out our pod-based blu bar kit, in France and the UK, offering consumers the same experience as blu bar but with a rechargeable battery. In heated tobacco, we introduced iSenzia tea-based heat sticks into Italy and Greece to extend choice to adult smokers with flavoured non-tobacco sticks which can be used in our Pulze 2.0 devices. In modern oral nicotine, we continue to meet evolving consumer preferences with flavour launches in ZoneX and Skruf Modern in Norway.

Tobacco and NGP adjusted operating profit for the year increased 7.5% at constant currency, mainly reflecting the strong tobacco performance together with improvement in NGP gross margins.

		Full year result		Change	
		2024	2023	Actual	Constant currency
Tobacco volume	bn SE	86.6	89.9	-3.7%	–
Tobacco & NGP net revenue	£m	3,366	3,240	+3.9%	+5.6%
Tobacco net revenue	£m	3,106	3,020	+2.8%	+4.5%
NGP net revenue	£m	260	220	+18.2%	+20.5%
Adjusted operating profit	£m	1,541	1,482	+4.0%	+7.5%

Priority market	Performance
Tobacco share	
Germany 18.3% (+2bps) 13% of tobacco & NGP net revenue	We have delivered an encouraging turnaround in our market share as investments in our strategic initiatives gained traction. Sales force expansion has improved our distribution coverage and enabled greater frequency of store visits, while capability enhancements supported improved agility to capture channel shifts. We continue to manage our brand portfolio across all key price segments to appeal to a range of consumer needs. In the premium sector, we grew our Davidoff brands with new pack formats and in the value sector, we extended our Paramount brand with the successful launch of roll-your-own format in fine-cut tobacco. In NGP, our blu bar vapour product has continued to grow share since its launch in 2023.
UK 37.9% (-50 bps*) 7% of tobacco & NGP net revenue	The UK market remains an important value contributor to the Group. We increased prices in the period as we continued to balance value creation alongside managing our overall share, which declined over the year. Our strategic investments in our local jewel brands underpinned the successful roll-out of a fine-cut offer. This somewhat offset the overall market size decline, driven by above inflation excise tax increases across both cigarettes and fine cut tobacco and growth in the illicit market for tobacco and vaping products. Our NGP sales benefited from the successful roll-out of new products including the 1,000-puff blu bar disposable and the rechargeable blu bar kit.
Spain 26.6% (+5 bps*) 5% of tobacco & NGP net revenue	We delivered market share gains for the sixth successive year, offsetting the modest decline in the overall tobacco market volume. Our market share increase was driven by innovation such as the continued success of West pack format extensions and a focus on key distribution channels. In NGP, the roll-out of the 1,000-puff blu bar disposable and blu box, an ergonomic design popular with consumers in Spain, has been well received by consumers and the trade. The blu brand is the joint market-leader in vapour by retail sales value as at August 2024.

* Market share has been restated to reflect more accurate data sources and channel mix.

AMERICAS REGION



Kim Reed
President and CEO, Americas Region

AT A GLANCE

Tobacco volume
↓ -7.7%

Tobacco & NGP net revenue*
↑ +4.3%

Tobacco net revenue*
↑ +4.0%

NGP net revenue*
↑ +29.4%

Adjusted operating profit*
↑ +1.8%

* Change at constant currency.

HEADLINES

- Cigarette share growth up 15 basis points to 10.9%
- Tobacco net revenue growth at constant currency reflects strong pricing (+11.7%) and market share gains offsetting volume declines
- Mass market cigar performance improved, benefiting from product innovation and brand loyalty
- NGP net revenue growth reflecting successful targeted launch of modern oral brand, Zone, in 12 metropolitan areas
- Adjusted operating profit grew at constant currency, reflecting strong cigarette pricing, which more than offset the reduction in volumes, increased NGP investment, higher leaf costs, leaf inventory adjustments and wage inflation. At actual exchange rates, adjusted operating profit declined

We delivered a strong performance with market share gains in our cigarette portfolio coupled with strong pricing, which supported growth in net revenue and adjusted operating profit. We are pleased to report strong growth in our NGP net revenue, driven by the successful launch of our modern oral brand, Zone.

Share gains supported an outperformance in our tobacco volumes, down 7.7%, against an industry volume decline of 9.0% in cigarettes and a 6.7% fall in industry mass market cigar volumes. Industry cigarette declines are steeper than the long-term average driven by macroeconomic pressure on consumer disposable income and increased sales of illicit vaping products. Mass market cigar industry volume declines reflect sales of illicit products at the lowest price point.

On a constant currency basis, tobacco net revenue increased by 4.0%, as strong pricing of around +11.7% offset volume declines.

Our cigarette out-performance reflects the improvement in our cigarette market share of 15 basis points to 10.9% – our sixth consecutive year of market share growth. This was driven by our investment in sales execution and brand building, and the careful positioning of our brand portfolio to meet the needs of consumers across a range of price points.

We continue our focused investment on sales force effectiveness, and the expansion of the number of retail stores where we sell our brands. For example, investment supported share growth in Winston within the premium segment, which helped to offset 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. This progress in cigarettes is despite continued pricing actions from our competitors.

Our mass market cigar portfolio improved against a weak comparator in the prior year due to supply disruptions as a result of Hurricane Ian in September 2022. Additionally, continued innovation and investment in quality supported market share gains in the natural leaf segment with Backwoods, our premium iconic heritage brand.

Our NGP net revenue grew 29.4% on a constant currency basis, the first year of growth under the current strategy. This has been driven by our entry into the fast-growing modern oral nicotine pouch segment in February, with a targeted launch under the Zone brand in 12 metropolitan areas. The brand offers a differentiated option for consumers with a range of 14 product variants and leverages the Company's existing US sales force. We are encouraged by early consumer repurchase rates and have increased the number of stores since launch.

Adjusted operating profit grew 1.8% at constant currency, reflecting strong cigarette pricing, which more than offset the reduction in volumes, increased NGP investment into supporting the launch of Zone, higher leaf costs, leaf inventory adjustments and wage inflation. At actual exchange rates, adjusted operating profit declined -1.8%.

		Full year result		Change	
		2024	2023	Actual	Constant currency
Tobacco volume	bn SE	19.1	20.7	-7.7%	-
Tobacco & NGP net revenue	£m	2,836	2,812	+0.9%	+4.3%
Tobacco net revenue	£m	2,793	2,778	+0.5%	+4.0%
NGP net revenue	£m	43	34	+26.5%	+29.4%
Adjusted operating profit	£m	1,235	1,257	-1.8%	+1.8%



AFRICA, ASIA, AUSTRALASIA AND CENTRAL & EASTERN EUROPE



Priyali Kamath
President, Africa, Asia, Australasia
and Central & Eastern Europe

AT A GLANCE

Tobacco volume

↓ **-3.5%**

Tobacco & NGP net revenue*

↑ **+3.3%**

Tobacco net revenue*

↑ **+2.5%**

NGP net revenue*

↑ **+136.4%**

Adjusted operating profit*

↑ **+2.3%**

* Change at constant currency.

HEADLINES

- Strong financial results at constant currency reflecting recovery in the second half of the year as earlier disruption due to shipment timings abated
- Tobacco and NGP net revenue growth at constant currency driven by our African, Central & Eastern European and Asia, Middle East & Turkey market clusters
- At actual exchange rates, tobacco & NGP net revenue declined
- Positive tobacco price mix across region offset volume declines
- Market size pressures in Australia somewhat offset by market share growth and pricing supported by active brand portfolio management
- NGP net revenue growth reflecting new product introductions in Central & Eastern Europe markets
- Adjusted operating profit delivery at constant currency driven by strong tobacco performance and reduction of NGP losses. At actual exchange rates, adjusted operating profit declined

The region delivered a solid operational and financial performance, benefiting from a recovery in the second half as we mitigated the impact of disruption of Red Sea trade.

Tobacco and NGP net revenue grew 3.3% at constant currency reflecting continued focus on pricing discipline across the region, with tobacco price mix of 6.0% offsetting volume declines of 3.5%. These results reflect the targeted approach we are taking to our investment in sales execution and marketing in Australia, our one priority market in the region, and our improved consumer insight and revenue growth management tools applied to our broad market clusters. At actual exchange rates, tobacco and NGP net revenue declined -0.3%.

Australia delivered a resilient profit performance with further market share gains for the fifth consecutive year. This has been driven by the active management of brand portfolio to ensure we have an offer for consumers across all key price points, as well as a continued close partnership with our retail customers. These gains have been delivered against a backdrop of increased volume declines driven by excise tax increases and growth in both illicit combustible and vaping products.

In our African markets, we grew revenue through strong pricing as we focused on increasing consumer engagement through the management of our local jewel and key international brands. In our sub-Saharan African markets our local jewel brands performed well, with Fine taking share in Ivory Coast supported by format innovation, strengthening distribution and point of sales presence. This more than offset pressures in Morocco where recent excise tax changes have disadvantaged the low price segment and impacted Gauloises.

In our Asia, Middle East and Turkey (AMET) cluster, the impact of the Red Sea disruption seen in the first half of the year was mitigated and we exercised strong pricing discipline. Our global brand Davidoff resonates with local consumers and performed well in Saudi Arabia. Davidoff also has strong brand loyalty in Taiwan, where a refocus to convenience channels together with brand innovation has led to market share growth after several years of decline and an improving contribution to performance throughout the year.

In our Central & Eastern European (CEE) market cluster our combustible and NGP portfolios performed well. NGP net revenue doubled over the period as we refined our go-to-market approach in Poland applying learnings from our Czech Republic market. In combustibles, strong pricing offset volume declines to support financial delivery.

NGP net revenue growth in the period reflects the launch of our 1,000 puff blu bar vaping product in Poland. In heated tobacco products, the introduction of iSenzia, tea-based heat sticks, to Czech Republic and Poland, extended the choice to adult smokers with a flavoured non-tobacco stick that can be used in our Pulze 2.0 device.

Adjusted operating profit grew 2.3% 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 -3.9%.

		Full year result		Change	
		2024	2023	Actual	Constant currency
Tobacco volume	bn SE	84.3	87.4	-3.5%	-
Tobacco & NGP net revenue	£m	1,955	1,960	-0.3%	+3.3%
Tobacco net revenue	£m	1,929	1,949	-1.0%	+2.5%
NGP net revenue	£m	26	11	+136.4%	+136.4%
Adjusted operating profit	£m	811	844	-3.9%	+2.3%

Priority market	Performance
Tobacco share	
Australia	The Australian market contributed to Group profit growth in the period. Against a backdrop of steep market volume declines as consumers normalised use of illicit products, we grew our market share supported by a focused approach to revenue growth management. Clear price tiering and product differentiation supported stable market share for JPS. In the fifth price segment, L&B is now Australia's fastest growing cigarette brand since inception in 2021, driven by pack format extensions. In fine cut tobacco, our local jewel brand, Champion, in the higher price segment, extended its lead of the category, while Riverstone remained stable. Continued improvements in the supply chain supported increased efficiencies and underpinned positive profit contribution from the market.
• 32.2% (+5 bps*)	
• 3% of Group tobacco & NGP net revenue	

* Market share has been restated to reflect more accurate data sources and channel mix.



DISTRIBUTION

AT A GLANCE

Gross profit*

↑ +4.4%

Adjusted operating margin excluding eliminations*,**

↑ +109bps

Adjusted operating profit excluding eliminations*,**

↑ +9.8%

Adjusted operating profit including eliminations*,**

↑ +8.6%

* Change at constant currency.
** Eliminations relate to sales of tobacco and NGP product to Logista that are still held in their inventory.

HEADLINES

- Gross profit reflects good underlying growth and integration of prior year acquisitions
- Diversification strategy means over 50% gross profit from non-tobacco-related businesses
- Adjusted operating profit includes strong contribution from profit on inventory following tobacco price increases

Distribution consists of our 50.01% stake in Logista, 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 more than 200,000 points of sale across Europe.

Performance was in line with expectations and includes the incremental financial contribution from acquisitions made during this period and the prior two financial years in line with Logista’s strategy to accelerate growth in European non-tobacco distribution. These include the acquisition of Belgium Parcel Service (BPS); the acquisition of SGEL Libros, a national book distribution and publishing company, which was formally acquired by Logista Libros, a 50% subsidiary of Logista and Grupo Planeta in October 2023; and the acquisition of Gramma Farmaceutici, a pharmaceutical distribution company in Italy, which completed in July 2023. In May 2024, Logista acquired the remaining 30% stake in Speedlink as expected under the original agreement. Furthermore, in July 2024, Logista acquired the remaining 26.7% stake in Herinvemol S.L., trading as “Transportes El Mosca”, giving Logista 100% ownership of the company.

Gross profit – Gross profit at £1,503 million was 4.4% higher on a constant currency basis with good performance in particular in Spain and Italy reflecting the integration of prior year acquisitions.

In Iberia, growth in gross profit 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 recorded growth year on year, with a positive contribution from long-distance transport which includes Logista Freight and Transportes El Mosca, the latter incorporated at the end of October 2022. There was good growth in Nacex, the express courier business, and Logista Parcel, supported by the opening of new temperature-controlled capacity during the period. Pharmaceutical distribution continues to expand both its customer base and product offering.

In Italy, gross profit was supported by good performance in tobacco, benefiting from growth in volumes and manufacturer price increases which led to a higher profit on inventory than in the prior year. The period benefits from the first full incorporation of Gramma Farmaceutici, with the acquisition completing in July 2023. This acquisition is the first stage of our expansion into the pharma segment in Italy.

In France, gross profit reflects tobacco volume declines, partially offset by price increases following excise tax increases and subsequent manufacturer price increases which led to a profit on inventory higher than in the prior year. Logista also successfully completed a pilot for NGP recycling during the period.

Operating profit – Adjusted operating profit margin increased by 109 basis points at constant currency reflecting the strong performance from profit on inventory in tobacco following manufacturers’ price increases in the period. After eliminations, the adjusted operating profit contribution to the Group increased 8.6% on a constant currency basis. In line with our policy of adjusting items for only Board-approved restructuring programmes, charges and profits/losses on disposals relating to restructuring activities have not been recognised as adjusting items.

Cash – 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.£1.8 billion, with movements in the cash position during the 12-month period varying from a high of c.£2.5 billion to a low of c.£0.7 billion, primarily due to the timing of excise duty payments. At 30 September 2024, the loan position was c.£1.9 billion compared to c.£2.0 billion at 30 September 2023.

		Full year result		Change	
		2024	2023	Actual	Constant currency
Distribution gross profit*	£m	1,503	1,466	+2.5%	+4.4%
Adjusted operating profit	£m	330	306	+7.8%	+9.8%
Adjusted operating profit margin	%	22.0	20.9	+108bps	+109bps
Eliminations	£m	(6)	(2)	-200.0%	-200.0%
Adjusted operating profit (inc. eliminations)	£m	324	304	+6.6%	+8.6%

* Distribution gross profit is Distribution revenue less the cost of distributing products.





Lukas Paravicini
Chief Financial Officer

ACCELERATING RETURNS

SUMMARY FINANCIAL INFORMATION

Volumes

↓ **-4.0%**

reflecting wider industry market size declines across our footprint

Reported operating profit

↑ **+4.5%**

reflecting operating performance, with adverse foreign exchange movements

Reported basic EPS

↑ **300.7p**

an increase of 19.1%

Tobacco & NGP net revenue

↑ **+4.6%**

at constant currency, driven by robust tobacco price mix and NGP growth

Adjusted operating profit

↑ **+4.6%**

at constant currency, driven by tobacco pricing, reduced NGP losses and Logista

Adjusted EPS

↑ **297.0p**

an increase of 10.9% on a constant currency basis

Adjusted operating cash conversion

↑ **100%**

2023: 92%

Adjusted net debt/EBITDA

↓ **1.8x**

2023: 1.9x

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.

SUMMARY INCOME STATEMENT

£ million (unless otherwise indicated)	Reported		Adjusted	
	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.

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.

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.

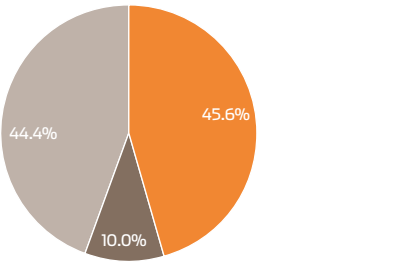
While we believe that APMs can provide helpful information which supplements reported measures, we are also aware of the need to ensure that an appropriate balance is maintained between the two sets of reporting metrics, with adjusted disclosures not being given greater prominence than GAAP measures.

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

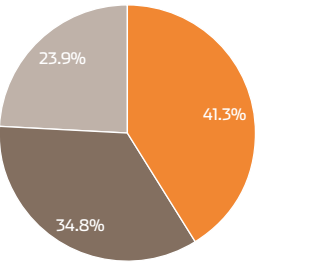
£ million (unless otherwise indicated)	Full year ended 30 September 2023	Foreign exchange	Constant currency movement	Full year ended 30 September 2024	Change	Constant currency change
Tobacco & NGP net revenue						
● Europe	3,240	(56)	182	3,366	3.9%	5.6%
● Americas	2,812	(96)	120	2,836	0.9%	4.3%
● Africa, 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)



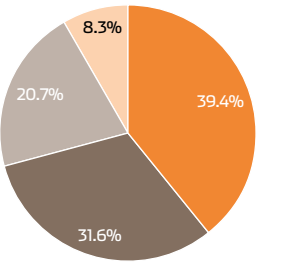
● Europe	86.6bn SE
● Americas	19.1bn SE
● AAACE	84.3bn SE

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

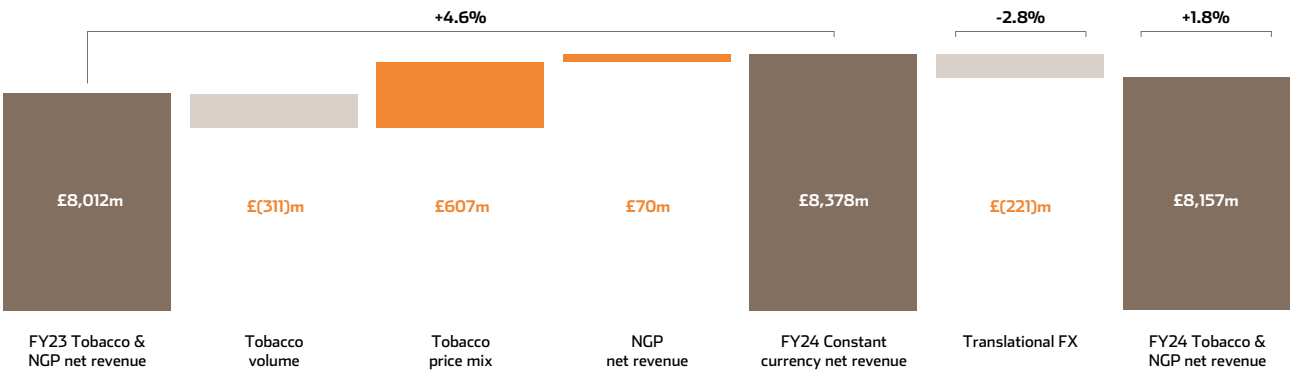
- Reported revenue declined -0.2% reflecting volume declines in high excise markets and adverse foreign exchange, largely offset by growth in NGP and Distribution revenues
- Tobacco & NGP net revenue grew +4.6% at constant currency, comprising +3.8% from tobacco and +26.4% from NGP
- Tobacco volume was 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

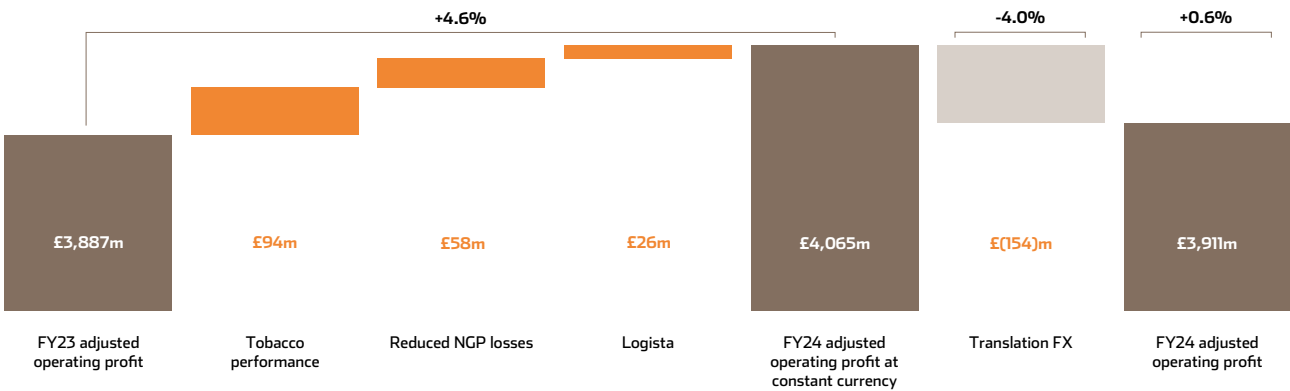
- Reported Group operating profit of £3,554m increased by +4.5% reflecting strong operating performance, with adverse foreign exchange offset by the non-repeat of charges relating to legal provisions and the write-down of financial assets
- Adjusted Group operating profit increased +4.6% at constant 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

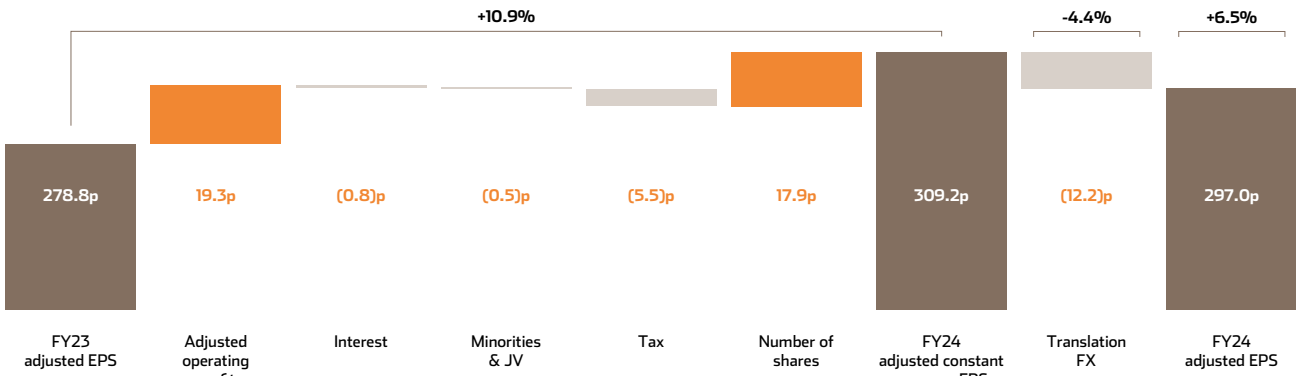
- Reported EPS increased +19.1% to 300.7 pence reflecting strong operating performance, lower tax charge and reduced share count, offsetting higher interest costs
- Adjusted EPS was 297.0 pence, up +10.9% at constant currency with adjusted operating profit growth enhanced by the reduced share count due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

Reported EPS

↑ **+19.1%**

Adjusted EPS

↑ **+10.9%**



SUMMARY CASH FLOW STATEMENT*

£ million	Reported		Adjusted	
	2024	2023	2024	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

£ million unless otherwise indicated	Operating profit		Net finance (costs)/income		Earnings per share (pence)	
	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.

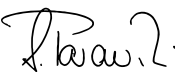
Dividend payments

	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.



Lukas Paravicini
Chief Financial Officer

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.

MANAGING RISK

The principal risks faced by the Group and Imperial's risk management approach are described in the following pages.

Risks represent the various potential outcomes that are managed whilst implementing the Group's strategy. Imperial defines a risk as the exposure to the consequences of uncertainty. Risk is anything that could disrupt the achievement of the Group's strategy and objectives.

The Board and management have reviewed the risk landscape (current and emerging) and related profiling, with risk mitigations and impacts assessed.

Many of these risks are external and cannot be fully mitigated, and while the Group continues to monitor its risk landscape, there can be no guarantee that additional risks will not arise, or that other known risks not mentioned increase in materiality.

Risk appetite

The Board is responsible for setting the Group's risk appetite and has completed its annual exercise to ensure this is aligned to, and supports, delivery of the Group strategy.

The resultant risk management approach supports the achievement of objectives and the Board's wider responsibility for risk management through clear communication of the expected outcomes of key controls and related monitoring.

Risk landscape

The Group operates in highly competitive global markets and faces general commercial risks associated with a large consumer packaged goods (CPG) business.

Imperial constantly assesses and evaluates the risks posed by the changing environments in which the Group operates, whether geopolitical, socioeconomic or technological. The consideration of potential impacts and most likely causes ensures a timely, measured and appropriate response.

The Group, along with all other businesses, has faced challenges due to inflationary pressures which have led to higher commodity and energy prices as well as economic pressures on consumer spending.

Risk management framework

The framework is designed to ensure accountability for the identification, assessment and mitigation of risks throughout the business, supported by appropriate capabilities.

The success of the risk management approach relies upon the effectiveness of the control frameworks in place to manage risks and seize opportunities that arise.

Imperial's approach to governance, risk management and internal control follows the "three lines model", which enables the business to achieve its strategic objectives while remaining aligned to the Board's risk appetite.

To enhance the Group's risk management framework, we continuously look for ways to improve and further standardise the application of risk management and controls across the Group. For example this year we have established the Integrated Assurance Forum and published a Group Risk Policy.

RISK CAUSES

As a Group we face a number of issues which we treat as causes of current risks rather than evaluating them as risks in themselves. By adopting this approach, we ensure consideration of impacts and required mitigations across the business and increase the effectiveness and accountability for assessments on a "bottom-up" basis, enabling local and Group initiatives to be developed to optimise our responses.

Climate risk

The impacts of climate risk on the business have been evaluated across the Group in relation to their impact on existing risks. Key impacts exist within our manufacturing footprint and wider supply chain, with short- and long-term consideration of possible vulnerabilities and required mitigations to ensure resilience.

Inflation

The impact of inflationary pressures on both the business and consumers has been assessed as part of risk assessments.

This creates more dynamic feedback between "bottom-up", "top-down" and cross-functional perspectives, ensuring the broadest consideration of impacts and mitigations.

Geopolitical risk

The Group is exposed to geopolitical and economic conditions of the countries and regions in which it operates, which could impact its largest markets and may affect continuity of supply.

Any adverse geopolitical or economic developments in, or affecting, the Group's key countries and regions, including, but not limited to, increased international trade tensions or the outbreak of conflict could impact the Group and its operations.

The identification and effective mitigation of geopolitical risks has become an increasingly important factor within the Group's operational continuity planning for our internal resilience and the resilience of our wider supply chain, key customers and service providers. This consistent and complete assessment better informs Group actions.

EMERGING RISKS

As part of the risk assessment performed by the Group Risk Committee and the Board, emerging risk topics have been discussed and considered.

Regulatory change

Due to the highly regulated nature of the industry the Group operates in, new regulatory change risks are continuously emerging.

The Group considers any emerging regulatory change risks beyond the general three-year risk horizon, so that mitigations can be developed to manage the impacts of future changes.

Further regulatory changes are being considered, with the UK generational smoking ban and further restrictions on vaping being under consideration in multiple European markets. The Group is assessing this emerging risk and developing appropriate mitigations.

IT service concentration risk

Dependence on a single IT service provider for multiple business capabilities poses a risk. A failure could disrupt multiple business aspects or indirectly impact the Group through upstream service providers.

New types of cyber risk

Some systems may be particularly vulnerable to ransomware due to underinvestment or technical debt, potentially causing prolonged business disruptions or more significant impacts. The Group continuously assesses cyber threats, especially amid geopolitical tensions, and monitors the effectiveness of security controls.



TOP-DOWN AND BOTTOM-UP RISK ASSESSMENT APPROACH

Who is involved?	What activities are completed? Assessment and evaluation of risks	How do we confirm risks are managed?
"Top-down"	Board - Oversight of the Group's internal control systems, risk management process and framework - Provides operational and strategic risk perspectives, ensuring these are considered in Group strategy - Sets the Group's risk appetite annually - Reviews the Group's principal risks and considers emerging risks and themes identified in twice yearly risk assessment process	- Oversees risk management approach and reporting - Reviews results of twice yearly risk assessment, including the Group's principal risks - Discusses and agrees risk appetite for the Group's principal risks
	Audit Committee - Reviews scope, quality and results of assurance provided by internal and external audit - Reviews results of other internal assurance provision over key controls of the Group	- Oversees risk management approach and reporting - Regularly reviews results of assurance activities
	ELT - High-impact risks identified in "bottom-up" assessments are consolidated for review by ELT - Respective ELT risk domain owners' validation of risk assessment output prior to Risk Committee - Regularly reviews results of Group Controls Matrix (GCM) internal control testing	Reviews results of assurance activities to ensure effective closure of any observations raised
	Risk Committee - Provides "top-down" insights to risk assessment process - Considers emerging risks and themes identified in risk assessment process - Provides input into development of risk management activities	- Meets throughout the year to oversee risk management approach and reporting - Reviews results of assurance activities to ensure the effectiveness of risk mitigations
	Integrated Assurance Forum - Co-ordinates assurance activities to ensure all relevant risks and compliance requirements are adequately addressed - Provides appropriate information to the Group Risk Committee and Board for it to be able to attest to the effectiveness of material controls	Selection of senior stakeholders, meets quarterly to ensure an appropriate assurance approach is in place for material controls
	Third line Group Internal Audit performs risk-based, challenging audits and provides insights and recommendations to the Audit Committee and management	- Provides the Board with independent assurance over the effectiveness of the design and operation of the risk management framework - Provides audit reports and reporting to management and the Audit Committee
"Bottom-up"	Second line - Evaluation of first line, "bottom-up" risk assessments by subject matter experts, in line with Board risk appetite - Review and agreement of functional risk registers by functional leadership teams, with minimum six-monthly formal update - Formal completion of legal and regulatory disclosures (e.g. ESG-related, TCFD, Human Rights, Group Science regulatory certifications)	- Define and implement policy and risk management activities aligned to risk appetite - Provide support to business in design and implementation of local mitigations - Review results of GCM testing and identify common themes - Review results of assurance activities to ensure effective closure of observations raised
	First line - Local ownership and accountability for completion and continued update of risk register, with minimum twice yearly formal update - Local leadership team input to review and formally agree risk assessment outcomes - Approach includes requirement to assess effectiveness of related risk mitigations on an ongoing basis - Completion of regular key control testing across the business – GCM communicates key requirements and required testing	- Leadership accountability for risk assessment and mitigation effectiveness - Regional leadership team oversight and input - Dedicated Global Business Services (GBS) Compliance function responsible for performing control assurance activities in selected first line operations - Management certification of compliance with Group policies, GCM financial control compliance, laws and regulations and notification of fraud on a six-monthly basis

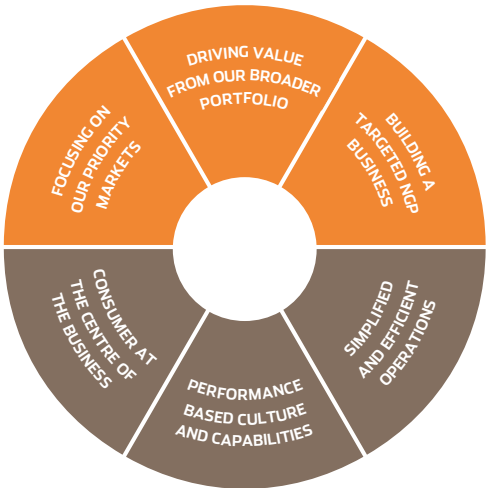
The mitigation and management of identified risks is vital to the success of the Group. The Group's risk management and internal control framework and related reporting are further discussed in the Audit Committee report on page 108.

The following section highlights the principal risks the Group faces and identifies the mitigations that are in place to manage them, with all risks reported on a mitigated basis.

Not all of these principal risks are within Imperial's direct control, and the list cannot be considered to be exhaustive, as other risks and uncertainties may emerge in a changing business environment.

The risks reported are those currently considered by the Board to have the most likely impact on achievement of the Group's objectives.

As explained in our half year results statement, the wording used to describe the principal risks has been updated, but the risks remain aligned with those identified in the 2023 Annual Report and Accounts.



An illustration of the primary impact each risk might have on relevant strategy elements and the change in risk profile compared to last year is included for each principal risk using these symbols

Risk profile change

↑

Risk profile increasing

→

Risk profile unchanged

i

Refer to page 16 for more details on our strategic pillars

PRICING & EXCISE CHANGE		Risks relating to the impact of future excise changes and our ability to achieve planned pricing
Risk profile change	Strategic impacts	Change in year
→		- At a global level, reduction in year-on-year inflation rates reducing pressure on pricing - Pricing pressure remains where there is a need to offset accelerated excise schemes and market size and volume declines
Impact		Mitigation
- In markets where the increased cost of living makes consumers more price-sensitive, significant price increases affect both product demand and sales volumes - Pricing pressure may be exacerbated by excise increases which further elevates product prices. This could result in downtrading to lower price products/categories or an increase in the attractiveness of illicit product, impacting sales volumes - Illicit products thrive in high-excise environments, reducing the size of the legitimate tobacco market, increasing risks to consumers from non-compliant product, and financing organised crime - Inferior counterfeit product could result in damage to brands		- Clear pricing strategy and strong oversight by regional leadership teams, supported by analysis and evaluation of pricing dynamics, elasticity and segments evolution - The Group's Revenue Growth Management function is systematically supporting market teams with assessment of new excise structures, proposing optimum solutions via scenario planning and consumer pricing analytics - AI enabled tools developed to better model and predict impacts of excise, inflation and other consumer pressures - Engagement with authorities providing informed input and evidence about the unintended consequences of disproportionate changes in product taxation, supported by above-market engagement, argumentation, and data - Continuous monitoring and intelligence gathering for developments to help predict and prepare our responses to excise change proposals

REGULATORY CHANGE			Risks relating to the impact of future regulatory change on our ability to produce, market and sell our products
Risk profile change	Strategic impacts	Change in year	
			• The regulatory landscape continues to evolve, with the introduction of more restrictive combustible regulations and increasing complexity e.g. characterising flavour bans, category bans and generational access bans • Wider alignment between Tobacco and NGP regulation could arise in the EU under expected reforms to the EU Tobacco Products Directive (EUTPD) and other legislation, and globally as a result of decisions made at the WHO Conference of Parties • Youth Access Prevention is driving political and social pressure in many markets resulting in legislation to ban disposable vapes, together with continuing focus on single use plastics extended producer responsibility legislation in Europe • Track & Trace regulations may take unwelcome non-digital forms when implemented in countries outside of Europe. Continued risk of NGP Track & Trace introduction • New marketing denial orders (MDOs) have been issued from the FDA in connection with some flavoured disposable products. These are subject to ongoing litigation • While new regulations and excise taxes are being considered in some markets, there have been other instances where legislation has been removed, such as “Smokefree” restrictions in New Zealand which included a generational ban, or delayed, such as the US menthol ban
Impact		Mitigation	
• Regulatory change can restrict product specification, such as bans on menthol or other flavours or ingredients, consumer interaction, and product supply. These restrictions can affect consumers’ ability to enjoy our products, potentially impacting sales volumes and market size and related access to potentially reduced-risk nicotine products • Compliance with increasingly complex regulatory requirements increases the risk of additional cost to the Group and inadvertent non-compliance. Non-compliance could result in regulatory censure, financial penalty and reputational damage • When regulations require interpretation, the resulting judgements can lead to disputes or investigations by regulators. This can incur financial costs or cause reputational damage, even if no fault is proven		• Group policies and standards and a reviewed set of Group public policy positions are in place to align with regulatory developments • Continuous monitoring of and engagement with regulators to highlight risks of disproportionate regulation; proposal of moderate alternatives; and development of sustainable regulatory framework for NGP • Subject matter experts employed to assess the impacts of proposed regulatory change and Group-wide impacts • Project teams in place to manage the impacts of regulatory change, ensuring required compliance is achieved and opportunities identified • Legal action can be taken to defend against or prevent regulatory change where this impacts legal freedoms	

PRODUCT SUPPLY			Risks relating to the supply of materials and services to support our ability to operate and produce
Risk profile change	Strategic impacts	Change in year	
			• While at a global level, year-on-year inflation rates have reduced, fluctuations in leaf and commodity pricing continue to pose risks, and upsides, to our cost of goods • Geopolitical tensions have continued to increase however our exposure in these areas e.g. Middle East, so far has not seen any material impacts in the Group's key countries and regions • Climate change is potentially increasing the frequency and intensity of adverse weather impacting supply chains, notably cigar operations in our Caribbean factories and the Philippines • Recent adverse weather impacts on US leaf crop may shift demands (and prices) outside of the US, increasing cost risk
Impact		Mitigation	
• Loss of a key manufacturing site or capacity could impact the Group's ability to meet short-term production demands • Failure to supply markets could lead to a loss of short-term sales volume and potentially erode consumer loyalty, which may impact longer-term sales volumes and brand value • Failure to manage cost inflation could result in increased cost of goods • Severe weather episodes could impact raw material supply, manufacturing sites and warehousing, potentially affecting short-term supply to markets • A lack of availability of raw materials, or raw materials of poor quality, could impact short-term supply to markets		• Material stocks (leaf and non-tobacco) maintained in line with assessed supply continuity plans, and aligned to sales forecast requirements • Production capacity planning includes agreed business continuity measures in the event of machine failure or site issue • Supplier agreements, standards and practices include requirement to comply with Group policies, including quality requirements for goods and services supplied • Ongoing risk assessments and supplier reviews including quality, ESG, and business continuity and contingency plans • Alternative locations for NGP production have been explored. Work continues to reduce the relocation times and proactively manage safety stocks for combustibles	
TECHNOLOGY RESILIENCE			Risks relating to the ability of IT infrastructure to support business and regulatory requirements
Risk profile change	Strategic impacts	Change in year	
			• The Group continues to operate in an external environment with heightened geopolitical risks, which highlight the continued risk of, and increasing exposure to corporate cyber-attacks • External cyber threats remain pervasive, including an increase in third-party security incidents • While not a direct cyber incident, the global Crowdstrike/Microsoft outage highlighted supply chain risks in technology management • The proliferation of Artificial Intelligence (AI) presents new challenges and opportunities to security of systems, data and physical facilities. We expect and prepare for increasing trends in the sophistication and complexity of technology attacks
Impact		Mitigation	
• Loss of critical systems could impact product supply to distributors or retailers resulting in revenue loss and reputation damage with customers and other stakeholders • Failure to protect personal or sensitive corporate data from loss could result in inability to achieve strategic goals, regulatory breach and related censure, significant financial costs or penalty, reputational damage or lost competitive advantage		• Vulnerability scanning and penetration testing to reduce attack surface • High risk suppliers vetted and periodically reviewed • Ongoing investment in security tools and capabilities • Crisis management and disaster recovery plans for critical systems tested to support the ability to respond and recovery from unplanned events • Employee awareness and training to educate colleagues on the cyber risks that we face	

PRODUCT INNOVATION AND PORTFOLIO		Risks relating to effective product innovation, aligned to consumer preferences and regulatory requirements
Risk profile change	Strategic impacts	Change in year
		- Continued emergence and growth of new lower-price / value-brands in combustible tiers across many markets - Continuation of downtrading trend as consumers become increasingly value-driven due to inflationary pressures on disposable income and increasing excise taxes on tobacco products - Continued competitor activity in the NGP market with growth in category size through new product developments, product launches and marketing initiatives - Increasing trends towards purchasing innovative and new vape subcategories - Evolving regulation of NGP, with potential further flavour bans, disposables bans, and plain packaging being considered
Impact		Mitigation
- If the Group's product portfolio does not align with consumer preferences, it could lead to reduced preference for our products, lower sales volumes and diminished brand equity - Failure to act upon consumer trends and insights could result in lost opportunities, notably in NGP where innovations are more prevalent and faster to markets - Failure to ensure effective implementation of market or retail initiatives could result in lost opportunities, wasted investments and potential loss of market share - Failure to identify intellectual property (IP) constraints in the innovation of new products could impact development and/or launch, limiting the ability to respond to competitor offerings and potential litigation - Failure to align NGP portfolio to consumer needs and expectations could result in failure to achieve NGP ambition - Failure to develop NGP categories could impact achievement of key ESG priorities - Failure to develop a sustainable commercial model for all NGP categories could result in failure to achieve NGP ambition		- Wide portfolio across all combustible value tiers - Acquisition of US range of nicotine pouches from TJP Labs to facilitate entry into the US modern oral market - Consolidated NGP category management approach enabling holistic view of opportunities and informed investment strategy - Global Consumer Office accountability for product/brand strategy and initiatives, together with strong partnership and collaboration with supply chain for market developments and introductions - Consumer capabilities strengthened with all three Sense Hub innovation centres now fully operational - Further elevation of consumer insights and brand building skills to ensure consumer relevance across innovation - Innovations and go-to-market plans are validated against consumer needs and preferences - Regulatory strategies, marketing guidelines and product standards developed to support our consumers and our business - Brand monitoring, including equity tracking - Innovation processes develop consumer products based upon robust analysis, testing and scientific support

CONSUMER AND MARKET TRENDS		Risks relating to the impact of changing consumer behaviour and market trends on commercial objectives.
Risk profile change	Strategic impacts	Change in year
		- Continued rise in illicit trade due to widening gap between duty paid and non-duty paid prices as a result of excise impacts, notably in Europe, and Australia where excise levels are very high - US illicit trade has recently become more pronounced, especially within disposable flavour vapes - Continued rapid development and proliferation together with innovation in new NGP categories - Continued economic pressure on consumers due to inflation, the increased cost of living and economic uncertainty across our market footprint, resulting in down trading and increasing propensity to purchase illicit product
Impact		Mitigation
- Failure to obtain or effectively respond to commercial insights and learnings, would result in loss of market share or inability to capitalise on commercial opportunities - Failure to respond to changes in market environment could result in the Group's portfolio being less attractive to consumers, resulting in reduced sales - Economic pressure on consumers could result in reduced spend on tobacco products and alternatives, reducing market size - Increases in illicit trade impact the size of the legitimate market, impacting sales volumes		- Enhanced consumer insights operating model with continued increase in capabilities and tools, including a separate Business Intelligence Vertical that includes Competitor Analysis - Strengthening of the innovation pipeline and governance - Market impacts analysed as part of market size calculations - Cigarette Empty Pack Survey collection reporting provides trend analysis of illicit impacts enabling more targeted and effective interventions - Pilot vape Empty Pack Survey completed in UK – continuous updates planned - Excise and price monitoring provides insights into possible changes in illicit impacts through widening disparity between the price of legitimate and illicit product - Industry trade groups and joint operations with enforcement agencies to combat illicit trade
ENVIRONMENT		Risks relating to the impact from business operations on the natural environment in which we operate
Risk profile change	Strategic impacts	Change in year
		- Carbon emissions in our operations have reduced 69% since 2017 and remain on track to reach Net Zero across our value chain by 2040 - Achieved an energy consumption reduction of 32% since 2017, achieving our original 2030 target of 25%, which has been reset to a 45% reduction by 2030 - New impending reporting requirements, such as the EU Corporate Sustainability Reporting Directive. Compliance by in-scope subsidiaries required by 2025 - The Group continues to face increasing climatic impacts across its global footprint. According to our TCFD analyses (pages 78-89) we do not expect this to result in significant cost exposure within the next 10 years
Impact		Mitigation
- Failure to mitigate environmental impacts of our products and processes may result in a reduced or negative perception of Imperial negatively impacting market share and revenue - Failure to meet expectations, or to ensure at least parity with industry peers, may impact the Group's reputation as a sustainable business and adversely affect stakeholder sentiment or share price - Poor ESG ratings could result in reduced access to capital or higher capital costs - Failure to comply with key ESG-related regulation, including environmental legislation, would result in a material impact to the Group, including, but not limited to, financial penalties - Failure to comply with increasing regulatory reporting requirements for non-financial data, e.g. the EU Corporate Sustainability Reporting Directive could result in legal, operational, and reputational consequences for Imperial		- ESG strategy, agenda and communications, including ongoing development and materiality assessment, aligned to strategic goals and targets - Climate targets are embedded in executive remuneration - ESG Committee with executive representation in place to provide oversight - Investor and stakeholder presentations ensure alignment with expectations and transparency on progress of Group actions - CSRD working group to prepare for mandatory disclosures, and Environment working group in place to manage them - Dedicated climate risk reporting through TCFD framework - Our actions to mitigate climate risks have earned us a position on the CDP's A List for climate for a fifth consecutive year - Sustainable Tobacco Programme (STP) and reforestation schemes help reduce the environmental impact of leaf growing

PRINCIPAL RISKS AND UNCERTAINTIES *continued*

SOCIAL Risks relating to social considerations within and from our business operations and extended supply chain

Risk profile change Strategic impacts Change in year



- Continued focus on ESG-related matters from investors and external stakeholders
- The recently adopted EU Corporate Sustainability Due Diligence Directive introduces further requirements to conduct due diligence throughout our global value chain, and will be applicable from 2027

Impact	Mitigation
- Failure to comply with key ESG-related regulation, including human rights legislation, would result in a material impact to the Group, including, but not limited to, financial penalties - Reputational damage may result from allegations, even where no wrongdoing has occurred - Employee engagement or attractiveness of the Group as an employer may be adversely affected as a result of any perception that the Group is acting in an inappropriate manner	- ESG strategy, agenda and communications, including ongoing development and materiality assessment, aligned to strategic goals and targets - ESG Committee with executive representation in place to provide oversight - Investor and stakeholder presentations ensure alignment with expectations and transparency on progress of Group actions - Human Rights Compliance working group meets regularly, specialist human rights capabilities recruited, Human Rights Policy in place and Human Rights Audits conducted by the ESG function - Human Rights Policy and risk management framework - Sedex (Supplier Ethical Data Exchange) used for supplier ethical trading risk assessments

LEGAL COMPLIANCE Risks relating to compliance with laws and regulations and the management of significant legal matters

Risk profile change Strategic impacts Change in year



- Continued external trend of ESG-related litigation risks with external focus on human rights issues in international supply chains and greenwashing claims

Impact	Mitigation
- As with other corporates, litigation and other claims are pending against the Group. The interpretation of the law and the related judgments can lead to disputes or investigation and possible financial costs or reputational damage - Failure to comply with regulations could result in investigation and the enforcement of financial penalties or regulatory censure - Investigations or allegations of wrongdoing can demand significant management time, potentially diverting focus from other operational matters - If any claim against the Group was to be successful, it might result in a significant liability for damages and could lead to further claims - Regardless of the outcome, the costs of defending such claims can be substantial and may not be fully recoverable - The reputational damage arising from investigations or allegations of non-compliance could have a greater impact with external stakeholders than the penalties or actions related to the matter itself	- Internal and external lawyers employed, specialising in the defence of product liability claims and other litigation. To date, no tobacco litigation claim brought against the Group has been successful and/or resulted in the recovery of damages or settlement monies - Advice is provided to mitigate the causes of litigation, along with guidance on defence strategies to direct and manage litigation risk and monitor potential claims around the Group - The Group's Code of Conduct and core behaviours articulate the way employees are expected to act, with compliance certified by management across the business - The Group's policies and standards mandate that employees must comply with legislation relevant to both a UK-listed company and local law

BUSINESS TRANSFORMATION Risks relating to the design, implementation and benefit realisation of organisational change initiatives

Risk profile change Strategic impacts Change in year



- Continuing high volume of transformation activity across the Group, including the ERP consolidation programme
- High volume of change and resource demand required to support transformation programmes across the business
- Increasing scale and complexity of cross-functional integration requiring careful management of project interdependencies.

Impact	Mitigation
- Ineffective business transformation could result in disruption to delivery of business objectives or higher cost of implementation than forecast - High demand for local resources to support transformation may impact employee engagement	- Transformation Centre of Expertise working in conjunction with Independent Quality Assurance and Internal Audit to support successful delivery - All strategic programmes undergo a "setup for success" review of key programme attributes "Air traffic control" planning with the business to ensure sufficient resources available to enable programme delivery in addition to business as usual commitments - Change capability embedded into major change programmes and standardised approach to change management being developed - Specialist Organisation Effectiveness expertise safeguards design and development of organisational capabilities in line with strategic objectives

LIQUIDITY AND GOING CONCERN STATEMENT

The Group’s policy is to ensure that we always have sufficient capital markets funding and committed bank facilities in place to meet foreseeable peak borrowing requirements.

The Group recognises there can be uncertainty in the external environment, however, during past periods of disruption (e.g. COVID-19, political uncertainty in Russia and Ukraine and Middle East), the Group effectively managed operations across the world and has proved it has an established mechanism to operate efficiently despite this uncertainty. The Directors consider that a one-off discrete event with immediate cash outflow is of greatest concern to the short-term liquidity of the Group.

The Directors have assessed the emerging and principal risks of the business, including stress testing a range of different scenarios that may affect the business. These included scenarios which examined the implications of:

- A one-off discrete event resulting in immediate cash outflow such as unexpected duty and tax payments; and/or other legal and regulatory risks materialising of c.£500 million
- A rapid and lasting deterioration to the Group’s profitability because markets become closed to tobacco products or there are sustained failures to our tobacco manufacturing and supply chains. These assumed a permanent reduction in profitability of 10% from 1 October 2024

The scenario planning also considered mitigation actions including reductions to capital expenditure, dividend payments and share buyback programme. There are additional actions that were not modelled but could be taken including other cost mitigations such as staff redundancies, working capital management, retrenchment of leases and discussions with lenders about capital structure.

Under the reverse stress test scenario, after considering mitigation actions including reductions of capital expenditure, dividend payments and share buyback programme, we have modelled that a 37% EBITDA reduction would lead the Group to have sufficient headroom until 30 November 2025.

The Group believes this reverse stress test scenario to be remote given the relatively small impact on our trading performance and bad debt levels during the COVID-19 pandemic and political uncertainty with regard to Ukraine and Russia. In this scenario the Group would implement a number of mitigating actions including revoking the uncommitted dividend, pausing the share buyback and reducing discretionary spend such as capital expenditure.

Based on its review of future cash flows covering the period through to 30 November 2025, and having assessed the principal risks facing the Group, the Board is of the opinion that the Group as a whole and Imperial Brands PLC have adequate resources to meet their operational needs for a period of twelve months from the date of approval of the financial statements and concludes that it is appropriate to prepare the financial statements on a going concern basis.

VIABILITY STATEMENT

The Board has reviewed the long-term prospects of the Group to assess its viability. This review, which is based on the business plan which was completed in July 2024, incorporated the activities and key risks of the Group together with the factors likely to affect the Group’s future development, performance, financial position, cash flows, liquidity position and borrowing facilities as described in the ‘Managing risk’ section of this report on pages 42 to 44.

In addition, we describe in notes 21 to 22 the Group’s objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments

and hedging activities and its exposures to market, credit and liquidity risk.

Assessment

To report on the long-term viability of the Group, the Board reviewed the overall funding capacity and headroom available to withstand severe events and conducted a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The assessment assumes that any bank debt maturing in the next three years can be refinanced at commercially acceptable terms or via our current standby facility. The Board believes that three years is an appropriate time horizon given the current business portfolio and limited visibility beyond three years. This assessment also included reviewing and understanding both the impact and the mitigation factors in respect of each of those risks. The viability assessment has two parts:

- First, the Board considered the period over which it has a reasonable expectation that the Group will continue to operate and meet its liabilities, considering current debt facilities and debt headroom; and
- Second, it considered the potential impact of severe but plausible scenarios over this period, including:
 - assessing scenarios for each individual principal risk, for example commercial issues and the impact of regulatory challenges; and
 - assessing scenarios that involve more than one principal risk including multi-risk scenarios.

Findings

Viability review period

Whilst the Board has no reason to believe the Group will not be viable over a longer period, the period over which the Board considers it possible to form a reasonable expectation as to the Group’s longer-term viability, based on the risk and sensitivity analysis undertaken, is the three-year period to 30 September 2027. This reflects the period used for the Group’s business plans and has been selected because, together with the planning process set out above, it gives management and the Board sufficient, realistic visibility on the future in the context of the industry environment.

The Group’s annual corporate planning processes include completion of a strategic review, preparation of a three-year business plan and a periodic re-forecast of current-year business performance and likely landing. The plans and projections prepared as part of these corporate planning processes consider the Group’s cash flows, committed funding, forecast future funding requirements, banking covenants and other key financial ratios, including those relevant to maintaining our investment grade ratings. These projections represent the Directors’ best estimate of the expected future financial prospects of the business, based on all currently available information.

The use of the strategic plan enables a high level of confidence in assessing viability, even in extreme adverse events, due to a number of mitigating factors such as:

- Flexibility of cash outflow with respect to the ability to manage dividend returns to investors, capital expenditure projects planned to take place within the three-year horizon, return of surplus capital to investors via share buyback, plus promotional marketing programmes
- The Group has mature business relationships and operates globally within well-established markets
- The Group’s operations are highly cash generative, and the Group has access to the external debt markets to raise further funding

RISK IMPACT REVIEW

For each of our principal risks, plausible risk impact scenarios have been assessed together with a multiple risk scenario. The following table summarises the key scenarios that were considered, both individually and in aggregate:

Risk scenarios modelled	Level of severity reviewed	Link to principal risk
The consequences of adverse operating and commercial pressures, involving volume reduction and/or falls in margin, driven by unforeseen reductions in the size of the legitimate tobacco market or other changes in the level of consumer demand for our products.	The maximum quantifiable impact of all envisaged business risks, including the impact of a loss of market size and share and lack of pricing.	• Pricing and excise change • Regulatory change • Product supply • Technology resilience • Product innovation and portfolio • Consumer and market trends • Social • Environment • Business transformation
	The value of these combined risks totals £0.5 billion over the three-year period under review.	
The possible costs associated with legal and other regulatory challenges, including competition enquiries and tax audits.	A further worst-case scenario has also been considered, modelling a 10% reduction on remaining EBITDA after consideration of the isolated business risks. The value of this EBITDA modelled totals £1.3 billion over the three-year period under review.	• Legal compliance • Social • Environment
	We have reduced the EBITDA reduction from 15% in the prior year to 10% this year to better represent a plausible downside scenario.	
	Failure to successfully defend existing and reasonably foreseeable future legal and regulatory challenges, at the expected financial exposure.	
	The value of these combined risks is c.£1.3 billion.	

None of the scenarios reviewed, either individually or in aggregate, would cause Imperial Brands to cease to be viable.

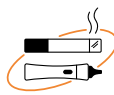
Climate-related risks have been assessed as causes of a number of our underlying risks which are included within the scenario modelling, including, but not limited to, the failure to supply product due to weather-related impacts on individual factories, the cost of complying with environmental legislation such as carbon pricing, and the impact that climate change has upon the supply of raw materials (notably leaf).

In 2023, we also conducted a quantified climate scenario analysis with 4°C and 1.5-2°C pathways aligned with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) and Paris Agreement. The scenario analysis takes into consideration climate-related physical and transition risk to 2050, which we disclose in detail for the next 10 years. The Group does not consider climate change to be a risk from a viability perspective. The Group holds c.12 months of leaf stock protecting against any shortage or incremental cost caused by a natural event, hence it would not materially impact the period under review. Any incremental cost would have an EBITDA impact lower than that modelled as part of the scenario testing.

CONCLUSION

On the basis of this robust assessment of the emerging and principal risks facing the Group, and on the assumption that they are managed or mitigated in the ways disclosed, the Board’s review of the business plan and other matters considered and reviewed during the year, and the results of the sensitivity analysis undertaken and described above, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 30 September 2027.

BUILDING TRUST WITH OUR STAKEHOLDERS



Building and maintaining trust with our stakeholders underpins the success and reputation of Imperial Brands. Through stakeholder collaboration we aim to develop the Company, minimise our environmental impact, make a positive social contribution and uphold high standards of governance.

This section of the Annual Report provides insight into how stakeholder engagement is taken into consideration by the Board and the Executive Leadership Team (ELT) in their decision-making processes. It goes on to describe how we monitor the effectiveness of our engagement.



	CONSUMERS	COLLEAGUES	CUSTOMERS
	Our strategy starts with our consumers. Millions of adults worldwide choose to enjoy our tobacco and next generation products. The better we understand the preferences of our consumers, the better we are able to serve them. This helps us grow our business, and it helps us identify and capitalise on opportunities as a challenger business.	Our colleagues are Imperial’s most important asset and are critical to the success of the business. It is essential we create a supportive, safe and rewarding work environment to enable them to deliver our goals and develop their careers. We believe that a diverse and engaged workforce is imperative for business success.	Where it is difficult to engage directly with consumers, engaging with retailers provides useful insights into our consumers’ behaviour and preferences. This helps us grow our business, even where there are regulatory headwinds, and identify opportunities to be a successful challenger. We work closely with distributors, wholesalers and retailers to ensure our products are available to adult consumers in a diverse range of outlets. These stakeholders play a crucial role in our business model.
HOW THE BOARD CONSIDERS THIS STAKEHOLDER	• The Board participated in a number of consumer immersion events over the course of the year, in the Czech Republic and the UK. These afforded Board members the opportunity to get closer to the consumer by hearing directly from them about their behaviours, likes and dislikes. Board members were also able to discuss matters important to both combustible and nicotine product consumers, with a particular focus on heated tobacco and NGP product innovation • Our CEO also met separately with consumers during the year • A visit to one of our Innovation Hubs provided Board members with first-hand insights to consumer preferences	• Collective responsibility for workforce engagement has been embedded into the Board’s governance framework in the remit of the People, Governance & Sustainability Committee, of which every Non-Executive Director is a member • The Board held three “Meet the Board” events with groups of colleagues during the year, giving the Board the opportunity to hear colleagues’ perspectives, allowing the Board to incorporate colleagues’ views into its decision-making • The Board also engages with a broad cross-section of employees by way of dinners, informal drinks and site visits • The Board receives regular feedback from our employees through updates at the PGS Committee	• The Board has participated in store visits in the Czech Republic over the course of the year. These visits provided the opportunity to talk directly to retailers • Our CEO meets with customers regularly throughout the year
HOW WE ENGAGE WITH THIS STAKEHOLDER	• Consumer roundtables and focus groups are held to understand consumers’ specific requirements and preferences • Feedback from these focus groups is used in our decision-making for investments in brand refreshes and marketing • The Global Consumer Office, headed by the Chief Consumer Officer, leads consumer-listening initiatives across the Group	• “Connections”, our purpose, vision and behaviours development programme, continued, ensuring all colleagues experience training to enhance their understanding of these behaviours, and what they mean for them in their role • Over 300 senior leaders were equipped with skills in performance coaching through the Connected Leadership Programme: asking powerful questions, recognising and valuing difference and actively listening to engage and empower employee performance • CEO and leadership town hall meetings, in person and virtually, providing direct feedback opportunities	• Our market cluster leadership teams engage with our customers to understand how to improve the effectiveness of their sales forces • We work closely with our distributors to understand how we can best manage our relationships, and have a dedicated team to support distributor sales and build best practice in distributor management across the Company • We use key account management practices to engage with our largest customers to better understand their needs and to create strong commercial partnerships to help our businesses create value together
WHAT MATTERS TO THIS STAKEHOLDER	• Our focus groups informed us that adult consumers want a choice of brands and quality products at the right price points • Consumer preferences such as cigarette pack formats, flavours and filters, as well as the choice of potentially less harmful NGP, evolve over time • Fully understanding consumer needs allows us to remain relevant and underpins consumer loyalty to brands	• Continued progress on DE&I and issues of authenticity and inclusion, particularly around gender, ethnicity, LGBTQ+ and disability, are taken seriously • Responsibility and accountability, underpinned by a fair assessment of contribution, with senior managers leading by example • Health, safety and wellbeing continue to be a priority	• A diverse portfolio of quality products that appeal to consumers, with consistent communication on the launch pipeline and investment behind relevant brands • Ease of ordering and a strong supply chain to maintain high levels of on-shelf availability • Support to protect against illicit trade and underage sales and guidance through industry changes, such as display bans or plain packaging
HOW WE MONITOR THE EFFECTIVENESS OF OUR ENGAGEMENT	• We hold regular consumer focus groups to assess the impact of our brand refreshes and marketing campaigns on consumers • We believe market share changes across products, channels and geographies reflect the effectiveness of our engagement with consumers • Regular data-led updates from the Global Consumer Office provide the Executive with evidence and an opportunity to challenge assumptions when making decisions related to our product portfolio	• We review the results of our annual workforce engagement in the Employee Experience survey, and ask people leaders to create action plans as a result of the survey and we review completion and progress of these plans • We review the results of our interim pulse surveys • The ESG Committee, chaired by the CEO, receives feedback from the Business Employee Resource Groups (BERGs) • Feedback is shared by BERG members and the Global DEI Team in the DEI Steering Group • We collate feedback from exit interviews to find out why employees choose to leave us	• We monitor our performance relative to other FMCG companies through the Advantage Survey and other benchmarking surveys. Feedback from these surveys is reviewed and taken into account in our engagement plans and in setting priorities • We hold management roundtable events with regional customers to hear first-hand how Imperial is performing relative to peers • A quarterly pulse report provides performance feedback which is used to highlight areas for improvement • We have KPIs to monitor progress against operational initiatives

i Further information on how the Board has considered stakeholders when making key decisions is given on the following pages and also in the Governance Report on pages 98 to 103.

i The Board’s decision-making process is illustrated in our Section 172(l) statement on page 102 which is incorporated into this Strategic Report by reference.



GOVERNMENTS AND REGULATORS

The regulation of tobacco and nicotine varies significantly across our global markets. We believe that reasonable and balanced regulation of tobacco and nicotine products is essential to support consumers on their harm reduction journey, and we seek constructive engagement with policy makers and regulators to achieve this.



INVESTORS

Our investors provide capital to the business with a view to receiving a return on that investment through capital growth and dividend returns.



SUPPLIERS

Suppliers are essential partners in our business operations – and their commitment to quality, innovation, and ethical practices supports both our commercial success and our People and Planet agenda.

HOW THE BOARD CONSIDERS THIS STAKEHOLDER

- Our corporate strategy includes building a portfolio of next generation products (NGP) with potentially reduced harm
- The Board would like to engage more with this stakeholder but opportunities have been limited
- Our Chief Corporate Affairs Officer presents to the Board regularly on the Group's regulatory risks and our corporate affairs strategy to manage these risks
- Management provides updates to the Board as part of the regional business reviews, including, where relevant, any updates on the regulatory landscape

- Our CEO, CFO and Chair have regular meetings with our major investors to update them on our performance, hear their views directly and consult with them
- The Board receives a report at every meeting on stock market performance, investor engagement, and investor/analyst feedback following all investor events
- During the year, the Board commissioned an investor perception study to gather feedback on our delivery of our strategy, performance and communications
- Our AGM provides an opportunity for the Board to meet with investors

- The Board reviews and approves our Modern Slavery Statement annually
- Suppliers within our supply chain are included as part of the Board's ESG considerations (focus on sustainable and responsible sourcing and farmer's livelihood as part of our People and Planet strategy)
- Factory and site visits help the Board understand the complexities of our global supply chain

HOW WE ENGAGE WITH THIS STAKEHOLDER

- The Board welcomes constructive engagement with regulators, with management being primarily responsible for understanding and ensuring compliance with applicable laws and regulations
- Management regularly drafts responses to government consultation exercises, highlighting the potential impact of any regulatory changes under consideration on our business, our consumers, customers, suppliers, workforce, and other stakeholders and, where relevant, sharing our scientific evidence and consumer research with government, and to explore policy alternatives
- We also assess regulatory impact on product design and marketing support around brand launches
- This monitoring allows the Board to take relevant legislation and regulation into account when making its decisions

- Our Annual and Interim results presentations inform investors how the business is performing
- We maintain a programme of active dialogue with our key financial stakeholders, including institutional shareholders, potential investors, holders of our bonds and sell-side research analysts
- Our CEO, CFO and senior management present at various conferences throughout the year, including the Deutsche Bank Consumer Conference in Paris in June 2024 and the Barclays Global Consumer Staples Conference in September 2024
- Our Chair and CEO led an ESG investor webinar in September 2024, providing an update on progress with our ESG priorities

- Our Supplier Relationship Management "Connect" Programme creates further opportunities to align with suppliers on our strategic goals, strive for mutual growth and communicate to suppliers the importance of our People and Planet agenda and align with them on our broader Company objectives
- Our Supplier Qualification Programme is a screening process for all new non-tobacco materials and NGP suppliers
- Partner suppliers complete a self-assessment questionnaire covering the following categories: Labour, Health and Safety, Environment, and Business Ethics
- Our Supplier Code of Conduct helps ensure we engage suppliers that meet our minimum standards

WHAT MATTERS TO THIS STAKEHOLDER

- Tobacco excise revenues
- Public health spending on smoking-related health issues
- Assessment of reduced harm from NGP
- Confidence that our business is operating in compliance with local laws and regulations in each government's or regulator's region
- Collaboration with law enforcement agencies countering illicit trade and preventing youth access to tobacco and nicotine products

- Confidence in the Board that it has appropriate oversight of the management team
- Trust in the management team to have a strategy and operational plan to optimise value creation and ensure the long-term sustainability of returns, and to deliver on that strategy
- The setting of realistic expectations combined with transparent reporting of performance against KPIs, both financial and non-financial, including ESG metrics
- Disciplined capital allocation

- Sourcing products and services in a compliant, sustainable and socially conscious manner
- Fair and ethical treatment, openness and transparency. If they have a concern suppliers can use the Speak Up process
- Supporting and developing farming communities and promoting sustainable agriculture
- Achieving a decent standard of living
- Our Leaf Partnership Projects support communities in tobacco-growing countries most in need

HOW WE MONITOR THE EFFECTIVENESS OF OUR ENGAGEMENT

- We track regulatory approval of products that we submit for listing in markets where this is required
- We review proposed new legislation and the Company's ability to be involved in the development of regulation effectively supporting public health objectives
- We monitor both direct and indirect feedback from regulators

- Our CEO, CFO and Chair engage with investors to gather feedback on how we are performing against our strategy
- Topics discussed during the year included the continued delivery against the strategy, sustainability of the tobacco value model, development of our NGP business, capital allocation considerations and ESG
- The Board receives an investor relations update at every Board meeting, which sets out the latest investor views, share register movements and recent market and competitor developments
- Investor perception is assessed on an ongoing basis through feedback on meetings, our events and our conference presentations. This feedback is shared with the Board in the IR Board Report

- Ongoing legal and trading compliance screening
- Supplier performance reviews
- Bi-annual strategic business reviews including 360° feedback process across our most strategic suppliers
- Detailed vendor rating system
- Annual Sustainable Tobacco Programme assessment forms part of supplier ratings, along with quality, cost and value
- Critical suppliers are required to undertake on-site quality assurance audits as part of onboarding and further risk-based audits after that
- Ethical trading risks are monitored through our ethical trading risk assessment platform, and other channels

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

The following table constitutes our Non-Financial and Sustainability Information Statement in compliance with Sections 414CA and 414CB of the Companies Act 2006.

The information listed is incorporated by cross-reference. Additional non-financial information is also available on our website.

Reporting requirement	Policies	Further information	Page
Environmental matters*	- Environmental Policy - Filter Policy - Sustainable Tobacco Programme - Biodiversity Statement	Environmental targets	23, 66, 68, 88
		International management systems	67, 78
		Climate and energy	66, 78
		Reducing waste	68
		Sustainable tobacco supply	70, 72
Employees*	- Code of Conduct - Group-wide Employment Policy - Fairness at Work Policy - Speaking Up Policy - Occupational Health, Safety and Environmental Policy and framework	Diverse and engaged workforce	76
		Workplace health and safety	74
		International management systems	74, 75, 77
		Lost time accident (LTA) rate	75
Respect for human rights*	- Human Rights Policy - Code of Conduct - Supplier Code of Conduct - Health Protection and Wellbeing Policy - Fairness at Work Policy - Speaking Up Policy	Diverse and engaged workforce	76
		Workplace health and safety	74
		Human rights	73
		International management systems	73
Social matters*	- International Marketing Standards - Policy on taxation - Community Contributions and Volunteering Policy - Information Security Policy	Human rights	73
		Youth access prevention	65
		Farmer livelihoods and welfare	70
		Charitable and political donations	130
Anti-corruption and anti-bribery*	- Code of Conduct - Fraud Risk Management Policy - Speaking Up Policy - Supplier Code of Conduct	How we manage risk	42
		Governance, risk management and internal control	42, 113
		Powered by responsibility	61
Description of principal risks and impact of business activity		Principal risks and uncertainties	45
		Governance, risk management and internal control	42, 113
Description of the business model		Business model	14
		Our Distinctive Approach	
Non-financial key performance indicators		Key performance indicators	22
		Sustainability performance indicators	63, 66, 68
Climate-related financial disclosures		TCFD report	78

* Further information on our policies, due diligence and outcomes in these areas is contained throughout the Strategic Report.

DELIVERING ON OUR ESG PRIORITIES THROUGH OUR STRONG PERFORMANCE CULTURE

Purpose: Forging a path to a healthier future for moments of relaxation and pleasure.

Vision: To build a strong challenger business powered by responsibility, focus and choice.

Reduced our Scope 1 and Scope 2 market-based emissions by

69%

since 2017

Last year we supported more than

128,000

New beneficiaries through our Leaf Partnership Programme

Reduced lost time accidents by

47%

since 2019 (absolute numbers)

Our commitment to environmental, social and governance (ESG) issues is a core element of our business strategy and aligns to our purpose and vision.

The Company’s overarching vision is to be a strong challenger business, and we apply this same mindset to our ESG priorities.

In ESG, being a challenger means starting with the consumer and looking at issues, such as consumer health or sustainable packaging, through the lens of the people who use our products.

It is also about acting with agility. The teams who lead our ESG priorities operate close to our businesses and their goals are aligned to our commercial objectives. We see clear synergies, for example in our drive to reduce carbon emissions and our wider ambitions to build more efficient manufacturing processes.

Being a challenger is also about having a high-performance culture. In each of our priority areas, we have clearly defined accountabilities, metrics and objectives. We have been building capabilities through external hires, the upskilling of our existing people and the application of new systems enabling us to become more data driven.

We continue to strengthen our governance framework in relation to ESG, with distinct, well-defined roles for the Board and management. Please see page 61 for further details.

Delivery of our ESG targets is supported by active engagement from our senior executives. Each priority area is sponsored by members of the Executive Leadership Team, who challenge strategy development, drive integration and set the tone from the top.

An ESG executive sponsor forum convenes three times a year to identify synergies, share best practice, develop future strategy and to really harness the power of the collective.

Our eight focus areas are grouped into three categories: Healthier Futures, Positive Contribution to Society, and Safe & Inclusive Workplace. Each focus area aligns with at least one of the United Nations’ Sustainable Development Goals (UN SDGs).

During 2024 there has been a particular focus on galvanising our people behind our ESG priorities, which we refer to internally as our “People and Planet” agenda. An important element of this engagement has been our Triple Zero initiative, highlighting our aspirations for zero carbon, zero waste and zero injuries.

To educate and raise awareness, we dedicated an episode of Connections TV, our global internal channel, to People and Planet, which was viewed by more than 3,000 colleagues. Other activities included a CEO-led event for our top 500 leaders on the role they need to play in our ESG strategy.

ESG REPORTING FRAMEWORK

Our [Reporting Criteria document](#) provides further information on ESG-related metrics.

We report ESG-related information in accordance with the core options of the Global Reporting Initiative (GRI) Standards and against the Sustainable Accounting Standards Board (SASB) framework for tobacco. Details can be found in our 2024 GRI and SASB Index.

Note: Logista is a public company listed on the Bolsa de Madrid and is managed remotely due to commercial sensitivities and is responsible for its own data, including ESG-related data, and, accordingly, remains out of scope for all Imperial ESG-related KPIs. However, the steps Logista is taking to address the impacts on its business of climate change are detailed in our TCFD disclosures on page 78.

ESG: People and Planet Performance Summary 2024

 Further information and data related to each of the material ESG issues is available on our website in our 2024 ESG: People and Planet Performance Summary.

 In FY24 ESG metrics continue to be part of executive remuneration. See page 117 for more information.

Our performance culture drives ESG accountability.

DOUBLE MATERIALITY ASSESSMENT

In 2023, we conducted our first double materiality assessment (DMA). This year, as part of our preparation for the upcoming Corporate Sustainability Reporting Directive (CSRD) we have designed our DMA approach to meet CSRD requirements. Double materiality identifies both how a company's operations impact people and the environment (impact materiality) and how sustainability matters impact the company itself (financial materiality).

To support this exercise, we have followed the European Financial Reporting Advisory Group (EFRAG) best practice by adopting an approach combining data and technology with

stakeholder validation. We have used Datamaran, an ESG software solution, to provide the process and data to facilitate the identification, assessment and monitoring of material issues across our value chain. Analysis of information from thousands of data points, including corporate reports, mandatory and voluntary regulations and online news, informed our stakeholder engagement. We are working towards a traceable and auditable process, suitable for external assurance as required by CSRD, which supported us in the following three key areas:

1. Identify the European Sustainability Reporting Standards (ESRS) disclosure requirements and data points to report on.
2. Build and update the ESG strategy; and
3. Set up ongoing governance and due diligence oversight.

While our DMA is still in progress and pending sign off from independent auditors, early headline results indicate that our eight ESG topics and their relevant impacts, risks, and opportunities have been identified as material to our business. In addition to this, the DMA has highlighted additional areas of focus, particularly in governance. We have controls and frameworks in place for these areas, to ensure they are well managed. The full, confirmed results will be disclosed in next year's Annual Report.

Further details on our DMA results and process can be found in the ESG Performance Summary.

While we face many challenges, overall, we are meeting our commitments and demonstrating a consistent track record in ESG performance. The transformation in our performance culture and engagement of the workforce has helped to drive this progress. However, we recognise there is more work to do for us to deliver our ESG agenda.

T. Dunnage

Tony Dunnage
Global ESG Director

PRELIMINARY RESULTS FOR DOUBLE MATERIALITY ASSESSMENT

ESRS topic	Financial materiality	Impact materiality	Link to ESG topic
E1 - Climate Change	Material	Material	Climate Change
E2 - Pollution	Material	Material	Climate Change and Packaging & Waste
E3 - Water and marine resources	Not material	Not material	
E4 - Biodiversity and ecosystems	Not material	Not material	
E5 - Circular economy	Material	Material	Packaging & Waste
S1 - Own workforce	Material	Material	Diversity, Equity, & Inclusion , Health, Safety & Wellbeing , and Human Rights
S2 - Workers in the value chain	Material	Material	Diversity, Equity, & Inclusion , Health, Safety & Wellbeing , and Human Rights
S3 - Affected communities	Not material	Not material	
S4 - Consumers and end users	Material	Material	Consumer Health
G1 - Business conduct	Material	Material	Sustainable & Responsible Sourcing and Farmer Livelihoods & Welfare

POWERED BY
RESPONSIBILITY

We are committed to conducting our operations responsibly and respecting our people, our communities and our planet.

We fulfil our ESG responsibilities by maintaining a strong governance framework that emphasises high standards of corporate governance, transparency and ethics. We are committed to continuously reviewing and enhancing our risk management processes and disclosure practices to align with evolving standards and best practice.

To ensure the Board has oversight of all relevant ESG issues, the People & Governance Committee has been reframed as the People, Governance & Sustainability (PGS) Committee and is chaired by the Chair of Imperial Brands. The PGS Committee receives direct reports from two key Executive Committees: the Group ESG Committee and the Group Ethics and Compliance Committee, both chaired by our CEO. The PGS Committee plays a key role in reviewing Imperial's ESG and ethics and compliance practices and how risks in these areas are managed.

The Group Ethics and Compliance Committee is responsible for providing leadership and monitoring of our ethics and compliance programme. It supports and reinforces effective management of ethics and compliance risk, has oversight of investigations, reviews the Group and Supplier Codes of Conduct and establishes activities and processes that foster ethical business conduct, legal and regulatory compliance.

The ESG Committee is responsible for overseeing, advising and guiding the implementation of our People and Planet agenda. It monitors the Company's progress on ESG commitments and objectives, ensuring that sufficient resources are allocated to achieve these goals.

There are a number of operational working groups that address each of the ESG priority topics and relevant updates from these groups are reported to the ESG Committee. For more information, please see our 2024 ESG Performance Summary.

REFRESHED CODE OF CONDUCT

We launched a refreshed Group Code of Conduct in FY24. Front and centre of this new Code is the message that our people should feel free to speak up about any concern they may have relating to compliance or ethics matters, anonymously if necessary, and without fear of retaliation. There is also new coverage of diversity, equity and inclusion, and the introduction of a dedicated section on integrity in science.

Our Code is the foundational document of our Imperial Brands governance framework. It is our guide to doing the right thing and outlines the standards of behaviour that we expect from everyone who works for our organisation.

It is aligned with the policies, internal controls and risk management processes that underpin our strategy. The Code sets out the responsible behaviours we expect including from employees in their dealings with colleagues, customers, consumers, suppliers, agents, intermediaries, advisers,

governments and competitors. All employees and business partners are expected to act with integrity and in accordance with the standards of behaviour set out in the Code.

At the end of FY24, the refreshed Code had been translated into six languages. Further translations into 23 languages are planned by the end of calendar year 2024.

The roll-out of the Code will continue through FY25, supported by a dedicated learning programme.

We expect our suppliers to conduct their business in an ethical and responsible manner and to comply with all applicable laws and regulations. Our [Supplier Code of Conduct](#), refreshed in 2023, is available in 20 languages and sets out the behaviours we expect our suppliers to demonstrate.

The Supplier Code of Conduct is embedded into our Procurement Policy and processes, which govern how we select and contract with our suppliers.

SPEAKING UP

Our Speaking Up platform is available both to our employees and to other stakeholders, including suppliers and farmers. The platform offers a wide range of reporting routes and supports anonymous reporting and feedback.

The [Speaking Up Policy](#) is made available both internally and on the Group website in over 30 languages.

All reports made to our Speaking Up platform during the year were investigated by appropriate senior management, including members of our People and Culture team, Group Finance, Global Security Operations, and Group Legal. At all times, protection of the individual making the report was a key consideration.

The majority of reports made in FY24 related to employee grievances. Allegations were also received of misuse and/or theft of Company property (including through our fraud reporting process). Some of these allegations were found to be valid in whole or part. None were found to be material in nature or value. Where appropriate, corrective action was taken.

ANTI-BRIBERY AND CORRUPTION POLICY

We have a zero-tolerance approach to bribery and corruption. These commitments are made in our Code of Conduct, Supplier Code of Conduct and in our dedicated Anti-Bribery and Corruption (ABAC) Policy. Mandatory ABAC training is provided to online employees. Measures are in place to assess our business partners for compliance risk, including ABAC.

Where appropriate (risk and value based), our business partners are required to commit to specific contractual commitments relating to ABAC compliance. Processes exist both to allow reporting (including anonymously) of any allegations of bribery and also to detect and investigate any allegations.

During FY24 there were no confirmed cases of bribery against the Group.

OUR ACTIONS RECOGNISED



2023 CDP A List for Climate Change:

Our actions to cut emissions and mitigate climate risks have earned us a position on the CDP's A List for climate change, for a fifth consecutive year.

Our 2023 CDP scorecard is available on our website Performance page.



CDP Supplier Engagement Leader:

We have been recognised as a Supplier Engagement Leader by the CDP for a fifth successive year.

All companies making climate change disclosures to the CDP receive a Supplier Engagement Rating (SER), in addition to their climate change score, rating them on how effectively they engage their suppliers on climate issues.



2024 Climate Leader:

Imperial has been recognised as a 2024 Climate Leader by the Financial Times for a fourth consecutive year, in its ranking of actions taken by European businesses.



SBTi

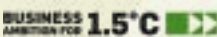
The Science Based Targets initiative (SBTi) has verified both our near-term and long-term science-based emissions reduction targets.

Our overarching target to be Net Zero by 2040 has also been approved by the SBTi.



Race to Zero

In 2021, we joined the UN's Race to Zero, the world's largest coalition of non-state actors taking immediate action to halve global emissions by 2030. In doing so, we joined other members in our goal to reduce emissions across all scopes swiftly and fairly, in line with the Paris Agreement, and with transparent action plans and near-term targets.



Business Ambition for 1.5 degrees

The Business Ambition for 1.5 degrees campaign was an urgent call to action from a global coalition of UN agencies, business and industry leaders, in a partnership with the Race to Zero. We joined in November 2021, reaffirming our commitment to be Net Zero across all three scopes by 2040.

INVESTOR BENCHMARKS

Our ESG management and performance is evaluated by a wide range of external rating agencies.

We believe it is important for rating agencies to work together with companies, investors and other stakeholders to improve consistency and transparency in producing robust ESG data and ratings.



In its last updated report in August 2023, Sustainalytics notes that Imperial Brands is at high risk of experiencing material financial impacts from ESG factors, due to its medium exposure and strong management of material ESG issues. The company is noted for its strong corporate governance performance, which is reducing its overall risk.



We have participated in the investor-backed Workforce Disclosure Initiative (WDI) since 2019. This benchmark is based on a disclosure score.

In 2024 we received a 97% disclosure score for our WDI submission.



MSCI has given Imperial Brands an A rating in its latest report updated in September 2024. They note that Imperial Brands continues to lead global peers on corporate governance practices. However, scrutiny over its supply chain labour practices remains.



Moody's Analytics gave Imperial Brands an overall ESG score of 44/100 in their last review update in January 2024.

INDEPENDENT ASSURANCE

We appointed Ernst & Young LLP to provide limited independent assurance over selected ESG content within the Annual Report for the period ended 30 September 2024.

The assurance engagement was planned and performed in accordance with the International Standard for Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

These procedures were designed to conclude on the accuracy and completeness of selected ESG indicators, which are indicated in the report with an "A". An unqualified opinion was issued and is available on our website along with further details of the scope, respective responsibilities, work performed, limitations and conclusions.

ESG HIGHLIGHTS



Our ESG strategy remains aligned with the United Nations Sustainable Development Goals.

HEALTHIER FUTURES



CONSUMER HEALTH

We are committed to strengthening our next generation products (NGP) and making a more meaningful contribution to harm reduction by offering adult smokers a range of potentially less harmful products.

NGP net revenue has increased

64%

since 2020



CLIMATE CHANGE

We are committed to reducing our impact on the climate throughout our value chain. Focusing on both mitigation and adaptation.

Reduced our Scope 1 and Scope 2 market-based emissions by

69%

since 2017



PACKAGING & WASTE

We are committed to minimising waste associated with our products, packaging and production processes.

Reduced absolute waste across our operations by

32%

since 2017

POSITIVE CONTRIBUTION TO SOCIETY



FARMER LIVELIHOODS & WELFARE

We are committed to engaging with our suppliers to support and develop farming communities and promote sustainable agriculture.

180,000

tobacco community members benefiting from Leaf Partnership projects aimed at increasing access to clean water.



SUSTAINABLE & RESPONSIBLE SOURCING

We are committed to sourcing products and services in a compliant, sustainable and socially conscious manner. We will work with suppliers to ensure improvements.

We have been recognised by the CDP as a supplier engagement leader in 2023 for a

5th year

SAFE & INCLUSIVE WORKPLACE



HUMAN RIGHTS

We are committed to raising awareness and improving processes in our supply chains, recognising the importance, influence and role we have in promoting and protecting human rights.

Factory sites self-assessment compliance

98%

with human rights leading indicators



EMPLOYEE HEALTH, SAFETY & WELLBEING

We are committed to achieving world-class occupational health, safety and wellbeing for all our employees.

Reduced lost time accidents by

47%

since 2019 (absolute numbers)



DIVERSITY, EQUITY & INCLUSION

We are committed to creating a truly diverse and inclusive organisation renowned for celebrating difference, enabling our people to feel that they belong and be their authentic selves. We will respect, recognise and value the diversity of our consumers and reflect the communities in which we operate.

Disclosure score

97%

in the 2024 Workforce Disclosure Initiative (WDI)



CONSUMER HEALTH

COMMITMENT:

We are committed to strengthening our next generation products (NGP) to make a more meaningful contribution to harm reduction by offering adult smokers a range of potentially less harmful products.

Links to SDGs



- SDG 3: We are committed to tobacco harm reduction

Behaviours



KPI
NGP net revenue

METRIC
NGP net revenue
from tobacco and
NGP net revenue

Status: On track

Baseline Year (2020)	£201m
2024 ^A	£329m ^A

FY24 Performance
NGP net revenue has increased by 64% since 2020.

Our consumer health ambitions are underpinned by three pillars:

1. Consumer Choice: Providing adult smokers and nicotine consumers with a range of NGP.
2. Scientific Substantiation: Demonstrating our NGP are potentially harm reduced compared to smoking.
3. Unintended Use Prevention: Ensuring our NGP are used by adult smokers and adult nicotine users only.

Imperial Brands continues to transform, driven by consumer-centric science and innovation and a commitment to make a meaningful contribution to tobacco harm reduction (THR) through our NGP portfolio.

Access to choice

Focusing on consumer choice, we now sell NGP in more than 20 countries and offer potentially harm reduced cigarette alternatives to over 200 million adult smokers and adult nicotine users.

Last year we upscaled our heated, vape and oral nicotine delivery (OND) propositions within existing market footprints.

Our blu vaping portfolio expanded with new formats like blu bar kit and blu bar box, while we continued to responsibly launch new NGP flavours in markets without flavour restrictions.

Aligned with our challenger approach, we also entered the rapidly expanding US tobacco-free oral nicotine pouch market with Zone.

iSenzia – our new tobacco-free heated herbal product – was also launched in several markets.

Scientific substantiation

We continue to substantiate the harm reduction potential of all our NGP relative to cigarettes through our multi-discipline scientific assessment framework.

As part of our meaningful contribution to THR, this research often goes significantly beyond the routine testing required by regulators.

Last year, for instance, we undertook in-market observational studies focusing on providing adult smokers – with no intention to quit – with our heated and vaping propositions.

The studies investigated how adult smokers use our products over time to reduce their smoking or quit cigarettes entirely.

In the Czech Republic, we conducted a study of 300 smokers with no intention to quit and introduced them to our heated products. By the end of the study, half of the consumers had completely switched or cut smoking by at least 50%.

In a similar study conducted in the UK, where adult smokers were offered our blu vapes, we found that one in three had halved their smoking in just three weeks. By week six, up to 40% had either completely switched or cut their cigarette consumption.

Our diverse network of professional scientists is spread across several countries and ISO-certified laboratories. Planning has begun for a new state-of-the-art facility in Hamburg.

We also continue to evolve our innovative Alternatives to Animal Testing (ATAT) programme. This year, using ATAT methods our scientists demonstrated significant reductions in markers of smoking-related disease for our vape and heated products, compared to cigarettes.

Imperial Brands' continuing contribution to the wider body of academic research around NGP includes publishing 31 peer-reviewed papers and presenting 24 scientific posters at conferences over the last five years.



Please visit our [science website](#) for more information.

We undertake a range of safeguarding activities to protect our consumers by taking care in the product design, manufacture, scientific substantiation and marketing of our NGP.

One such activity relates to governance, in particular the Product Stewardship and Health Group, which is responsible for advising the Board on all consumer safety issues. Please see our [ESG Performance Summary 2024](#) for more information.

Unintended use prevention

We share concerns that the continuing irresponsible marketing and retailing of NGP – and a concerning rise in illicit products – are undermining trust in the category's public health potential.

To address key issues like these, we have accelerated external engagement, education and communication. Over the last year we have:

- Enhanced our contribution to external NGP debates (for example, discussions on the importance of flavours and nicotine misperceptions) by hosting and participating in THR-themed events in Brussels, Miami, Dubai, Warsaw and Athens.
- Successfully piloted a trade-focused education programme to our own sales force and external retailers to upskill their THR and NGP knowledge and to build grassroots capability and advocacy through our internal Science Academy.

We actively participate within international product standards bodies like the International Organization for Standardization (ISO) and the European Committee for Standardization (CEN), and established industry scientific associations like the Cooperation Centre for Scientific Research Relative to Tobacco (CORESTA).

We continue to engage extensively with regulators and public health bodies across the world to advocate for balanced regulation, which offers adult smokers a range of effective alternatives to cigarettes while minimising unintended use.

A. Select 2024 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY's Assurance Opinion is available on our [website](#). Our reporting scope and definitions are detailed in the Reporting Criteria document published on our [website](#).





CLIMATE CHANGE

COMMITMENT:

We are committed to reducing our impact on the climate throughout our value chain, focusing on both mitigation and adaptation.

Links to SDGs



- **SDG 13:** Take urgent action to combat climate change and its impacts
- **SDG 7:** Ensure access to affordable, reliable, sustainable and modern energy for all

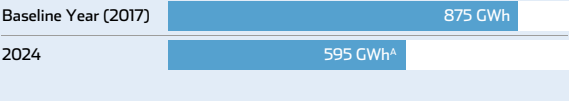
Behaviours



TARGET
25% Reduction in energy consumption by 2030

METRIC
Absolute energy consumption in our operations (GWh)¹

Status: Achieved, new target to be implemented



TARGET
50% Reduction in Scope 1 and Scope 2 GHG emissions by 2025

METRIC
Absolute Scope 1 and Scope 2 market-based CO₂e emissions (Tonnes)¹

Status: Achieved



TARGET
50% Reduction in absolute Scope 3 emissions by 2030

METRIC
Total Scope 3 CO₂e emissions (Tonnes)

Status: On track



FY24 Performance

We achieved our energy reduction target ahead of time with a 32% decrease in energy consumption compared to the 2017 baseline year. We will set a new target subject to approval by the ESG Committee.

We achieved a 69% reduction in our total Scope 1 and Scope 2 market-based CO₂e emissions compared to the baseline year. ^{*}The baseline has been restated due to the correction in Scope 2 emissions relating to the source of heat and steam in our factory in Türkiye.

In FY24, we updated our Scope 3 calculation methodology and as a result we have restated our 2017 baseline year^{**} based on this new methodology. We have seen a 34% decrease in total Scope 3 emissions compared to the 2017 baseline year.

Climate change is a key priority for our stakeholders and it is also a critical business concern that has the potential to directly impact financial performance and risk management.

Extreme weather events and supply chain disruptions can pose direct threats to our people, operations, assets and revenue streams. We assess and quantify these challenges and mitigate significant risks.

Relevant risks and opportunities are disclosed in our Task Force on Climate-related Financial Disclosures (TCFD) report; see page 78 for details.

We are committed to addressing our climate change impact, aiming to be fully Net Zero by 2040. This long-term goal involves eliminating our net greenhouse gas (GHG) emissions, not only within our business operations but also throughout our entire supply chain.

We have also set two key intermediate goals for 2030.

1. To be Net Zero for our Scope 1 and 2 emissions.
2. To have reduced all our carbon emissions related to our business – that is Scope 1, 2 and 3 GHG emissions together – by 50% compared to the 2017 baseline year.

Our journey to Net Zero presents an opportunity for us to play our part in curbing global warming and also to introduce improved manufacturing and sales techniques, and to strengthen supply chain relationships.

During 2024, the Science Based Targets initiative (SBTi) validated our 2040 Net Zero target, along with our short and medium-term objectives, reaffirming our alignment with the Paris Agreement.

Our target to be fully Net Zero by 2040 is one part of our Triple Zero campaign.

Delivering on our direct targets

During 2024, we made further progress reducing our direct emissions and can report a 69% reduction in our direct Scope 1 and 2 market-based emissions compared to the 2017 baseline year.

Most of these emissions reductions come from changes to manufacturing activities, where we take a data-led approach to improve operational efficiency. In the past year, we invested in a new global energy management system to continually collect usage data. This system has allowed us to map and compare our manufacturing energy usage across our footprint which is already providing specific, actionable insights. We are now building a framework of leading environmental indicators and accompanying guidance, and over the next year, this will be introduced to all factory sites.

Carbon reduction through fleet management

Emissions from our global fleet of around 4,600 vehicles account for around 29% of Scope 1 emissions. We are seeking solutions that drive energy efficiencies and support the

 For more targets and metrics related to climate change, please see our [ESG Performance Summary 2024](#).

A. Select 2024 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY's Assurance Opinion is available on our website. Our reporting scope and definitions are detailed in the Reporting Criteria document published on our website.
1. Our 2024 environmental data covers the reporting period Q4 2023 to Q3 2024. This is to allow for data collection, validation and external assurance. We use the industry leading Greenhouse Gases (GHG) Protocol standard to inform our reporting of Scope 1 and 2 emissions.

energy transition. As we transition to lower carbon alternatives, we will take actions such as the introduction and expansion of electric vehicles where it makes practical sense, as well as the use of hybrid vehicles as part of our approach.

Progress on our indirect targets

Achieving our Net Zero goal by 2040 requires us to manage carbon reduction across our Scope 3 emissions, which account for more than 90% of our total carbon footprint.

Our strategy is to prioritise our large suppliers, those with high spend and emissions. We are working with these suppliers to gain a more precise understanding of their most material emission sources. We also encourage them to establish reduction targets, improve disclosure, and seek external validation of their plans through the SBTi. Suppliers are being engaged both through the CDP Supply Chain Programme and our own internal Supplier Relationship Management (SRM) initiative known as SRM Connect. For additional details, please see page 72.

In 2025, we will focus on expanding the use of the CDP Supply Chain Programme to enhance data collection and transparency. We will explore opportunities to collaborate with suppliers to reduce emissions and work closely with them to improve our overall Scope 3 emission calculations.

Within Scope 3, the Purchased Goods and Services category is the most material at 678,527^A tonnes of CO₂e, accounting for approximately 63% of total carbon emissions. This year we have obtained independent assurance of this data. Further information is provided in our [ESG Performance Summary 2024](#).

We have achieved our 2024 objective of ensuring that 50% of suppliers by spend in this category commit to science-based targets. Please see page 72 for more details.

In 2025 we will be launching Net Zero supplier contract clauses to reinforce our commitment to reducing emissions across our supply chain.

We have mapped our journey to Net Zero with a five-step plan illustrated below.

We have mapped a five-step approach towards Net Zero:

- 1 Undertake energy-efficiency initiatives
- 2 Switch to 100% renewable grid electricity
- 3 Transition all other energy types to renewable sources
- 4 Achieve Net Zero in our operations
- 5 Become climate positive, which means saving more greenhouse gas emissions than we are generating



LOGISTA EMISSIONS

Performance indicator	Unit	2017 (base year)	2021	2022	2023	Commentary
Logista absolute Scope 1 and 2 CO₂e emissions	Tonnes	38,554	45,557	47,099	132,262	Logista is managed remotely due to commercial sensitivities and is responsible for its own data. Logista has provided independently assured data from 2023 for absolute Scope 1, 2 and 3 emissions.
Logista absolute Scope 3 CO₂e emissions	Tonnes	193,611	194,634	189,709	335,851	Data for 2024 is still undergoing independent assurance. The increase in Scope 1 and 2 emissions seen in 2023 can be attributed to acquisitions and the expansion of the emissions accounting boundary to include maritime and rail transport. This change reflects the diverse transport services provided by the newly acquired entities. Logista's 2023 relative Scope 1 and 2 emissions comprise 57 tonnes (2022: 23 tonnes) of CO ₂ e per £million of 2023 distribution fees (our non-GAAP revenue measure for Logista). Further information on the scope of Logista's GHG reporting is available at www.grupologista.com .

SCOPE 1 AND 2 EMISSIONS – UK AND GLOBAL^{1,2,3}

Performance indicator	Units	2024		2023	
		UK and offshore area	Global (Excluding UK and offshore area)	UK and offshore area	Global (Excluding UK and offshore area)
Scope 1 emissions	tCO ₂ e	1,688	71,749	1,841	79,248
Relative Scope 1 emissions	tCO ₂ e/£m net revenue	0.2	8.8	0.2	9.9
Scope 2 location-based emissions	tCO ₂ e	876	107,594	872	113,187
Relative Scope 2 location-based emissions	tCO ₂ e/£m net revenue	0.1	13.2	0.1	14.1
Scope 2 market-based emissions	tCO ₂ e	0	15,683	0	20,326*
Relative Scope 2 market-based emissions	tCO ₂ e/£m net revenue	0	1.9	0	2.5*
Total Gross Scope 1 and Scope 2 location-based emissions	tCO ₂ e	2,564	179,343	2,713	192,435
Relative Scope 1 and Scope 2 location-based	tCO ₂ e/£m net revenue	0.3	22.0	0.3	24.0
Total Gross Scope 1 and Scope 2 market-based emissions	tCO ₂ e	1,688	87,432	1,841	99,574*
Relative Scope 1 and Scope 2 market-based	tCO ₂ e/£m net revenue	0.2	10.7	0.2	12.4*
Energy consumption	kWh	12,495,251	582,776,582	13,233,516	637,059,838

1. We have provided reporting in compliance with UK Streamlined Energy and Carbon Reporting (SECR) regulations (being the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the SECR under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.
2. For details on the methodology used for SECR calculations, please see our Reporting Criteria document available on our website.
3. Energy efficiency measures taken in FY24 are reported in our 2024 CDP Climate Change disclosures available on the CDP website.
A. Select 2024 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY's Assurance Opinion is available on our website. Our reporting scope and definitions are detailed in the Reporting Criteria document published on our website.
* Previous years' have been restated due to the correction in Scope 2 market-based emissions relating to the source of heat and steam in our factory in Türkiye.



PACKAGING & WASTE

COMMITMENT:

We are committed to minimising waste associated with products, packaging and production processes.

Links to SDGs



- **SDG 12:** Ensure sustainable consumption and production patterns

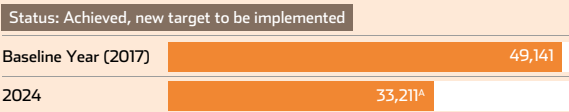
Behaviours



Start with the Consumer

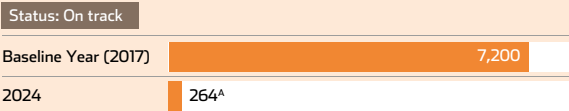
TARGET
20% Reduction in waste generated in our operations by 2030

METRIC
Absolute waste (Tonnes)¹



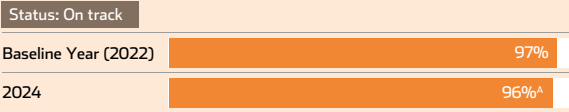
TARGET
Zero Waste to landfill in our operations by 2025

METRIC
Absolute **non-hazardous waste sent to landfill** (Tonnes)¹



TARGET
100% of all wood fibre in our packaging will be sustainably sourced by 2025

METRIC
Percentage of **wood fibre in our packaging** sustainably sourced



FY24 Performance
We achieved our waste reduction target ahead of time with a 32% decrease in waste compared to the 2017 baseline year. We will set a new target subject to approval by the ESG Committee.

We achieved a 96% reduction in non-hazardous waste sent to landfill compared to the baseline year.

96%^A of wood fibre in our packaging is now sustainably sourced. The slight reduction of this score seen in 2024 is due to a change in the calculation methodology.

As a responsible manufacturer, we are committed to minimising our environmental impact and promoting sustainability throughout our value chain. The Group [Environmental Policy](#) makes our commitment clear, which extends through several Group policies, including our [Code of Conduct](#) and [Supplier Code of Conduct](#). These set out the foundations of our approach to environmental sustainability which all our employees, suppliers, and business partners are required to adhere to. Our due diligence processes are designed to uphold high standards to minimise our environmental impact by reducing our carbon footprint, energy, waste, and water consumption, as well as protecting biodiversity. This commitment involves responsible production, usage, and disposal of our products, requiring all employees and partners to understand their roles.

The consumer is the starting point for our strategy. And as consumers' and policy makers' attention shifts to more sustainable manufacturing and recyclable packaging, we aim to efficiently use resources and minimise waste at source.

We are working towards ensuring all our packaging is reusable, recyclable or compostable and to minimise waste across our products, packaging and production processes.

Innovating for waste reduction

Our research suggests that, while consumers value product quality and are unwilling to compromise on this, they also highly value waste reduction but do not want to pay extra for this.

Working with third-party experts to assess the recyclability of our packaging, we developed new ways to create the same quality or better packaging where our existing packaging was not recyclable.

This underpins our target for all our EU and UK packaging to be reusable, recyclable or compostable by 2025. In FY24 based on third-party certifications, 94%^A of our packaging formats are now deemed recyclable.

We also set a target for all our products sold in the EU and UK, to have an average packaging recyclability score of more than 80% by 2030. Based on third-party packaging recyclability assessments, for the volume of packaging from products sold in the year, in FY24 we achieved an average packaging recyclability score of 84%^A.

Recent innovations include make-your-own cigarette buckets with reduced quantities of plastic, without compromising on consumer acceptance. In Spain, we introduced the industry's first roll-your-own tobacco pouch, featuring a food-grade recycled plastic content of 42%. We have also launched a snus can made from food-approved, bio-circular plastic.

 **For more targets and metrics related to packaging and waste, please see our [ESG Performance Summary 2024](#).**

A. Select 2024 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY's Assurance Opinion is available on our website. Our reporting scope and definitions are detailed in the Reporting Criteria document published on our website.

1. Our 2024 environmental data covers the reporting period Q4 2023 to Q3 2024. This is to allow for data collection, validation and external assurance.

Zero Waste ambition

In pursuit of our Zero Waste ambition, we established a goal to eliminate landfill waste from all our operations by 2025. We can report that since May 2024, we have sent zero waste to landfill from our manufacturing operations and main offices. Three sites in the Central African Republic, Mali and Ukraine are currently out of scope due to ongoing conflicts in these regions. Due to this and other challenges our focus is on maintaining this zero landfill status at our in-scope sites.

To support the next phase of our waste reduction programme, we have formed a global community of "Zero Heroes" to champion ongoing initiatives. We achieved our 20% waste reduction target ahead of time and will set a new target subject to approval by the ESG Committee.

Cigarette butts

We believe that the most effective approach to combating littering is through partnership with other key stakeholders, such as tobacco manufacturers, government agencies, retailers and local communities, educating consumers on the importance of the proper disposal of used cigarette butts.

We participate in Extended Producer Responsibility schemes, both on a voluntary basis and to fulfil regulatory requirements under various legislation, including the EU Single-Use Plastics Directive. The costs of these can cover waste management, the clean-up of litter and consumer awareness-raising measures.

Consumer acceptance and emissions regulation have meant that we are yet to find an adequate alternative substitute for the traditional cigarette filter. However, we continue to search for alternative materials for our filters.

NGP waste

We are committed to enhancing the sustainability and recyclability of NGP materials and packaging.

Our blu bar kit was developed to enable consumers to move from disposable products into rechargeable pod systems. Whilst our current blu bar 1000 already had a removable battery, our new blu bar kit enables consumers to have the same sensory experience but in a pod format, allowing them to keep the device and responsibly dispose of the pod only.

To support our consumers with the responsible disposal of our blu products, "take-back" schemes for vaping devices and pods continue in some markets.

Our target to maintain Zero Waste to landfill is one part of our Triple Zero campaign.





FARMER LIVELIHOODS & WELFARE

COMMITMENT:

We are committed to engaging with our suppliers to support and develop farming communities and promote sustainable agriculture.

Links to SDGs



Behaviours



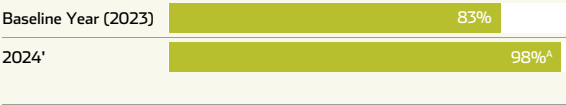
KPI

All leaf suppliers expressing a commitment to supporting their farmers to access a decent standard of living

METRIC

Percentage of leaf suppliers expressing a commitment to support their farmers to access a **decent standard of living**

Status: On track



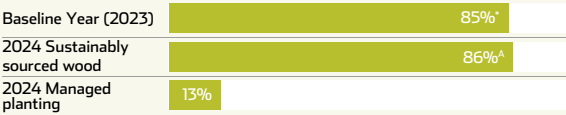
TARGET

100% Sustainable wood used as tobacco curing fuel¹ by 2025

METRIC

Percentage of **sustainably sourced wood or matched by managed planting**

Status: On track



KPI

100% of our tobacco leaf suppliers participating in the Sustainable Tobacco Programme (STP)

METRIC

Percentage of total **leaf suppliers participating in the STP**

Status: Achieved



FY24 Performance

98%^A of our leaf suppliers have expressed a commitment to support their farmers to access a decent standard of living.

86%^A of the wood was sourced from sustainable and traceable sources with an additional 13% matched by managed planting.

The baseline number* has been restated following a retesting of supplier data.

100% of our leaf suppliers participated in the STP.

For us to be able to serve our consumers over the long term, it is important that farmers continue choosing to grow tobacco.

We purchase approximately 97% of our tobacco through both global and niche suppliers from more than 30 countries worldwide, and around 3% from our own directly contracted farms.

Tobacco farmers are facing new challenges including extreme weather events, succession challenges, and inflation. In addition farmers have choices over whether to prioritise growing tobacco over other crops.

We engage with our leaf suppliers to ensure security of supply, develop farming communities and promote sustainable agriculture. These activities include improving farmer access to basic needs, a decent standard of living and income diversification, enabling them to continue to grow tobacco sustainably.

The Sustainable Tobacco Programme

We collaborate with our suppliers to enhance standards in our leaf supply chain and manage leaf supply risks with our suppliers and through partnerships, such as those created through the Sustainable Tobacco Programme (STP).

The STP is an industry body which verifies annual supplier self-assessments. To accelerate positive social and environmental impact in tobacco-growing communities we aim to enhance agricultural supply chain due diligence.

The STP is independently managed and provides us with enhanced visibility over our leaf supply chain in two ways:

1. By empowering our suppliers to report on the actions they are taking to address any risks identified, and how they are having a positive impact on the ground.
2. By verifying these actions either remotely or in the field. This informs our strategy to support our suppliers in taking effective action.

All our tobacco leaf suppliers are expected to participate in the STP. In 2024 (based on the 2023 tobacco leaf crop year), 100% of our suppliers reported on their due diligence.

Our key suppliers have mature due diligence processes in place, underpinned by the suppliers' on-farm monitoring technology. Our suppliers contract with farmers at the beginning of a growing season with the necessary training and inputs to grow tobacco responsibly. Their technicians monitor the crop and labour practices throughout the year.

 For more targets and metrics related to farmer livelihoods and welfare please see our [ESG Performance Summary 2024](#).

1. Based on flue cured and dark fire cured tobacco, which are the tobacco types that require wood for curing.
2. Based on suppliers' directly contracted farmers in 2021 sourcing origins that are rated as high risk for poverty according to Maplecroft.
- A. Data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY's Assurance Opinion is available on our [website](#).

Decent standard of living

The industry has formally adopted the Living Income Benchmark which is detailed in the STP Workbook 2023. This is the guidance document developed by the STP secretariat which our suppliers can reference when completing the annual STP self-assessment.

The benchmark varies by country and includes costs for food, housing, education, healthcare, transport, clothing and other essential needs.

Overall farm net income, including income from outside the farm, is measured against the relevant Living Income Benchmark for that location. This income needs to exceed the benchmark to be considered a living income, meaning the farmer can afford a decent standard of living.

At the end of FY24, 98%^A of our leaf suppliers expressed a commitment to supporting their farmers to access a decent standard of living.

We are collaborating with our suppliers to identify those farmers that have difficulties in achieving a living income and to support them with specific actions via our Leaf Partnership Programme.

Leaf Partnership Programme

Through our Leaf Partnership Programme, we support the supply chain and the journey of farmers to achieving a decent standard of living.

The Leaf Partnership Programme is integral to our leaf sourcing strategy and an essential part of our farmer livelihoods and welfare ambition. The programme is conducted in close partnership with suppliers. In each country, we identify the best local solutions that the suppliers then implement using our funding.

In FY24, Imperial provided financial support for projects in 13 countries, with more than 128,000 beneficiaries, focusing on three broad initiatives:

1. Dedicated financial sustainability projects to help farmers enhance their income. We have a target to improve farmers' access to projects that improve their financial sustainability by 2030. This year we enabled our suppliers to roll out financial literacy training to more than 1,500 farmers in three countries.
2. Increasing access to basic needs to make farming communities a better place to live. We have a target to support suppliers to improve access to basic needs for 180,000 farmers² by 2030. This target aims to reach 180,000 active beneficiaries in each project category: childcare and education; clean water; and sanitation and hygiene. In FY24 we reached the target of 180,000 tobacco community members benefiting from projects aimed at increasing access to clean water.
3. The introduction of sustainable agricultural practices where they are not already in place. We have a target to support suppliers to provide access to 100% sustainable wood for use as tobacco curing fuel by 2025.

Forestry

Many of our suppliers' contracted farmers use wood in tobacco production, either as a fuel in the curing of tobacco or for constructing barns required for the curing of tobacco.

We have committed to supporting suppliers to provide their farmers access to 100% sustainable wood for use as tobacco curing fuel by 2025. The ambition is for 100% of the wood harvested to be sourced sustainably or that the wood used will be matched by managed planting.

In FY24, 86%^A of the wood was sourced from sustainable and traceable sources with an additional 13% matched by managed planting. Therefore, 99% of the wood used for tobacco curing is now sustainably sourced or matched by managed planting.

We also financially support forestry programmes. This includes Imperial Brands' own dedicated forestry programme managed through a key supplier in Tanzania. Planting trees sustainably that farmers can access decreases the pressures on the indigenous woodland that is being harvested for use in tobacco production. There are also economic benefits for farmers in labour saving, reduced cost of wood and transport.

Addressing child labour

As with other agricultural industries, the risk of child labour is highest in the cultivation part of our supply chain. Child labour is a multi-stakeholder issue, which no single entity can address in isolation. In collaboration with key stakeholders including the industry and suppliers operating in these communities, we seek to address the risk of child labour through three main activities:

1. The Sustainable Tobacco Programme (STP)

The Human and Labour Rights section of the STP is aligned with the relevant International Labour Organization (ILO) core conventions and the principles and guidance contained within the United Nations Guiding Principles (UNGP) on Business and Human Rights.

2. Our Leaf Partnership Programme

Working directly with our suppliers to fund projects that aim to tackle some of the root causes of child labour.

3. Eliminating Child Labour in Tobacco Growing Foundation (ECLT)

We are members of the [ECLT](#) and support its aims to tackle the root causes of child labour.

 For more information on how we are addressing the issue of child labour, please see our [ESG Performance Summary 2024](#).



SUSTAINABLE & RESPONSIBLE SOURCING

COMMITMENT:

We are committed to sourcing products and services in a compliant, sustainable and socially conscious manner. We will work with our suppliers to ensure continuous improvements.

Links to SDGs



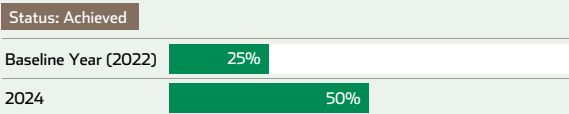
SDG 12: We aim to ensure sustainable consumption and production patterns

Behaviours



TARGET
50% of Purchased Goods and Services (PGS) suppliers by spend are committed to science-based targets by 2024

METRIC
Percentage of suppliers in the PGS category by spend committed to science-based targets



TARGET
50% of partner suppliers by spend have an ethical trading assessment via Sedex or equivalent by 2024

METRIC
Percentage of partner suppliers by spend with an ethical trading assessment via Sedex or equivalent



FY24 Performance
We achieved our target of 50% of suppliers by spend in the PGS category committed to science-based targets.

We exceeded our target for our partner suppliers by spend having an ethical trading assessment via Sedex or equivalent, with 86% at the end of FY24.

Sustainable and responsible sourcing ensures the long-term viability of our supply chain, supports the communities we operate in, and aligns with our commitment to minimising our environmental impact.

Suppliers are essential partners in our business operations – and their commitment to quality, innovation and ethical practices supports both our commercial success and our People and Planet agenda.

Supplier engagement
This year we launched our new Supplier Relationship Management (SRM) programme, called SRM Connect. This framework offers the tools, governance, data and incentives needed to build strong, consistent and sustainable partnerships across all procurement spending areas globally.

The SRM Connect framework also provides us with an improved ability to communicate to suppliers the importance of our People and Planet agenda and align with them on our broader ESG objectives.

We have continued to engage with our suppliers via the CDP Supply Chain Programme to better understand our suppliers’ operational emissions. This programme provides tools and frameworks to gather and analyse Scope 1, 2 and 3 emissions data directly from our suppliers. This approach allows us to more precisely assess the emissions profile of the entire supply chain.

Sedex
We have opted to use Sedex (Supplier Ethical Data Exchange) to enhance supply chain visibility, assess risks and ensure compliance with legislation. We expect our partner suppliers to be registered with Sedex (or an equivalent platform) and to have initially completed a self-assessment questionnaire covering the following categories: Labour, Health & Safety, Environment, and Business Ethics.

We have implemented ethical trading risk assessments for our partner suppliers, covering over 60% of our supplier spend. We have established a risk-based approach to determine when suppliers need to undergo a Sedex Members Ethical Trade Audit (SMETA). Using the audit results, we will collaborate with our suppliers to minimise risks and enhance their overall ESG performance.

We will integrate the use of Sedex and SMETA audits into our procurement process, ensuring that suppliers adhere to ethical standards and sustainability practices. Supplier improvement plans will be developed and monitored to drive continuous improvement and foster long-term partnerships based on shared sustainability goals.

Suppliers with science-based targets (SBTs)
Our supply chain team continues to support our wider ambitions to become a fully Net Zero emissions business by 2040.

During 2024, we achieved our target of ensuring that 50% of suppliers by spend within the Purchased Goods and Services category are committed to science-based targets.



HUMAN RIGHTS

COMMITMENT:

We are committed to raising awareness and improving processes in our supply chains, and we recognise the importance, influence and role we have in promoting and protecting human rights.

Links to SDGs

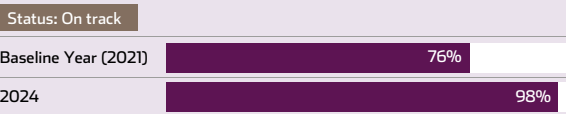


SDG 8: We are committed to decent work for all and to sustainable economic growth

Behaviours



KPI
Factory sites self-assessment compliance with our human rights leading indicators



FY24 Performance
98% of our factory sites self-assessments are compliant with our human rights leading indicators. There are two sites that will address gaps to reach compliance with our internal standard in FY25.

Human rights are the fundamental rights and freedoms that belong to every person. They apply regardless of where we are from, what we believe or how we choose to live our lives. As a responsible business, we do not tolerate human rights violations. If we identify potential or actual violations, we act quickly and deliberately to address them.

Human rights leading indicators
To continue to minimise our risk of being exposed to modern slavery and labour exploitation, we reframed our modern slavery indicators to human rights leading indicators (HRLI) covering a wide range of topics including employment contracts, training, recruitment, and speaking up, which go beyond the notion of modern slavery. We have revised the wording of these indicators, added extra guidance for each one, and included examples of how to meet them.

Using HRLI is helping us to achieve a more consistent understanding of the requirements and improve the accuracy of our reporting and ensure alignment with our Human Rights Policy.

Modern slavery audits
A key tool for understanding human rights risks and preventing violations is our ongoing programme of modern slavery audits. During FY24 we conducted audits at factories in the Ivory Coast, the US and Morocco. These provided more in depth insights into the local context and allowed us to work with factory teams to mitigate the risk of modern slavery. In addition, we piloted additional lighter-touch audits conducted online. These targeted sites which consistently reported 100% compliance with leading indicators and helped identify potential inconsistencies and share best practices.

In FY25, we plan to review a risk-based selection of priority locations to assess their exposure to human rights risks and develop action plans to address these issues.

Raising awareness
We believe knowledge is crucial in reducing our risk of human rights abuses. Enhancing employee awareness of human rights enables us to better identify potential or actual violations.

Human rights training is mandatory for a large proportion of our management population. This learning covers definitions of human rights and our role as a company in protecting them; recognising signs of modern slavery; and how to report concerns, both informally and through our Speaking Up service. Over 2,000 employees have completed the training.

In addition, more than 900 colleagues participated in 19 human rights webinars, sharing our work and commitments.

In FY25, we intend to develop more non-English language resources and ensure all sites have communication plans in place to raise awareness about how to report human rights concerns.

For more information please see our latest Modern Slavery Statement available on [our website](#).



EMPLOYEE HEALTH, SAFETY & WELLBEING

COMMITMENT:

We are committed to achieving world-class occupational health, safety & wellbeing for all our employees.

Links to SDGs



- SDG 3: Good health and wellbeing
- SDG 8: Decent work and economic growth

Behaviours



Our Group Health Safety and Wellbeing Policy sets out our commitment to provide a safe, healthy, and supportive working environment for our employees and everyone involved in our business.

We adopt a “Plan, Do, Check, Act” approach to set objectives and action plans, focusing on systematically identifying and controlling hazards and risks, to support a continuous improvement cycle. Our commitment includes seeking improvement opportunities, providing necessary resources and training, fostering effective communication, and ensuring compliance with local health, safety, and wellbeing regulations.

Our Zero Injury aspiration is part of our Triple Zero campaign

Developing a stronger safety culture

Our integrated approach is underpinned by a long-term campaign with the unifying theme of “I Own Safety”. This seeks to build awareness, develop strong accountability and give people confidence to speak up in unsafe situations. This campaign has included both global events and targeted local initiatives.

In FY25 we aim to extend the updated health and safety standards to all office locations, ensuring a more consistent approach across the organisation.

Improving processes

Each of our factory locations conducted a self-assessment of leading indicators, supported by 38 trained internal reviewers which highlighted good practices and made recommendations for improvement. We also conduct on-site visits to review and assess compliance. Since FY22, we have completed 38 of these visits.

To enhance data-driven decision-making and implement effective control measures, we strengthened our existing process of incident investigation by incorporating additional data fields to identify correlations and trends.

We developed an app for incident investigations that standardises information capture, providing a clearer view of gaps and root causes for Group-level issue resolution. Additionally, a real-time dashboard was implemented, allowing leaders to monitor trends and gain insights, thereby enhancing their ownership of safety issues.

We will continue to improve the quality of incident investigations by further incorporating behavioural factors into root cause analyses.

Developing capabilities and positive behaviours

During 2024 we continued to take initiatives to improve the health and safety skills of our senior managers.

In FY24, 210 leaders were trained on the Behavioural Science Programme for safety leadership, a course certified by the Institution of Occupational Safety and Health.

For more targets and metrics related to health and safety please see our [ESG Performance Summary 2024](#).

A. Select 2024 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY’s Assurance Opinion is available on our website. Our reporting scope and definitions are detailed in the Reporting Criteria document published on our [website](#).
1. Our health and safety data is for the full 2024 financial year.
2. Accidents reported do not include commuting to or from work, or those sustained by third parties such as distributors.

This aimed to improve understanding of the role of conversations with peers and team members and identifying and influencing safe behaviours. In addition, we have established the Safety Synergy forum, facilitating the exchange of best practices across Sales and Marketing functions.

Building on the success of the Behavioural Safety Programme in FY24, we will continue to roll this out to more colleagues across Imperial to promote a safer work environment.

Performance to date has shown an improvement. However, to reach our longer-term ambition to be a Zero Injury business, we know we need to do more to build awareness, drive consistency through our organisation and improve our capabilities.

Wellbeing

The wellbeing of our employees is of great importance.

Our employee wellbeing support is locally managed and encompasses a variety of initiatives, including resilience training, employee assistance programmes, health checks, awareness campaigns, flexible working arrangements, family-friendly policies and facilities, as well as workplace celebrations and social events.

In October 2023, we celebrated World Mental Health Day with a campaign focused on empowering leaders and employees to discuss mental health more openly. The key message was “Let’s care for each other”. Our goal was to inform employees that conversations about mental health are essential skills everyone should have, and to foster a sense of comfort and acceptance around these discussions. The campaign included educational and awareness materials such as briefings for People Leaders on how to lead on check-in conversations with employees, team-building activities, leaflets, posters, and cards with mental health conversation starters.

OUR WELLBEING PLAN

- Foster a mentally healthy culture by incorporating these principles into People Leader training.
- Run regular initiatives to raise awareness of mental health issues at work.
- Enable local sites to tailor initiatives addressing local wellbeing needs.

HEALTH AND SAFETY PERFORMANCE¹

Performance indicator	Unit	2019 (base year)	2022	2023	2024	Commentary
Employee fatalities	Number	2	0	0	0	There have been no work-related fatalities to employees. Sadly, one of our employees did pass away during commuting in one of our vehicles following a road accident.
Contractor fatalities	Number	0	0	1	0	There have been no work-related fatalities to contractors.
Members of the public fatalities involving Imperial Brands vehicles	Number	1	0	0	0	Road safety remains a priority across all our operations.
Lost time accidents (LTAs)²	Number	101	57	57	54	We have reduced our absolute number of lost time accidents by 5% compared to last year and by 47% compared to the 2019 baseline year.
LTA rate²	LTAs per 200,000 hours worked	0.40	0.24	0.30	0.30^A	Although we have reduced the number of lost time accidents, the lost time accident rate has remained unchanged from last year due to a corresponding reduction in hours worked. We have seen a 25% decrease in the LTA rate compared to the 2019 baseline year.
Total number of accidents²	Number	850	522	420	318	We have seen a 24% decrease in total accidents compared to last year and a 63% reduction compared to the 2019 baseline year.
Accident rate²	Total accidents per 200,000 hours worked	3.39	2.24	2.24	1.75	The accident rate reduced by 22% compared to last year and by 48% compared to the 2019 baseline year.
Fleet collision rate	Accidents per million kilometres	5.03	2.80	2.29	1.82^A	There has been a 21% decrease in our vehicle accident rate compared to last year and a 64% decrease compared to the 2019 baseline year. Road safety remains a key priority for us. We adopt global standards for road safety and use our Drive Safe campaign to promote awareness and influence behaviour.
Fleet vehicles fitted with an in-vehicle monitoring system (IVMS)	%	–	57.3	46.9	60.3	Evidence shows that in-vehicle monitoring systems typically lead to fuel reduction and improved safety performance and we will continue to test and extend coverage.
Compliance with the Health and Safety Framework (Manufacturing)	%	–	87	93	99	We aim to be at 100% compliance with our framework standards by 2025.
Compliance with the Health and Safety Framework (Sales)	%	–	93	94	98	We aim to be at 100% compliance with our framework standards by 2025.
ISO 45001 certification	%	79	71	72	79	Of the factories in scope, 79% have certification for the international standard for health and safety at work.

A. Select 2024 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY’s Assurance Opinion is available on our website. Our reporting scope and definitions are detailed in the Reporting Criteria document published on our [website](#).
1. Our health and safety data is for the full 2024 financial year.
2. Accidents reported do not include commuting to or from work, or those sustained by third parties such as distributors.



DIVERSITY, EQUITY & INCLUSION

COMMITMENT:

We are committed to creating a truly diverse and inclusive organisation renowned for celebrating difference, enabling our people to feel that they belong and be their authentic selves We will respect, recognise and value the diversity of our consumers and reflect the communities in which we operate.

Links to SDGs



- SDG 5: We aim to achieve gender equality and a more inclusive organisation

Behaviours



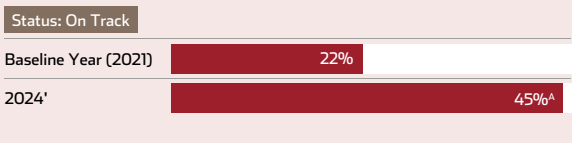
KPI
Female representation at Executive Leadership Team (ELT) level

METRIC
Percentage of
females at ELT level



KPI
Female representation on the Board

METRIC
Percentage of
female Board members



FY24 Performance
Two female ELT members were appointed in FY24.
One female Board member was appointed in FY24.

 For more targets and metrics related to DEI, please see our [ESG Performance Summary 2024](#).

Diversity, equity and inclusion (DEI) support the development of our performance-based culture. An important focus is to drive positive commercial outcomes by creating a more diverse and inclusive workforce. It is also important that our employee base mirrors the varied global communities where we operate – a diverse workforce allows us to better understand and serve our consumers.

Our Fairness at Work Policy aims to promote high standards of conduct and job performance among employees, foster positive working relationships, and eliminate harassment. It ensures that no employee or job applicant faces discrimination based on gender, race, disability, marital status, nationality, sexual orientation, age, religious beliefs, or any other unrelated factors. The Group complies with this policy by promoting equal opportunities and addressing discrimination while ensuring fair performance management. Formal grievance procedures protect employees from harassment.

Improving gender balance in senior management

We have a well-defined five-year DEI strategy, which includes gender diversity objectives at three of the most senior levels within the organisation.

These commitments extend to setting global and local gender diversity goals and ensuring accountability for DEI objectives with each ELT member.

Furthermore, we conduct quarterly reviews against clearly defined local targets in each region and function to monitor progress, review attrition, recruitment and promotion levels, and create action plans.

To support these objectives, we have implemented targeted talent attraction plans, provided inclusive interview skills training for line managers, and developed the “Accelerating Women into Leadership” programme, which will begin during FY25.

I Belong campaign

In 2023-24, we launched a global employee self-identification campaign called “I Belong”, enabling employees to confidentially share additional personal information in our Workday system. Understanding our employees better helps us track DEI progress, especially regarding ethnicity representation in key markets.

Obtaining employee self-identification data has been challenging due to the diverse markets and complex legal and cultural landscapes. However, employees can now confidentially share their diversity data in 32 of the countries in which we operate. Some of these countries allow only limited information, such as nationality or disability, while a few permit the collection of race/ethnicity and sexual orientation data.

Employee diversity data sharing encourages inclusivity analysis and goal setting. We have set ethnicity goals in the US and plan to do the same in the UK once we gather sufficient data.

A. Select 2024 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY’s Assurance Opinion is available on our [website](#). Our reporting scope and definitions are detailed in the Reporting Criteria document published on our [website](#).

Raising awareness and accountability for DEI

In 2024, we introduced an interactive DEI training module for all employees. It emphasises our collective role in making DEI a reality by fostering an inclusive culture and respecting our differences. All employees, including new hires, are expected to complete this module as part of their mandatory learning and development or induction.

Additionally, we have developed and implemented an allyship training programme to enhance understanding and build allyship skills for enhanced workplace inclusivity. This initiative began in 2024 and will continue in 2025.

We also conduct targeted DEI workshops, webinars, and speaker sessions on LGBTQ+, neurodiversity, race/ethnicity, gender, and inclusive leadership. Our global Business Employee Resource Groups (BERGs) continue to play a key role in championing DEI progress. This year, we initiated a development programme to support BERG executive sponsors and leaders.

DIVERSITY, EQUITY AND INCLUSION PERFORMANCE¹

Performance indicator	Unit	2021	2022	2023	2024	Commentary
Female employees in the workforce²	%	40	40	39	41^A	Female representation has remained broadly consistent across the last three years. FY24: 7,653 female, 11,112 male, 82 not declared.
Female senior management³	%	–	29	31	33^A	Targeted talent attraction and development plans have seen an increase in female representation at senior management level. FY24: 218 female, 430 male, 3 not declared.
Female Executive Leadership Team (ELT) members	%	33	30	30	45^A	Female representation on the ELT has increased in FY24, following the appointments of Deborah Binks-Moore and Priyali Kamath. FY24: 5 female, 6 male.
Female PLC Board members	%	22	40	40	45^A	Female representation on the Board has increased following the appointment of Julie Hamilton in January 2024. FY24: 5 female, 6 male.
Ethnic minority background on our Board	%	10	20	20	18^A	On 30 September 2024 (end of FY24), 18% of the Board members identified as being from an ethnic minority background.
FTSE Women Leaders Review Combined Executive Leadership Team & Direct Reports	%	21.4	24.3	26.7	32.1^A	The FTSE Women Leaders Review is the successor to the Hampton-Alexander Review. It is the UK’s independent, voluntary initiative aimed at increasing the representation of women on FTSE 350 boards and leadership teams. The reporting date is 31 October 2024.
Employee turnover rate⁴	%	10	30*	16	14	Turnover has fallen slightly compared to FY23, and is significantly lower than FY22’s spike caused by divestiture and business transformation.

A. Select 2024 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY’s Assurance Opinion is available on our [website](#). Our reporting scope and definitions are detailed in the Reporting Criteria document published on our [website](#).
1. We recognise the need to gain more comprehensive employee demographic data in order to understand the diversity of our employee base and drive inclusion. This will form a key part of our new DEI strategy and will help us measure (where appropriate) ethnic minority, disability, LGBTQ+ and other key DEI dimensions.
2. Based on employees recorded in Imperial Brands Group Human Resources Information Systems, excluding Logista, contractors and casual labour.
3. The proportion of senior management employees (Global Grades 3, 4, 5) recorded as female across Imperial Brands Group, excluding Logista.
4. This reflects all employees excluding those employed by Logista.
* Includes divestiture of our Russian business.

OUR FOUR GLOBAL BUSINESS EMPLOYEE RESOURCE GROUPS COVERING:

- Gender
- Ethnicity
- Disability
- LGBTQ+

Are important sources of expertise and enthusiastic champions of our agenda.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

After conducting our first double materiality assessment in 2023, climate change continues to be a critical focus area for us, both within our organisation and in our external engagements. Our ESG strategy, with climate change as a key priority, is integral to the delivery of our business strategy and our approach to the TCFD report.

While preparing this report, we have taken into account the TCFD framework, which covers Governance, Strategy, Risk Management, and Metrics and Targets. Additionally, we have considered more recent frameworks, including the International Sustainability Standards Board (ISSB IFRS S1 and S2) and the European Sustainability Reporting Standards (ESRS), as part of our commitment to complying with future requirements.

We provide further details about our climate strategy in our Climate Transition Plan and ESG: People and Planet Performance Summary 2024. In addition, our performance related to climate change is outlined in the climate change pages of this Annual Report. We believe we are on track to achieve our Net Zero target, as specified in more detail on page 66.

In accordance with the UK Listing Rule 6.6.6(8)R, we have made disclosures in this TCFD report that are fully consistent with each of the TCFD Recommendations and Recommended Disclosures. Specifically, we have made climate-related financial disclosures for the year ending 30th September 2024 related to governance, strategy, risk management, and metrics and targets.

 For more information on our double materiality assessment, please see page 60

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CLIMATE-RELATED GOVERNANCE

ESG oversight and management are integrated throughout our organisation.

The Board reviews performance against climate-related targets and our Climate Transition Plan, which encompasses financial risks and opportunities. During the year, the Board expanded the role of the People & Governance Committee to enhance their oversight of sustainability and ESG. The Committee meets quarterly, is attended by all Non-Executive Directors, and received four updates on climate-related risks and opportunities in FY24. It reviews ESG progress and oversees how ESG risks are managed. It also reviews the Group's non-financial reporting, internal verification and external assurance, in conjunction with the Audit Committee. Directors stay informed about climate-related risks, opportunities and performance through the quarterly ESG report, ensuring oversight and monitoring as needed. We have two Non-Executive Directors with climate-related matter experience. Diane de Saint Victor served as an executive committee member at a leading technology

solutions provider, helping industries reduce their energy consumption. Alan Johnson served as the president and chair of the Board at the International Federation of Accountants (IFAC), which successfully advocated for the establishment of the International Sustainability Standards Board (ISSB). As chair of the Stakeholder Advisory Council of the Audit and Ethics Standard Settings Board, he continues to support the assurance of climate-related disclosures. In FY24 we introduced ESG Sponsor days, led by Alison Clarke, Chief People and Culture Officer and Executive Leadership Team (ELT) lead for ESG. These reviews encompass all eight ESG topics, including climate change (see page 59), with topic owners and other subject matter experts sharing progress, performance and requests for support with each other. We have also established a TCFD steering group. This group oversees our annual climate risk and opportunity strategy and action plan, integrating efforts from both ESG and Finance teams. Our Director of Corporate Financial Planning & Analysis oversees long-term financial planning and takes climate-related risks and opportunities into account. They are actively involved in the TCFD steering group dedicated to managing actions and disclosures on climate-related risks and opportunities.

 For further details on our climate management efforts, please see our Climate Transition Plan and Environment Policy available on our website.



CLIMATE-RELATED RISKS AND OPPORTUNITIES STRATEGY

Our climate change strategy is well-defined. To support it, we integrate climate-related risks and opportunities management into business functions. The strategy is established and overseen by the Global ESG team, with teams across the business taking operational responsibility as our first line of defence. Additionally, we regularly conduct climate scenario analyses to keep our approach up to date.

OUR APPROACH

In line with the TCFD recommendations, our climate-related financial analyses cover the period from 2023 to 2050. We conducted an initial analysis in 2022, updated in 2023. These analyses covered two temperature scenarios: Representative Concentration Pathway (RCP) 2.6 (corresponding to a 1.5-2°C scenario) and RCP 8.5 (representing a 4°C scenario). RCP 2.6 aligns closely with our Net Zero ambition, while RCP 8.5 represents a worst case scenario. The resulting risks have been integrated into our broader Group risk management framework.

When defining the scope of the physical and transitional scenario analyses, we considered a range of potential hazards, including physical impacts and changes in local or global policies related to transition. Based on this analysis, we have explored various options for our operational and financial planning. To establish the scope of assets for the analysis, our global asset base was analysed for greatest value alongside our tobacco and NGP supply chains, establishing a list of 54 sites and locations. The risks and opportunities in tables 3-9 are the results of the analysis and prioritisation.

In FY24, we evaluated our global climate-related insurance outlook in conjunction with third-party scenario analyses. Our collaboration with FM Global ensures insurance coverage for all our sites, including climate-related risks. We account for both physical and transition risks associated with climate change within our supply chain and direct operations, incorporating them into Imperial's principal risk considerations. These assessments guide our management and monitoring of climate risks for critical business decisions.

The third-party scenario risk analysis identified four distinct risks and one opportunity aligned with Imperial Brands' risk framework, illustrated in Table 1. These are associated with the maximum financial impact (MFI), which relates to the gross risk and assumes no mitigation or adaptation activities. The analysis covers both temperature scenarios across the Company's asset base from 2023 to 2050. We disclose the financial impact in Table 1 for the period from 2024 to 2033, following our time horizons associated with financial and risk assessment, also used in CDP (Table 2). The estimated accumulated financial impact has been factored into our financial models for goodwill, impairment, deferred tax assets (notes 12, 8, and 23 respectively), going concern and viability (page 103). The MFI calculation excludes inflation and cannot predict the impacts of future government policies. Risks and opportunities have been prioritised based on the findings of the scenario analyses.

We employed a third line of defence our internal audit team—throughout the disclosure process, and have contracted an independent third party with TCFD expertise to assure our disclosure against the listing rule. This gives us confidence in our assessment and resulting mitigation and adaptation strategy.



OUR SCOPE

Imperial Brands PLC has analysed all its assets in the MFI analysis, except for Logista, which operates independently to protect commercial sensitivities. In this report, we also summarise Logista's separate findings on page 87.

TABLE 1:
THE ESTIMATED FINANCIAL IMPACT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES OVER THE NEXT 10 YEARS

	Estimated accumulated maximum financial impact (MFI) over 10 years (£m) ¹	Impact ²		Impact predicted as a result of our climate change strategy ³
		1.5-2°C	4°C	
PHYSICAL RISKS				
Chronic weather	50			
Acute weather	52			
TRANSITION RISKS				
Policy and legal	9			
Market	311			
CLIMATE-RELATED OPPORTUNITIES				
Energy sourcing	46 ⁴			

Lower impact

Lower impact is considered to be at <0.2% of asset value.

Medium impact

Medium impact is considered to be at 0.2-1% of asset value.

High impact

High or significant impact is considered to be >1% of asset value.

We have adopted a risk-based approach to address climate-related risks by analysing identified risks and opportunities and integrating their management into our Climate Change strategy. Recognising the critical role of climate risk and opportunity management, these considerations have informed our FY25-27 business plans. It's important to note that, apart from market, the risks mentioned above are not deemed financially significant, as defined in Table 1 (where significance is measured as more than 1% of asset value).

After conducting this analysis, we adjusted our Climate Change strategy to ensure comprehensive consideration of these risks and opportunities. We have implemented action plans aimed at minimising their potential impact.

In our 2024 risk matrix (found on page 49), Environment, including the reputational risks of not delivering our climate change strategy, is flagged as a principal risk. Going forward, we will closely monitor these factors, integrating them into our business risk management practices.

IMPACT, RISK MITIGATION, AND ASSOCIATED METRICS AND TARGETS

Among the four risks identified in Table 1, specific contributing risks have been deemed most material, contributing to the estimated financial impact. We detail these in the following four pages (tables 3-9), and as part of our business planning and climate strategy activities.

Although the analyses cover the period up to 2050, we believe that a more detailed examination over a 10-year horizon better aligns with our business planning and risk management horizons as illustrated in Table 2.

TABLE 2: ALL RISKS ARE CONSIDERED WITHIN A 10-YEAR TIME HORIZON

Our timeframe used in CDP	Short	Medium	Long
	0-1 years	1-3 years	3-10 years
Alignment to our business planning	Short-term business planning cycle	3-year business planning cycle	Goodwill impairment & risk horizon

1. Maximum financial impact taken for the scenario most likely to produce a higher financial impact.
2. Assuming no decarbonisation measures are taken by Imperial Brands.
3. In accordance with Imperial Brands' risk assessment, our climate change strategy includes action to mitigate these risks, which if taken should affect the likely financial impact as a proportion of asset value, as well as capitalise on opportunities.
4. Cost avoidance as a result of energy transition.

 **PHYSICAL RISKS:
CHRONIC WEATHER**

Based on the scenario analysis undertaken in 2023, we have assessed nine physical risks, including coastal inundation, soil subsidence, surface water flooding, riverine flooding, extreme wind, forest fire, and water stress. These risks apply to both our direct operations and our tobacco purchasing regions. From this analysis, we have identified four critical physical risks. In Table 1, we outline the potential financial impact of chronic and acute weather events. The specific risks contributing to this impact are outlined in Tables 3 to 6.

TABLE 3

 CHRONIC DROUGHT RISK

Short	Medium	Long
Scenario materiality		
1.5-2°C		
4.0°C		
Impact predicted as a result of our climate change strategy		
Predicted impact		
Drought poses a risk to our tobacco farms and broader supply chain, with a potential impact on revenues.		

Despite this, these risks are not deemed financially significant.

Associated opportunity

Projects regarding adaptation, water and decent standard of living for farmers, as set out within the farmer livelihoods pillar of our ESG strategy (page 70).

Sustainable sourcing of wood fibre for our packaging and products, which helps to stabilise local risks of drought.

Mitigating actions

Our tobacco leaf procurement strategy relies on an outsourced model, with 97% of the leaf sourced from third parties in 2023. We have identified interchangeable tobaccos across suppliers and locations, enabling us to establish contingency sourcing options for our tobacco leaf supply. Collaborating closely with suppliers is essential for implementing effective mitigation and adaptation. Our global risk-based approach involves analysing key tobacco sourcing locations at risk, in order to address potential challenges.

In FY24 we implemented water access projects in collaboration with farmers across Brazil, Mozambique, and India. Additionally, within our broader supply chain, we procure wood fibre products for non-tobacco materials (NTMs) and packaging, aiming for 100% sustainable wood fibre sourcing by 2025. Our ongoing efforts involve working closely with suppliers to achieve 100% sustainably sourced wood fibre for our packaging, and we are exploring ways to extend this initiative to include NTMs.

 For further details, please refer to page 68.

Related metrics and targets

- £296,000 spent on water access projects in FY24.
- 96% of our packaging is from sustainably sourced wood fibre*.

LINKS TO OUR ESG STRATEGY

TYPE OF RISK ACCORDING TO OUR GLOBAL RISK STRUCTURE

Product supply

TABLE 4

 CHANGES IN TOBACCO CROP YIELD

Short	Medium	Long
Scenario materiality		
1.5-2°C		
4.0°C		
Impact predicted as a result of our climate change strategy		

Predicted impact

There is a risk that leaf supply is disrupted due to these events, which may affect our ability to generate revenues. Key factors contributing to this situation include water access challenges for tobacco farmers, as well as concerns related to soil health and biodiversity.

Despite this, these risks are not deemed financially significant.

Associated opportunity

Projects regarding adaptation, water and decent standard of living for farmers, as set out within the farmer livelihoods pillar of our ESG strategy (page 70).

Mitigating actions

While we anticipate some revenue decline due to disruptions in the agricultural supply chain, there is a potential offset from increased tobacco yields in certain regions due to rising temperatures. Our tobacco leaf procurement strategy leverages supplier expertise in tobacco cultivation, ensuring contingency sourcing options are available. Additionally, within our leaf supply chain, we maintain approximately 12 months' worth of leaf stock to mitigate climate-related interruptions and minimise the risk of shortages.

As part of our tobacco leaf engagement efforts, we collaborate with suppliers to encourage farmers to cultivate complementary or secondary crops.

 For further details, please refer to page 70.

Related metrics and targets

- 89% of our tobacco leaf suppliers by spend are engaged in water risk projects.
- 97% of our directly contracted farmers grow complementary crops*.

LINKS TO OUR ESG STRATEGY

TYPE OF RISK ACCORDING TO OUR GLOBAL RISK STRUCTURE

Product supply

 Refer to page 59 for more details on links to our ESG strategy and page 42 for how we manage risk.

- Lower impact
- Medium impact
- High impact

 **PHYSICAL RISKS:
ACUTE WEATHER**

TABLE 5

 **INCREASED FREQUENCY AND SEVERITY OF
EXTREME WEATHER EVENTS**

Short	Medium	Long
Scenario materiality		
1.5-2°C		
4.0°C		
Impact predicted as a result of our climate change strategy		

Predicted impact

In our tobacco leaf supply chain, we anticipate a decline in revenues due to supply chain disruptions impacting production capacity. However, the analyses indicate that the business remains relatively unaffected by both chronic and acute physical risks in the short term.

Regarding our manufacturing operations, our leased factory in the Dominican Republic is expected to be most affected, primarily due to surface water flooding. Physical risks in other locations were deemed immaterial.

Despite this, these risks are not deemed financially significant.

Associated opportunity

Improved adaptation and mitigation at sites directly impacts on insurance premiums.

Mitigating actions

To ensure operational continuity, we have a policy for all our manufacturing sites to put robust business continuity plans in place.

Additionally, we have global property damage and business interruption insurance through FM Global, which covers potential property damage resulting from weather-related events.

FM Global conducts thorough risk assessments at each site, performing approximately 50 to 60 site visits annually. Their focus includes evaluating fire risks and natural catastrophes. When gaps are identified, recommendations are prioritised based on expected losses. Over the past five years, Imperial has successfully implemented more than 30 FM Global natural hazard recommendations.

In our tobacco supply chain, we actively participate in relief and community support during extreme weather events, as part of our commitment to help tobacco farmers achieve a decent standard of living. In FY24, we collaborated with suppliers to provide relief in the tobacco-growing regions affected by cyclone Freddie in Mozambique. Our efforts focused on improving access, providing food relief, and enhancing farming infrastructure.

Related metrics and targets

- We have a policy for 100% of our manufacturing sites to have business continuity plans in place to mitigate any potential interruption to operations.

LINKS TO OUR ESG STRATEGY

TYPE OF RISK ACCORDING TO OUR GLOBAL RISK STRUCTURE

Product supply

5. NOAA, 2021.

TABLE 6

 SEVERE HURRICANE RISK

Short	Medium	Long
Scenario materiality		
1.5-2°C		
4.0°C		
Impact predicted as a result of our climate change strategy		

Predicted impact

While supply chain disruptions and their impact on production capacity could potentially lead to decreased revenues, the analysis indicates that storms are likely to increase in severity by approximately 5% over the 21st century⁵.

We have some sites such as our factories in Puerto Rico, Dominican Republic, and the Philippines which are specifically exposed to an increasing risk of severe hurricanes.

Despite this, these risks are not deemed financially significant.

Associated opportunity

Improved adaptation and mitigation at sites directly impact insurance premiums.

Mitigating actions

Within our direct operations, the Group maintains supply chain contingency plans and insurance coverage to address this risk. Additionally, we explore alternative sourcing options for our broader tobacco supply chain.

Our insurer, FM Global, conducts on-site visits to analyse wind exposures, with a specific focus on sites located in known high-wind zones. During these evaluations, FM Global assesses the resilience of building envelopes. This includes examining uplift pressures on roof systems, debris impact on building walls, and the effects of high winds on other elements such as dock doors. FM Global provides practical recommendations to enhance resilience, encompassing both physical improvements and human element procedures, such as emergency response planning.

Related metrics and targets

- We have a policy for 100% of our manufacturing sites to have business continuity plans in place to mitigate any potential interruption to operations.
- We will measure the percentage of tobacco leaf produced in high-risk locations with alternate sourcing options.

LINKS TO OUR ESG STRATEGY

TYPE OF RISK ACCORDING TO OUR GLOBAL RISK STRUCTURE

Product supply

* Please refer to the Reporting Criteria document for method, definition and scope.

TRANSITION RISKS

The transition risks identified in our climate scenario analysis are integrated into our risk framework and effectively communicated with the relevant sites and functions. Our climate change strategy is closely linked to these transition risks, particularly focusing on two primary areas: carbon taxation for our operations and material costs associated with our products, packaging, and leaf supply chain. In Table 1, we outline the potential financial impact of these transitional risks, with further details provided in Tables 7 and 8.

TABLE 7

POLICY AND LEGAL

Short	Medium	Long
Scenario materiality		
1.5-2°C		
4.0°C		
Impact predicted as a result of our climate change strategy		
Predicted impact		
The emergence of regulations like carbon taxation and carbon pricing mechanisms may lead to increased costs.		
Despite this, these risks are not deemed financially significant.		
Associated opportunity		
A transition to renewable energy can avoid these costs, see our climate-related opportunity: renewable energy sourcing.		
Mitigating actions		
To address the impact of carbon pricing and emerging regulations, we rely on our climate change strategy, specifically aiming to achieve Net Zero in our direct operations by 2030. In 2023, we re-evaluated the impact of carbon pricing, considering the global economy's improved ability to transition, including a higher share of renewable energy in the energy mix.		
In FY24, our factory in Belgium responded to local regulations by installing solar panels on its roof. The factory proposed this initiative, with support from Global engineering. The solar panels necessary to meet the 2030 regulation have been approved through our business approval plan system.		
Related metrics and targets		
• 97% traceable renewable purchased grid electricity*		
• 42% renewable energy*		

LINKS TO OUR ESG STRATEGY

TYPE OF RISK ACCORDING TO OUR GLOBAL RISK STRUCTURE

Environment

* Please refer to the Reporting Criteria document for method, definition and scope.

Refer to page 59 for more details on links to our ESG strategy and page 42 for how we manage risk.

- Lower impact
- Medium impact
- High impact

TABLE 8

MARKET

Short	Medium	Long
Scenario materiality		
1.5-2°C		
4.0°C		
Impact predicted as a result of our climate change strategy		
Predicted impact		
The anticipated increase in our suppliers' cost base due to carbon taxation and physical risks may impact materials costs for both non-tobacco materials (NTM) and tobacco leaf. These cost increases could arise from higher operating expenses for raw material suppliers.		
While the absolute risk related to increased materials cost is significant, the accumulated value over the next decade is projected to remain below 2% of our NTM and tobacco leaf expenditure if no additional mitigating measures are implemented.		
Associated opportunity		
The presence of Net Zero goals throughout our supply chain offers an opportunity for cost avoidance in material sourcing. Additionally, in FY24, our revenue from products produced at renewable energy sites reached 2.4%.		
Mitigating actions		
By executing our climate change strategy to be Net Zero by 2040, we expect to significantly reduce material costs exposure to carbon pricing. Our collaboration with partners to address Scope 3 emissions plays a crucial role in achieving this goal. In FY24, we focused on achieving our supplier engagement target: to engage 50% of our Purchased Goods and Services suppliers by spend to commit to science-based targets. We also independently assured our Purchased Goods and Services emissions accounting methodology in FY24, please see our climate change pages 66 to 67 for more detail.		
We have published a comprehensive Climate Transition Plan** that encompasses policy, energy, technology and other pathways as part of our climate change strategy and includes our Scope 3 emissions.		
We have expanded the number of suppliers invited to respond to the CDP supply chain survey from 115 to 249 in FY24.		
Related metrics and targets		
• 50% of our Purchased Goods and Services suppliers by spend will commit to science-based targets*		
• 249 suppliers invited to CDP supply chain		
• 2.4% of our net revenue is from products produced in a renewable energy site*		
• In FY25 we will explore how to add Net Zero clauses into our new contracts		

LINKS TO OUR ESG STRATEGY

TYPE OF RISK ACCORDING TO OUR GLOBAL RISK STRUCTURE

Environment

** Please refer to our Climate Transition Plan, available on the healthier futures page of our website.

CLIMATE-RELATED OPPORTUNITIES

In Table 1 we set out the potential financial impact of a climate-related opportunity: energy sourcing. This is expanded more in Table 9.

TABLE 9

ENERGY SOURCING

Short	Medium	Long
Scenario materiality		
1.5-2°C		
4.0°C		
Impact predicted as a result of our climate change strategy		
Predicted impact		
By leveraging our climate change strategy, we can mitigate costs associated with carbon tax within our operations.		
In FY24, both the UK and Germany implemented carbon taxes on energy sources. These countries are Tier 1 markets where we have sites, including a factory in Germany. The total exposure to carbon tax in FY24 amounts to 0.6% of our energy expenditure.		
Actions		
Successfully implementing our climate change strategy allows us to maximise the benefits of the green energy transition and avoid carbon costs in the 1.5-2°C climate scenario.		
We have developed a decarbonisation glide path and transition plan that maps our emissions reduction efforts towards achieving Net Zero.		
For further details, refer to our ESG Review (page 59) and explore the ESG: People and Planet Performance Summary 2024 on our website.		
In both scenarios, our strategic approach to renewable energy procurement is expected to positively impact cost management. However, we remain vigilant about the potential impact of carbon prices and evaluate the business's ability to manage or pass through these costs.		
Currently, all sites except Taiwan are purchasing traceable renewable grid electricity. Our proactive approach aims to limit costs and mitigate impact, as evidenced by the significant increase in traceable renewable grid electricity.		
Looking ahead, in FY25, we plan to conduct a pilot to enhance our understanding and capabilities related to power purchase agreements, further strengthening our renewable energy procurement efforts.		
Related metrics and targets		
• Carbon tax cost exposure within FY24 is 0.6% of global energy spend		

LINKS TO OUR ESG STRATEGY

TYPE OF RISK ACCORDING TO OUR GLOBAL RISK STRUCTURE

Environment

IMPACT OF RISKS IN FINANCIAL REPORTING

Imperial Brands' long-term financial planning spans a three-year period. Of the most material risks identified (Tables 3-9), only Market has been identified as significant. We anticipate that climate-related risks will not materially impact the Group, with the largest risk projected to remain below £14 million for 2025 (and £58 million over the three-year period). This risk primarily pertains to increased operating costs associated with NTM and tobacco leaf, calculated based on the maximum financial impact (MFI) resulting from the 1.5-2°C scenario.

We currently have no committed liabilities with third parties related to climate impact that should be provided for. However, for financial statement areas covering periods beyond our three-year financial planning and Imperial Brands' climate-related risk horizon of 10 years, we have considered the MFI of material climate-related risks specific to those areas.

We assess our market MFI in goodwill and intangible assets impairment (note 12) as well as in our evaluation of the recoverability of deferred tax assets (note 23), summarised on page 156. The Directors' assessment of climate change impact is included in the going concern section and viability disclosures (page 103). In FY24, we incorporated these considerations into our business plans, ensuring climate-related risks and opportunities are balanced alongside other elements. If new climate-related risks or opportunities emerge, we remain committed to adjusting our strategy accordingly and integrating relevant costs into our profit and loss.

ASSUMPTIONS

The analyses assume no action is taken to decarbonise within our supply chain or operations. Additionally, they do not account for inflation, future government policies or subsidies, or existing mitigation efforts. Material costs include the expenses associated with physical risks materialising in the supply chain.

Moving forward, we will closely monitor the evolving impact of climate-related risks and opportunities. Our plan includes updating this analysis in 2025. As we have done previously, we will review the outcomes and incorporate them into our climate change strategy and decarbonisation planning as needed.

FUTURE REQUIREMENTS

The landscape of regulatory requirements and available standards for climate-related risks and opportunities is continually evolving. As a large UK-listed company with European subsidiaries, we are committed to achieving CSRD (Corporate Sustainability Reporting Directive) compliance. This means we will report against the ESRS (European Sustainability Reporting Standards) in the coming years.

Additionally, we closely monitor the development of other climate-related disclosure requirements, such as IFRS S1 and S2. Our intention is to work towards meeting these standards as well. It is as a result of this that the impact for transition within a 1.5 degree scenario is higher.

The UK's Transition Plan Taskforce has been instrumental in outlining the requirements for a transition plan. We have published our first carbon transition plan this year, ahead of mandatory reporting, and aim to work towards fully complying with the recommendations. With all ESG-related regulations and requirements, we remain vigilant, following international standards development closely to enhance our actions and disclosures.

For physical risks, we anticipate a higher impact within the 4 degree scenario, as more extreme weather is predicted. We will continue to monitor this in future years.

CLIMATE-RELATED RISK MANAGEMENT



In our principal risk structure, we acknowledge risks related to the impact of business operations on the natural environment where we operate as fundamental to operations.

We also ensure that other principal risks also take into account the risks and opportunities associated with climate change, as appropriate.

Assessment by each risk owner ensures that we accurately determine materiality and integrate ownership of associated climate-related risks and opportunities into the broader business.

With support from the global ESG team, risk owners review the potential causes and likelihood of any climate-related risks materialising. For further details on our risk management practices, and how risks are weighed against each other, please refer to the dedicated risk section on pages 42-53.

The Group's formal approach to risk management includes bi-annual updates to the Board regarding the results of the Group risk assessment, including our principal risks. Our risk management framework specifies accountability for identifying, assessing, and mitigating risks throughout the organisation. This framework aligns with the "three lines of defence" model, as outlined for climate change in the governance diagram on page 79.

Principal risk
Product supply

Risk profile:

Strategic impact:

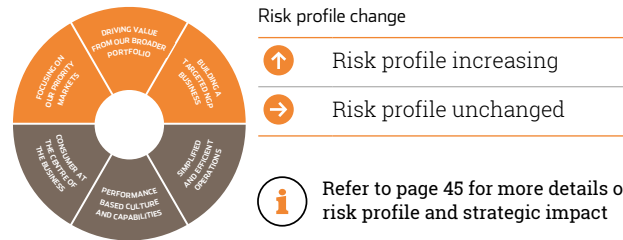
- Focusing on our priority markets
- Building a targeted NGP business
- Driving value from our broader portfolio

Environment

Risk profile:

Strategic impact:

- Focusing on our priority markets
- Simplified and efficient operations



Climate change is considered within our risk management structure 47-49	
Product supply	
Environment	

As the second line, the Global ESG team has accountability to assess climate-related risks identified by the first line. During this process, the first line also propose to mitigate, transfer, accept or control climate-related risks, a process that is reviewed and governed by both the second and third line, as appropriate. We set out our process for identifying, assessing and managing climate-related risks on page 80.

In FY24, Group Internal Audit conducted a comprehensive audit of our climate change strategy. Their assessment covered completeness, governance, progress, and integration into business functions. The audit received the highest assurance rating of "substantial". Additionally, we periodically engage a third party to independently validate the risks identified by the business.

For this TCFD report, we have introduced a fourth line of defence by seeking assurance against the UK Listing Rules from a third party. In formulating this report, we have also factored climate-related risks and opportunities into our business plans, with a focus on their expected impact from FY25 to FY27.



At our factory in Greensboro, North Carolina, USA, located in an area where hurricanes represent a risk, we have enhanced our emergency procedures to include a specific protocol for external climate-related emergencies.

This protocol identifies the safest locations for employees and visitors to seek shelter. Additionally, we conduct bi-annual practice sessions to ensure that everyone can follow the protocol swiftly and safely.

Our Group risk assessment standard reinforces the importance of considering climate-related event protocols across all sites as appropriate.

LOGISTA

Imperial Brands PLC has analysed all its assets in the MFI analysis, except for Logista, which operates independently to protect commercial sensitivities. As such, we consider Logista's separate analysis, disclosing a summary here. Logista's sustainability policy 2/2023 sets the pillars for the management of sustainability, including climate-related risks and opportunities. This structure, set out below, can also explain the relationship between Imperial Brands and Logista as regards to ESG, including climate-related matters:

1 The Board of Directors approved the sustainability policy. This body is ultimately responsible for supervising the observance of the policy, through the Audit, Control and Sustainability Committee.

The Board of Directors takes into consideration sustainability issues with regard to the determination of the risk control and management policy, and the supervision of the internal information and control systems.

2 Five employees of Imperial Brands sit on the Logista board, the Chief Strategy and Development Officer, the Corporate Development Director, the Group Finance Director, the Director of Strategy for Global Supply Chain and the Senior Investor Relations Manager, all of whom have regard to Imperial's climate change strategy.

The Director of Strategy for Global Supply Chain is also a topic owner for climate change at Imperial. Any climate-related risks raised to the board of Logista are reported to the overarching Imperial Board through these representatives, following the structure set out above.

3 The Imperial Brands Global ESG team, responsible for managing climate risk and opportunity and the Group-level TCFD report, has prepared this disclosure with the teams responsible for the management of climate risk within Logista.

Logista maintains close links between its investor relations team and those at Imperial Brands. Our global insurance provider, FM Global, also serves Logista in a manner consistent with the disclosure mentioned above. Additionally, Logista outlines its methods for managing climate-related risk through its sustainability policy.

The Sustainability Committee at Logista is responsible for preparing and co-ordinating sustainability strategy plans in collaboration with Logista's businesses. The Sustainability Committee reports at least twice a year on progress of climate-related goals and associated KPIs to the Executive Committee and the Audit, Control and Sustainability Committee.

Furthermore, the Corporate Finance function ensures the integrity of financial and non-financial information for both the Company and its subsidiaries. It also manages risks associated with financial and non-financial aspects.

LOGISTA'S RISKS AND OPPORTUNITIES

Logista conducted a separate scenario analysis for 2°C and 4°C pathways (aligned with RCP 4.5 and RCP 8.5) in accordance with the TCFD recommendations. This analysis evaluates climate-related physical and transitional risks, as well as opportunities across short-term (0-3 years), medium-term (3-5 years), and long-term (more than 5 years) horizons.

Logista's analysis incorporates physical scenarios from the Intergovernmental Panel on Climate Change (IPCC) (RCP 4.5 and RCP 8.5), and transition scenarios (STEPS and APS) from the International Energy Agency's World Energy Outlook (IEA WEO). They evaluate their climate-related risks following a risk methodology which takes into account several weighted criteria, to reach a final risk impact. Within the criteria they include economical metrics, reputational, legal and strategic criteria among others. The resulting risks for Logista are not included in Table 1 on page 81, but are in Logista's own Annual Reports. None of these risks are considered financially significant at Imperial Brands level, as the risk value is small compared to the Groups revenue.

Risk		Significance over 0-3 years	
		2°C	4°C
Physical risks	Heavy precipitation		
Transitional risks	Emerging regulation		
	Technology		

Significant

High impact on financial value, Legal and Compliance, Processes, Health and Safety, Reputational and Strategic and a high probability of occurrence

Very significant

Very high impact on financial value, Legal and Compliance, Processes, Health and Safety, Reputational and Strategic and a high probability of occurrence



METRICS AND TARGETS

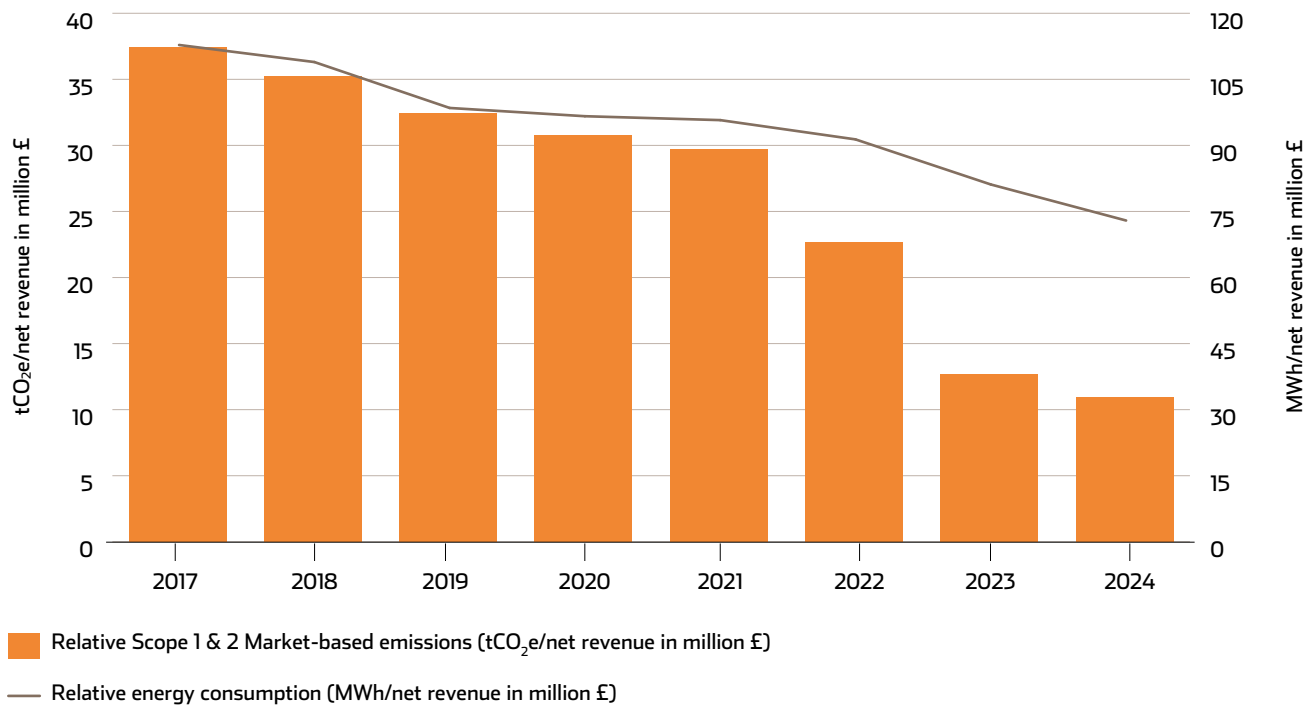
Our climate change targets present business opportunities: energy-saving initiatives and efficiency programmes can have both environmental benefits and result in cost savings.

Since 2019 we have had Scope 1, 2 and 3 targets aligned with the necessary reductions to limit climate warming to 2°C approved by the Science Based Targets initiative (SBTi).

In FY21, we raised our ambitions by joining the Business Ambition for 1.5°C Race to Zero initiative, led by the SBTi. In FY24, the SBTi validated our new targets¹, which align with the 1.5-2°C Paris Agreement. We report on performance against these and other climate change targets in our ESG pages (59). Notably, our strategy focuses on achieving absolute reductions rather than relying on carbon credits¹.

Beyond the disclosed metrics and targets related to specific risks, we also focus on overarching areas that support our climate change strategy and the management of climate-related risks and opportunities.

We have consistently disclosed emissions intensity and tracked energy intensity as key metrics to measure our climate performance. Our ongoing monitoring allows for a balanced review of our progress as we strive for absolute emissions reduction. For additional climate-related metrics and targets related to our climate strategy, including intensity metrics, emissions, energy, waste, and water, please see our climate change pages 66 to 67, our ESG: People and Planet Performance Summary 2024⁴, or our Climate Transition Plan⁴.



Metric/Aim	Target/Action	Start date	Performance in 2023	Performance in 2024	Climate-related risk or opportunity linked to
Energy intensity	Track energy intensity	2017	81 (MWh/m £ net revenue)	73 (MWh/m £ net revenue)	Energy sourcing policy & legal, market
Proportion of renewables in energy mix	We aim to reach 100% renewable energy by 2030*	2021	40%	42%	Energy sourcing & carbon tax
Fleet energy mix	Proportion of electric or hybrid vehicles in our fleet*	June 2023	2%	14%	Energy sourcing, policy and legal
Scope 3 categories assured and disclosed	Assure increased coverage of Scope 3 emissions to include our most material topics by 2028*	October 2024	Business travel assured and disclosed (1.3% of Scope 3 emissions)	Category 3.1** assured and disclosed (69% of Scope 3 emissions)	Market, policy and legal
Climate change targets linked to executive remuneration	Include allocation for climate change in Long-Term Incentive Plan	October 2023	5% in 1-year plan	10% in 3-year plan ²	Policy and legal, energy sourcing
Internal carbon pricing mechanism integrated into decision-making framework ³	Integrate into global supply chain decision-making framework by 2025	March 2023	Shadow price established for use in decision-making	Integrate shadow price into manufacturing decision framework	Energy sourcing, market, policy & legal
Conduct water assessments for extremely high and high risk water stressed areas	In 2025 we will pilot a water risk assessment in one of our high or extremely high water stressed sites	October 2025	Water risk assessment conducted to identify sites in water stressed areas	Alliance for Water Stewardship assessment identified for pilot	Chronic drought, extreme weather

1. Details of our validated SBTi targets are located on our website: <https://www.imperialbrandspc.com/content/dam/imperialbrands/corporate/documents/healthier-futures/sbti-targets/SBTi-targets-announcement-03-24.pdf> downloadasset.pdf.
2. For more information, please see our Remuneration report, from page 115.
3. For more information, please refer to our 2024 CDP submission.
4. <https://www.imperialbrandspc.com/healthier-futures>.
* Please refer to the Reporting Criteria document for method, definition and scope.
** Category 3.1 of Scope 3 as set out by the Global Greenhouse Gas Protocol is Purchased Goods and Services.

The Strategic Report was approved by the Board and signed on its behalf.

By order of the Board.

Emily Carey

Emily Carey
Company Secretary

GOVERNANCE

The Board confirms that the Group complied with the principles and all relevant provisions of the UK Corporate Governance Code 2018 (the “Code”) for the period under review. The Code is publicly available at www.frc.org.uk. The Board has reviewed and is considering the changes to be introduced by the UK Corporate Governance Code 2024 (which will begin applying to the Company from 1 October 2025), and will report on preparation and implementation at the appropriate time.

Board and Committee membership and attendance as at 30 September 2024

	Board	Audit Committee	Remuneration Committee	People, Governance & Sustainability Committee
Non-Executive Directors				
Thérèse Esperdy	7/7 ¹	–	–	4/4 ¹
Sue Clark ²	7/7	5/5	3/3 ¹	4/4
Diane de Saint Victor	7/7	–	3/3	4/4
Ngozi Edozien ³	7/7	1/1	2/2	4/4
Andrew Gilchrist	7/7	5/5	–	4/4
Julie Hamilton ⁴	5/5	–	–	3/3
Alan Johnson ⁵	7/7	5/5	–	3/4
Bob Kunze-Concewitz	7/7	–	3/3	4/4
Jon Stanton ⁵	6/7	5/5 ¹	3/3	3/4
Executive Directors				
Stefan Bomhard (CEO)	7/7	–	–	–
Lukas Paravicini (CFO)	7/7	–	–	–

1. Denotes Chair.
2. Senior Independent Director.
3. Appointed to Remuneration Committee and stepped down from Audit Committee on 31 December 2023.
4. Appointed as a Director on 31 January 2024.
5. Unable to attend Board and/or Committee meeting due to rescheduling. Any Director unable to attend a meeting receives the Board/Committee papers in advance, with the opportunity to provide comments to the Chair.

Structure and content of the Governance Report

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People, Governance & Sustainability Committee	104
Audit Committee	108
Remuneration Report	115
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Statement of Directors’ Responsibilities	134

Board nationality

British*	
American	
German	
French	
Italian*	
Swiss	
Nigerian	
Austrian	

* Alan Johnson has dual British-Italian nationality.

Non-Executive Director skills, experience and knowledge

Fast moving consumer goods (FMCG)	6/9
Innovation and product development	4/9
Global business leadership	6/9
Finance and risk	5/9
Business transformation & change programmes	6/9
Corporate & regulatory affairs	3/9
Environment & sustainability	6/9
Consumer health	4/9
Technology & digital	5/9

Non-Executive Director tenure

<1 year	1
1-2 years	1
2-3 years	0
3-4 years	4
4-5 years	0
5-6 years	2
6-7 years	0
7-8 years	0
8-9 years	1

As at 30 September 2024 and the date of this report, the Company meets all three Board diversity targets specified by the UK Listing Rules, namely that: (a) at least 40% of the Board are women; (b) at least one senior Board position is held by a woman; and (c) at least one person on the Board is from a minority ethnic background.

Board and executive management gender diversity as at 30 September 2024

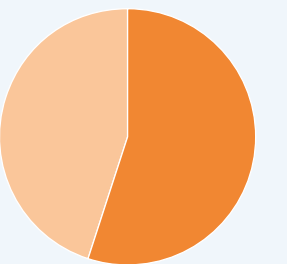
	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	6	55	2	6	55
Women	5	45	2	5	45
Prefer not to say	0	0	0	0	0

Board and executive management ethnic diversity as at 30 September 2024*

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	9	82	4	6	55
Mixed/Multiple Ethnic Groups	0	0	0	0	0
Asian/Asian British	0	0	0	0	0
Black/African/Caribbean/Black British	2	18	0	1	9
Other ethnic group, including Arab	0	0	0	0	0
Not specified/prefer not to say	0	0	0	4	36

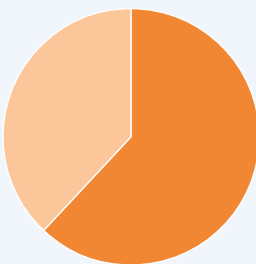
* The data collected is based upon the guidance published by the FCA in Policy Statement 22/3. The Company Secretary collated data on behalf of the Chair and Non-Executive Directors and executive management provide their data via Workday. All data is provided with consent and anonymity is protected.

Board gender as at 30 September 2024



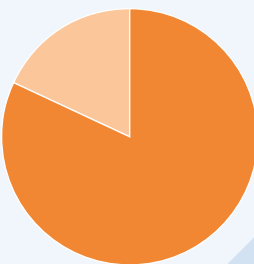
Male	55%
Female	45%

Senior management and direct reports¹ gender as at 30 September 2024



Male	62%
Female	38%

Board Ethnicity as at 30 September 2024



White British	82%
Black/African/Caribbean/Black British	18%

1. Senior management as defined by the Code

BOARD OF DIRECTORS AS AT 30 SEPTEMBER 2024

A SKILLED AND EXPERIENCED BOARD



Thérèse Esperdy
Chair ^P

Tenure: Appointed to the Board in July 2016 and became Senior Independent Director in May 2019 before being appointed Chair in January 2020.

Nationality: American

Biography
Thérèse has significant international investment banking experience having held a number of roles at JP Morgan including global chair of JP Morgan's Financial Institutions Group, co-head of Asia-Pacific Corporate & Investment Banking, global head of Debt Capital Markets, and head of US Debt Capital Markets. She began her career at Lehman Brothers and joined Chase Securities in 1997 prior to the firm's merger with JP Morgan in 2000. Thérèse was previously senior independent director of National Grid plc.

Skills and experience
Thérèse has enjoyed a pre-eminent career as a leader in the financial sector, with deep knowledge of banking and business. She is an experienced board member of international corporates, with valuable experience in highly regulated industries. Thérèse continues to drive engagement and debate within the Board and constructive challenge of Imperial's strategy.

Outside interests
Non-executive director of Moody's Corporation.



Stefan Bomhard
Chief Executive Officer

Tenure: Appointed July 2020.

Nationality: German

Biography
Stefan joined Imperial from Inchcape plc, a global distribution and retail leader in the premium and luxury automotive sectors, where he delivered successful transformational change during a five-year tenure as chief executive. Prior to Inchcape, Stefan was president of Bacardi Limited's European region and was also responsible for Bacardi's Global commercial organisation and Global Travel Retail. Previous roles have included chief commercial officer of Cadbury plc and chief operating officer of Unilever Food Solutions Europe. This followed senior management and sales and marketing positions at Diageo (Burger King) and Procter & Gamble.

Skills and experience
Stefan brings to the Board a wealth of experience managing strategic change and brand leadership in retail and consumer companies. His deep and wide-ranging career in FMCG and challenger businesses makes him ideally suited to provide insight and direction as Imperial delivers its strategy.

Outside interests
Non-executive director of Compass Group plc.



Lukas Paravicini
Chief Financial Officer

Tenure: Appointed May 2021.

Nationality: Swiss

Biography
Lukas has a proven track record in multinational consumer goods companies around the world. He joined Imperial from agricultural commodities and brokerage group ED&F Man Holdings, where he was chief financial officer. He has also held senior positions at Fonterra, a New Zealand and Australia listed co-operative and the world's largest dairy exporter, with sales in 130 countries. He was chief financial officer from 2013-2017 and chief operating officer, Global Consumer and Foodservice Business from 2017-2018. Prior to that, he spent 22 years with Nestlé in various senior finance and general management roles.

Skills and experience
Lukas is an experienced finance professional, having delivered global shared services and major technology transformation across a variety of multinational companies. He brings a breadth of financial and commercial insight to the Board and extensive knowledge of digital, cyber and IT security matters from his career in consumer-focused companies.

Outside interests
Member of The 100 Group of finance directors of the FTSE 100.

Committee membership

- ^A Audit Committee
- ^P People, Governance & Sustainability Committee
- ^R Remuneration Committee
- Committee Chair



Sue Clark
Senior Independent Director ^A ^P ^R

Tenure: Appointed Non-Executive Director in December 2018, Chair of the Remuneration Committee in February 2019 and Senior Independent Director in January 2020.

Nationality: British

Biography
Sue has strong international business credentials with over 20 years' executive committee and board-level experience in the FMCG, regulated transport and utility sectors. Sue held the role of managing director of SABMiller Europe and was an executive committee member of SABMiller plc. She joined SABMiller in 2003 as corporate affairs director and was part of the executive team that built the business into a top-five FTSE company.

Sue was previously a non-executive director at Britvic plc.

Skills and experience
Sue has vast executive and non-executive experience, gained in a variety of senior roles spanning commercial, regulatory and government affairs within multinational companies. Her wide-ranging board, regulatory and FMCG knowledge has been invaluable during discussions on performance and ESG. Sue's insight of corporate governance practice and stakeholder views creates a strong fit to her roles as Remuneration Committee Chair and Senior Independent Director.

Outside interests
Senior independent director of Mondipc (where she chairs the remuneration committee) and easyJet plc.



Diane de Saint Victor¹
Non-Executive Director ^P ^R

Tenure: Appointed November 2021.

Nationality: French

Biography
Diane has strong legal, regulatory, M&A, business alliance and ESG experience, having held a number of general counsel, company secretary and other key roles in an international career. She spent 13 years on the executive committee, as general counsel & company secretary, of ABB, the global technology company. Prior to joining ABB, she served as a senior vice president and general counsel of Airbus Group and as vice president and general counsel at SCA Hygiene Products. Diane spent a decade working at Honeywell, ultimately holding the post of vice president and general counsel international. She started her career with various legal and government relations positions at GE.

Previous non-executive director positions include Barclays plc, Altran, Natixis and Transocean.

Skills and experience
Diane brings over 30 years' experience of broad international legal, governance and regulatory expertise gained from a range of senior executive and non-executive positions in multinational organisations, as well as experience of transforming organisations in sectors undergoing change.

Outside interests
Non-executive director of WNS (Holdings) Limited and C&A BV. Member of the Global Centre for Risk and Innovation – Industry Leadership Europe board.



Ngozi Edozien
Non-Executive Director ^P ^R

Tenure: Appointed November 2021.

Nationality: Nigerian

Biography
Ngozi has over 35 years' experience in finance/private equity, general management and strategy/business development functions with multinational companies in Europe, the US and Africa. She has held roles in McKinsey & Company, Pfizer Inc., Actis LLP and JP Morgan.

Previous non-executive director positions include PZ Cussons, Barloworld, Stanbic IBTC Holdings and Vlisco Group.

Skills and experience
Ngozi has enjoyed a wide-ranging career, with extensive experience in corporate finance, strategy and leading change. Her knowledge gained through a career in international, regulated and consumer-focused companies allows her to share deep insight during Board discussions on performance, sustainability matters and transformation. Ngozi's skill set makes her invaluable as the Board considers its future strategic direction.

Outside interests
Non-executive director of Guinness Nigeria PLC (until November 2024), a listed subsidiary of Diageo, Unilever Nigeria PLC, Bank of Africa – BMCE Group and Ikeja Hotel PLC.

1. Diane de Saint Victor will retire from the Board at the conclusion of the AGM scheduled for 29 January 2025.



Find out more at
www.imperialbrandspc.com/how-we-are-transforming/our-leadership-team



Andrew Gilchrist
Non-Executive Director (A) (P)

Tenure: Appointed March 2023.

Nationality: American

Biography

Andrew has a proven track record of business development, strategic planning and business integration following two decades of operational and financial experience in the tobacco sector. He was Chief Financial Officer of Reynolds American Inc until its acquisition by British American Tobacco (BAT) in 2017. Prior to this, Andrew held a range of leadership positions at Reynolds, including Chief Information Officer, Chief Commercial Officer and Business Development Director. Earlier in his career, he worked for BAT in marketing and planning roles.

Skills and experience

Andrew has detailed understanding and experience of the tobacco sector, allowing him to provide deep insight into Imperial's businesses and brands. His lengthy career in leadership positions of peer companies has proved invaluable across diverse performance, financial and strategic topics at the Board and its Committees.

Outside interests

None.



Julie Hamilton
Non-Executive Director (P) (R)

Tenure: Appointed January 2024.

Nationality: American

Biography

Julie, who was Chief Commercial and Global Sales Officer at Diageo until August 2023, has over 30 years' experience in marketing, strategy and digital transformation. Prior to Diageo, Julie spent 25 years at The Coca-Cola Company where she held a range of leadership positions, including Chief Customer and Commercial Leadership Officer.

Skills and experience

Julie is an experienced global leader who brings deep knowledge of delivering commercial change in multinational consumer businesses. Her understanding of digital transformation and global brands is invaluable to the Board as it continues to oversee Imperial's strategy and transformation.

Outside interests

None.



Alan Johnson CMG
Non-Executive Director (A) (P)

Tenure: Appointed January 2021.

Nationality: British and Italian

Biography

Alan has a financial background following a 30+ year career in Unilever, including chief audit executive and chief financial officer of the Global Foods Division. He was CFO and then non-executive director of Jerónimo Martins SGPS, S.A. until 2016, and remains the independent chairman of the company's internal control committee.

He was non-executive director at the UK Department for International Development, president and chair of the board of the International Federation of Accountants and chair of the audit committee of the International Valuation Standards Council.

Skills and experience

Alan has a breadth and depth of knowledge and insight into financial, accounting and FMCG issues following a distinguished career in senior roles across the commercial and regulatory spheres. This unique skill set allows for challenge and debate at both the Audit Committee and Board.

Outside interests

Non-executive director of DS Smith plc and William Grant & Sons Ltd (where he chairs the audit committee), chair of the Stakeholder Advisory Council to the Audit and Ethics Standards Setting Boards and chair of the Good Governance Academy.



Bob Kunze-Concewitz
Non-Executive Director (P) (R)

Tenure: Appointed November 2020.

Nationality: Austrian

Biography

Bob is an experienced marketing professional and has held a number of senior roles at leading FMCG companies. In April 2024 he retired after 17 years as chief executive officer of Campari Group, a major player in the global spirits industry. Bob previously held positions of increasing responsibility and global reach at Procter & Gamble, including global prestige products corporate marketing director.

He was previously a fellow at the Elis Institute in Rome and vice chairman of Altgamma, the Italian luxury goods association.

Skills and experience

Bob has extensive and deep knowledge of the global fast-moving consumer goods sector following a lengthy career in marketing and brand management in multinational companies. His long and distinguished tenure as CEO of Campari Group provides unparalleled insight and experience to draw on during different aspects of Board discussions.

Outside interests

Non-executive director of the supervisory board of Carlsberg A/S, Campari Group and Luigi Lavazza S.p.A. (where he chairs the remuneration committee).



Jon Stanton
Non-Executive Director (A) (P) (R)

Tenure: Appointed May 2019.

Nationality: British

Biography

Jon has a wide range of international leadership experience, encompassing transformation, M&A and all aspects of finance, principally in the B2B sector.

In 2016 he was appointed chief executive of The Weir Group plc, one of the world's leading engineering businesses, having previously been CFO from 2010. Prior to that he spent 22 years at Ernst & Young, LLP, the last nine years of which were as a partner in its London office, where he led global board-level relationships. Jon is a Chartered Accountant and a member of the Institute of Chartered Accountants in England and Wales.

Skills and experience

Jon has enjoyed a lengthy and illustrious career with over 30 years' experience in international business and accountancy. As the CEO of a FTSE 100 listed company, he brings wide-ranging board, financial and regulatory experience to Imperial, lending his deep knowledge and insight into our strategic and financial discussions.

Outside interests

Chief Executive of The Weir Group plc.



Emily Carey
Company Secretary

Tenure: Appointed May 2023.

Nationality: British

Biography

Emily, a chartered accountant and Fellow of the Chartered Governance Institute, has enjoyed a 25-year career in finance, regulatory affairs, compliance, governance and company secretarial matters, with significant experience in the oil and gas and sports betting and gaming industries.

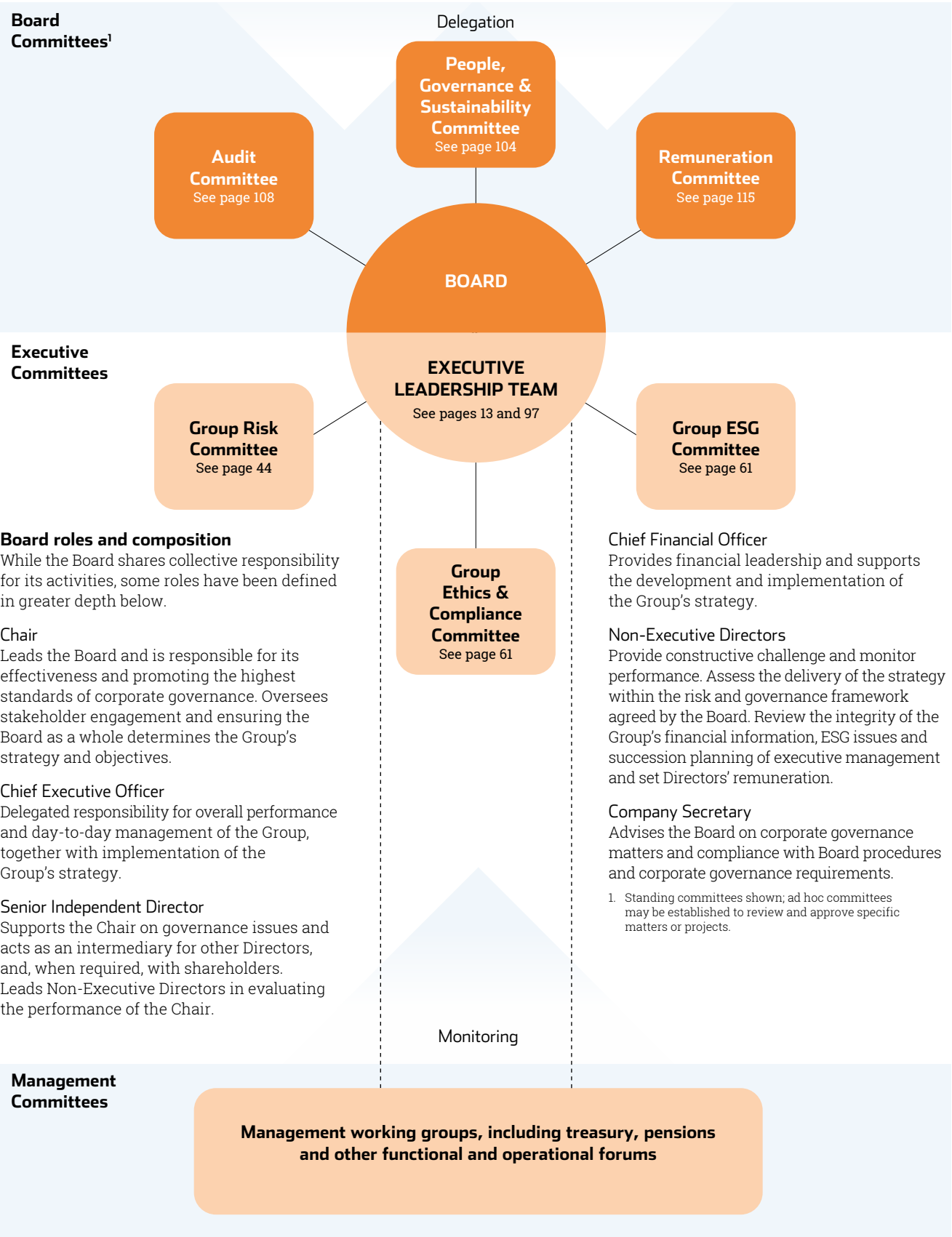
Prior to joining Imperial, Emily held a number of roles of increasing seniority including 14 years at BP plc and three years at Entain plc where she was Group Company Secretary.

Committee membership

- (A) Audit Committee
- (P) People, Governance & Sustainability Committee
- (R) Remuneration Committee
- Committee Chair

ROLE AND PURPOSE OF BOARD AND ITS COMMITTEES

IMPERIAL BRANDS GOVERNANCE STRUCTURE



1. Board leadership and Company purpose

The Company is led by an effective and determined Board, focused on the long-term sustainable success of the Company, generating value for shareholders and other stakeholders, and contributing to wider society.

Read more on pages 16 and 92 to 101.

2. Division of responsibilities

The Chair and the Chief Executive Officer have clearly defined and separate responsibilities, and there is an appropriate combination of Executive and independent Non-Executive Directors.

Read more on page 96.

3. Composition, succession and evaluation

Appointments are subject to a formal, rigorous and transparent procedure. Succession plans, designed to promote diversity, including gender, social and ethnic backgrounds and cognitive and personal strengths, are in place for the Board and senior management. An evaluation of the Board and its Committees is undertaken annually, in line with the Code.

Read more on pages 104 to 107.

4. Audit, risk management and internal control

Formal, transparent policies and procedures are in place to ensure the independence and effectiveness of the internal and external audit functions and the integrity of financial and narrative statements, and to manage and mitigate risks.

Read more on pages 108 to 114.

5. Remuneration

The Company has remuneration policies and practices designed to support its strategy and promote long-term sustainable success. Executive remuneration is aligned to the Company's purpose and vision, and is clearly linked to the delivery of the Company's long-term strategy.

Read more on pages 115 to 129.

GOVERNANCE FRAMEWORK

The Board is responsible for the governance of the Company, undertaking its duties within a framework of clear authorities and governance structures.

The Board sets the tone for the Group from the top and delegates specific tasks to its Committees. Each of these Committees has specific written terms of reference issued by the Board, adopted by the respective Committee and published on our website. All Committee chairs report on the proceedings of their Committee at the next meeting of the Board, and make recommendations to the Board where appropriate. Minutes of Committee meetings are circulated to all Board members.

To ensure Directors are kept up to date on developments and to enhance the overall effectiveness of the Board, the Board Chair and Committee chairs communicate regularly with the Chief Executive Officer and the Chief Financial Officer. Where appropriate the Board convenes virtually outside of scheduled meetings to consider time-sensitive matters.

The Board is responsible to shareholders and stakeholders for approving the strategy of the Group, for overseeing the performance of the Group and evaluating and monitoring the management of risk in a manner that is most likely to promote the Company's long-term success.

The Board has adopted a schedule of matters on which it must take the final decision. These include approving the Group's strategy, business plans, dividend, major financial announcements, and acquisitions and disposals exceeding defined thresholds.

Board members have access, collectively and individually, to the Company Secretary and are also entitled to obtain independent professional advice at the Company's expense, should they decide it is necessary in order to fulfil their responsibilities as Directors.

EXECUTIVE LEADERSHIP TEAM

The Board delegates responsibility for developing and implementing strategy, and for the day-to-day running of the business, to Stefan Bomhard, Chief Executive Officer, who is assisted in his role by the Executive Leadership Team (ELT) comprising the members listed on page 13.

The ELT is responsible for overseeing the operational execution and delivery of our strategic and financial plans, as approved by the Board. This includes: business performance management; transformation and cultural change initiatives; talent, capability and succession; major investments, divestment and capital expenditure proposals; business development considerations; ESG initiatives; and risk assessment and management.

BOARD IN ACTION

HIGHLIGHTS OF THE YEAR

2023

(B) (R)

October 2023

VIRTUAL MEETINGS

- Review of Imperial's risk management programme, including risk appetite and mitigations
- Stakeholder engagement: Remuneration Policy shareholder consultation

(B)

March 2024

PRAGUE, CZECH REPUBLIC

- Site visit: Central & Eastern Europe regional review
- Deep dive: Heated Tobacco products
- Stakeholder engagement: Consumer connection
- Employee engagement: "Meet the Board" lunch
- Strategy discussion: Macroeconomic outlook

March 2024

SITE VISIT: PRAGUE, CZECH REPUBLIC

In March 2024, Board members spent three days visiting Imperial's operations in the Czech Republic to gain a deeper understanding of our business in the Central & Eastern Europe cluster. The visit included:

- A briefing from our sales and operations team in the cluster on the key features of each market
- A tour of different store and trade outlets to highlight our direct and commercial channel stakeholders
- To complement the deep dive on HTP, a consumer speed dating session with three groups of consumers to better understand heated tobacco insights
- Lunch with local colleagues and dinner with cluster leadership to hear about Imperial's culture in action



(B) (A) (P) (R)

November 2023

LONDON, UK

- Deep dive: Non-financial reporting regulation developments
- Strategy discussion: Logista
- NGP outlook

VIRTUAL MEETING

- Approval of Imperial Brands plc full year results and Annual Report and Accounts

(B) (A)

January 2024

BRISTOL, UK

- Imperial Brands plc AGM: Attended by all Directors
- Strategy discussion: Spain
- Deep dive: Cyber and technology principal risk
- Analysts' insights: outlook for the combustible and NGP markets
- Employee engagement: Audit Committee break-out with the Finance function

(B) (A) (P) (R)

May 2024

LONDON, UK

- Strategy discussion: Manufacturing, UK and Germany
- Brokers' perspective on Imperial Brands

VIRTUAL MEETING

- Approval of Imperial Brands PLC interim results
- Employee engagement: Discussion with employees on Executive and wider workforce reward topics



July 2024

SITE VISIT: LIVERPOOL

In July 2024, the Board visited Imperial's Innovation Hub in Liverpool and undertook a review of the Group's NGP business. The Board met a cross-section of colleagues involved in merging technology and science with consumer insight. Directors spent time in each of the key workstreams of our Innovation Hub – including:

- Participating in consumer engagement sessions on NGP in our Sense Hub
- Observing how consumer preference shapes the look and feel of products in the Design Studio
- Exploring the role of technology in our Device Lab
- Considering the role of smell and taste in our NGP products in our Consumable & Flavour labs
- Reflecting on testing and data collection in our Analytical & Stability labs

(B) Board

(A) Audit Committee

(P) People, Governance & Sustainability Committee

(R) Remuneration Committee

(B)

June 2024

VIRTUAL MEETINGS

- Strategy interviews with each Non-Executive Director and management

(B) (P)

July 2024

VIRTUAL MEETING

- Deep dive: AI and audit

LIVERPOOL, UK

- Site visit: Innovation Centre
- Strategy discussions: NGP, US market
- Deep dive: Innovation pipeline, opportunities and capability
- Employee engagement: "Meet the Board" lunch

(B)

August 2024

VIRTUAL MEETING

- Deep dive: NGP – science and harm reduction

(B) (A) (P) (R)

September 2024

LONDON, UK

- Strategy working session
- Investor perception study
- Business Plan 2025
- Capital allocation
- Board and Committees' effectiveness reviews

VIRTUAL MEETING

- Stakeholder engagement: ESG Investor webinar

BOARD IN ACTION *continued*

ENGAGEMENT WITH COLLEAGUES

Every Non-Executive Director, individually and working together as the People, Governance & Sustainability Committee, has responsibility for workforce engagement; this is considered to be effective as it allows every Board member to participate rather than channelling engagement through a single Director. Our "Meet the Board" engagement sessions continue to provide an integrated listening experience between our colleagues and NEDs that is authentic and inclusive, enabling the Board to gain insights from a representative cross-section of our global employee population. These open and honest sessions have been positively received, and are considered by colleagues to be helpful in connecting to the strategy and the enablers for delivering it.

Specific engagement activity can be seen on pages 98 to 101.

ENGAGEMENT WITH INVESTORS

We value the support of our equity and debt investors and how our engagement with these important stakeholders can influence our ability to access capital. Our aim is to provide balanced, clear and transparent communications enabling investors to understand how we see our prospects and the market environments in which we operate. Over the course of FY24, we held around 620 meetings with debt and equity investors, and research analysts through the following:

- results presentations and trading updates;
- CEO and CFO participation at investment banking conferences;
- investor roadshows in the UK, North America and Asia with private client brokers and wealth managers and with debt investors in support of a US dollar bond issue;

- a virtual ESG investor webinar to provide an update on progress with our ESG priorities;
- our AGM, providing an opportunity for the Board to meet with shareholders, particularly our retail investors;
- ad hoc events such as the sell-side analyst Board debate, where two sector analysts presented opposing perspectives and outlook for the sector; and
- ad hoc meetings to maintain an ongoing dialogue with existing holders and to meet prospective investors.

To monitor the effectiveness of investor engagement, the Board commissioned an investor perception study, gathering feedback from investors and non-shareholders on Imperial's progress against the strategy. The key findings were that shareholders are pleased with the delivery and successful implementation of the plan. They appreciate the revitalisation of the combustible business, realistic and disciplined approach to NGP, deleveraging of the balance sheet, clear capital allocation policy and shareholder returns. The operational performance and financial delivery have reinforced the credibility of the management team.

Imperial's Chair maintained her ongoing engagement with the Group's largest shareholders through in-person and virtual meetings.

The Board is kept informed of investor engagement throughout the year, through the IR Board Report which is presented at every Board meeting. Investor perception is assessed on an ongoing basis through feedback on meetings, our events and our conference presentations. This feedback is shared with the Board in the IR Board Report.

INVESTOR ENGAGEMENT DURING FY24

October

- Results:
- Pre-close trading update

November

- Results:
- FY Results
- Roadshows:
- UK; North America; Private Client/Wealth Management

December

- Engagement:
- Executive Leadership Team investor event
- Roadshows:
- Asia
- Conferences:
- Virtual

January

- Engagement:
- Chair roadshow; AGM; Sell-side analyst Board discussion

March

- Conferences:
- New York

April

- Results:
- Pre-close trading update

May

- Results:
- HY Results
- Roadshows:
- UK; North America
- Conferences:
- Virtual; New York

June

- Conferences:
- Paris

July – August

- Conferences:
- London

September

- Conferences:
- Boston
- Engagement:
- ESG investor webinar



Read more on how the Board considers all our stakeholders, and how the Directors fulfil their duties under Section 172 of the Companies Act 2006, in our S172(1) statement and accompanying information on pages 54 to 57 and 102.

HOW THE BOARD MONITORS CULTURE

Site visits

Regular site visits are scheduled as part of the Board's annual programme in order that Directors can gain further insight into Imperial's culture by meeting colleagues, observing the Group's activities and seeing how our systems and processes support the workforce to deliver performance.

Employee engagement programme

Directors participate in an employee engagement programme designed to allow the Board to receive employees' perspectives on Imperial's culture and better inform Board decisions.

Engagement survey

The Board reviews results of the annual employee engagement survey, together with data on how engaged our workforce is compared to peer companies. Actions from the engagement survey are monitored by the Board through to completion.

Workforce policies and practices

The Board monitors wider workforce policies and practices to ensure they meet Imperial's values and support the long-term sustainable success of the Company.

People topic updates

Directors receive updates on key People topics. The Board further monitors the work of the Group's business employee resource groups (BERGs) which helps the Board better understand concerns of diverse groups within the workforce.

Code of Conduct

The Code of Conduct sets out what Imperial stands for and how it operates. The Board reviews the Code and its engagement programme, including training and communication.

Employee concerns programme

Directors regularly review the findings of the Group's whistleblowing and employee concerns processes, including trends data and investigation closure.

Reward engagement

Members of the Remuneration Committee participate in a focus group session with a cross-section of employees to discuss executive remuneration and wider workforce pay practices.

STATEMENT ON SECTION 172 OF THE COMPANIES ACT 2006

Effective engagement with a wide range of stakeholders, including consumers, colleagues, governments and regulators, our customers, suppliers and investors, is key to the successful delivery of our strategy and vision in the long term.

During the year, the Directors acted in the way they considered, in good faith, most likely to promote the Company's long-term success for the benefit of its members as a whole, paying due regard to the matters set out in Section 172(1) of the Companies Act 2006. Those factors are as follows:

- The likely consequences of any decision in the long term
- The interests of the Company's employees
- The need to foster business relationships with suppliers, customers and others
- The impact of the Company's operations on the community and the environment
- The desirability of the Company maintaining a reputation for high standards of business conduct
- The need to act fairly as between members of the Company

Across our business we have a regular and ongoing dialogue with stakeholders and their views are taken into account, not only in matters put to the Board for a decision, but in the day-to-day management of our operations. In taking into account the various interests of all relevant stakeholders when making decisions, the Board recognises it is not always possible to achieve each stakeholder's preferred outcome. Which stakeholder group's interests are considered depends on the decision at hand. The Board endeavours to balance the different priorities and interests of our stakeholders in a way compatible with the long-term, sustainable success of the business and which aligns with our purpose, vision and behaviours.

How the Board considers stakeholder views and inputs, as well as Section 172(1) factors, in its decision-making is illustrated below. More detail on, and examples of, our stakeholder engagement initiatives and their impact on Board decision-making is contained within the Strategic Report on pages 54 to 57.



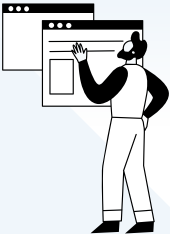
The broad skillset and knowledge base of Board members promotes and enhances the diversity of thinking during Board discussions.

The Board meeting calendar is planned by the Chair, Company Secretary and Chief Executive, with input from other key parties, such as the CFO, as required.

The Board receives detailed papers in good time ahead of meetings to enable the time in meetings to be devoted to discussion, debate and challenge following any presentation that may also take place. As part of this process, relevant stakeholder interests are identified in the Board papers.

The Board is responsible for setting the strategic direction of the Company, as outlined on page 97, and ensuring stakeholders are treated fairly as part of this is firmly embedded in the culture of the Company. Decisions are properly recorded in meeting minutes.

Decisions are cascaded as appropriate and stakeholders engaged where necessary. Updates are provided to the Board to allow it to review and monitor impact, effectiveness and the fulfilment of its duties.



BOARD GOVERNANCE STATEMENTS

Section 172 of the Companies Act 2006

The Board seeks to consider the interests of all relevant stakeholders when making decisions. Our formal statement is disclosed on page 102. Throughout this Annual Report we have included information on how the Board operates and considers the interests of stakeholders when making its decisions.

 Read more on pages 54 to 57.

Viability statement

On the basis of a robust assessment of the emerging and principal risks facing the Group, and the assumption that they are managed or mitigated in the ways disclosed on pages 42 to 53, the Board's review of the business plan and other matters considered and reviewed during the year, and the results of the sensitivity analysis undertaken, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 30 September 2027.

 Read more on page 52.

Going concern basis

Having assessed the principal risks facing the Group, including the global economic environment, as well as realisation of other key risks, including climate change and the impact of the share buyback, the Board is of the opinion that the Group as a whole and Imperial Brands PLC have adequate resources to meet operational needs for a period of 12 months from the date of approval of the financial statements and, therefore, concludes that it is appropriate to prepare the financial statements on a going concern basis.

 Read more on page 52.

Principal risks and uncertainties

The processes and related reporting described in the Principal Risks and Uncertainties section on pages 42 to 53 enable the Audit Committee to review and monitor the effectiveness of our risk management and internal control systems and provide assurance to the Board, in accordance with the recommendations of the Code.

 Read more on pages 42 to 53.

Fair, balanced and understandable

The Directors confirm that they consider, taken as a whole, this Annual Report and Financial Statements are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

 Read more on page 112.

Modern Slavery Statement

In compliance with the UK Modern Slavery Act, every year since 2016, Imperial Brands submits its Modern Slavery Statement, where we outline our commitments for the upcoming year. You can read our 2023 Modern Slavery Statement on our website. As part of these commitments, together with Slave-Free Alliance, of which Imperial Brands is a founding member, we developed a modern slavery toolkit to help our colleagues to enhance their knowledge about modern slavery, identify its key indicators and characteristics, respond appropriately to potential victims, and escalate and report any concerns. In 2023, we created a Modern Slavery Local Champions Community to ensure our local champions had all the support they needed, and we updated our Modern Slavery Manufacturing Standard.

 Read more on page 73.

REPORT OF THE PEOPLE, GOVERNANCE & SUSTAINABILITY COMMITTEE



DEAR SHAREHOLDER,

I am pleased to introduce this year's report for the recently expanded People, Governance & Sustainability Committee.

An area of key focus for the Committee has continued to be people and succession topics, notably executive and non-executive succession planning and overseeing management's implementation of the operating model transformation. Executive succession plans were reviewed over the year, covering Imperial's leadership team and emerging talent within the organisation.

In FY24 we reviewed the activities of the Board and its Committees and agreed that the remit for the People & Governance Committee be expanded to include oversight of ESG and E&C matters (including any appropriate ESG-related performance objectives for Executive Director remuneration), employee concerns and speak-up programmes and the integrity of Imperial's non-financial reporting (in tandem with the Audit Committee). With an expanded role, it was felt the Committee's name should be changed to People, Governance & Sustainability to better reflect its additional activities.

With the Committee's remit broadening to include sustainability matters, it received reports on ethical misconduct and non-compliance, and ESG performance against our "People and Planet" strategic aims. It reviewed the updated Code of Conduct, including its launch and communications plan, and recommended the approval of the Code to the Board. The Committee further considered the proposed process for the external auditor's limited assurance exercise over Imperial's sustainability reporting and metrics.

We welcomed Julie Hamilton to the Committee when she joined the Board on 31 January 2024.

Looking ahead to 2025, the Committee's focus will remain on succession, the Group's initiatives on talent, diversity and inclusion and oversight of the transformation of our operating model.

It is further planned that the Committee will build on its review of sustainability matters and non-financial reporting, working with the Executive-level Group ESG and Group Ethics & Compliance Committees to oversee these activities.

Thérèse Esperdy

Thérèse Esperdy
Chair of the People, Governance & Sustainability Committee

ROLE OF THE PEOPLE, GOVERNANCE & SUSTAINABILITY COMMITTEE

The People, Governance & Sustainability Committee provides oversight of the Company's people and culture policies and practices to ensure they align with the Group's values, strategy, performance and risk management framework. It keeps succession plans for the Board and the Executive Leadership Team under review. The Committee monitors the management and mitigation of key environmental, social & governance (ESG) and ethics and compliance (E&C) risks as well as the Group's ESG and E&C performance.

PEOPLE, GOVERNANCE & SUSTAINABILITY COMMITTEE'S ACTIVITIES 2023/24

A summary of topics covered by the People, Governance & Sustainability Committee in its meetings during the financial year is provided below.

2023

November 2023

- Results of the Employee Experience survey
- Update on a Non-Executive Director search
- Composition, rotation and succession planning for Board Committees
- Board training programme for FY24
- Non-Executive Director induction programme review

2024

April 2024

- Operating model transformation update
- Diversity, Equity & Inclusion deep dive – including Parker Review targets and progress
- Talent programme review
- Executive succession
- Proposed expansion to remit of People & Governance Committee
- Ethics & compliance reporting update
- Quarterly ESG report
- Non-financial reporting assurance and approach for 2024 Annual Report and Accounts
- Updates to the UK Corporate Governance Code
- Proposal for 2024 evaluation of the Board and its Committees

July 2024

- Review of the updated Code of Conduct and roll out, and its recommendation to the Board for approval

September 2024

- Executive succession, including external talent mapping
- Executive Leadership Team performance review
- Review of Non-Executive Directors' skills, tenure, time commitment and independence in proposing for re-election

STRUCTURE AND CONTENT OF THE PEOPLE, GOVERNANCE & SUSTAINABILITY COMMITTEE REPORT

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REGULAR ATTENDEES AT PEOPLE, GOVERNANCE & SUSTAINABILITY COMMITTEE MEETINGS DURING FY24

Information on Committee members and their attendance at meetings is on page 90. Other regular attendees during the year (by invitation and where appropriate) included:

- Chief Executive Officer
- Chief Financial Officer
- Chief People and Culture Officer
- Global ESG Director
- Director of Internal Audit
- Deputy Group General Counsel – Legal Compliance

 The Committee's full terms of reference can be found at imperialbrandsplc.com/board

 The skills and experience of our Board are outlined on pages 92 to 95.

ACTIVITIES DURING THE YEAR

Sustainability

During the year, the Committee agreed to expand its responsibilities to include monitoring of the Group's ESG and E&C programmes, supported by the Executive-level Group Ethics & Compliance and Group ESG Committees. The Committee received ESG and E&C updates from management, using a reporting framework of the Group's sustainability strategy pillars and Code of Conduct categories. The Committee held a deep dive on the updated Code of Conduct, including the Code's roll-out programme across different regions and businesses and its alignment to our strategy, behaviours and Group policies.

Non-financial reporting assurance

The expanded remit of the Committee includes review of non-financial materials intended for disclosure or publication and their associated assurance, including the Modern Slavery Act statement and ESG section of the Annual Report. During the year, the Committee reviewed assurance processes for Imperial's non-financial reporting, including proposals to strengthen readiness for the upcoming Corporate Sustainability Reporting Directive (CSRD).

Succession planning

Executive

The Committee reviewed succession planning scenarios for Executive Directors and the Executive Leadership Team over the short, medium and long term. These scenarios considered skills and capabilities needed to undertake these roles and implement Imperial's strategy and operating model transformation.

As part of these activities, the Committee undertook a talent mapping exercise of external candidates for Executive roles and identified areas of focus and coaching for internal candidates as part of the succession pathway.

Underpinning Executive succession planning was a review of the Group's talent model, which considered the pipeline for potential leaders across different management grades and programmes to identify and develop future leaders within the organisation.

Non-Executive

During the year the Committee remained active in its consideration of NED succession, reviewing the tenure, skills, experience and diversity of existing Board members and succession plans for the chairs and membership of the Committees. Following these reviews, the Committee agreed that Ngozi Edozien would move from the Audit to the Remuneration Committee and that Julie Hamilton would join the Remuneration Committee.

For the process that led to Julie Hamilton's Board appointment, external search consultancy Lygon Group was appointed. Lygon Group is a signatory to the Executive Search Firms' Voluntary Code of Conduct and had no other connection with the Company or its Directors during the year. Lygon provided a long list of candidates who were considered against an agreed role profile and balance from a diversity and inclusion perspective. The Committee, Chief Executive and Chief Financial Officer interviewed short-listed candidates, with references obtained prior to recommendation for appointment to the Board.

The Committee concluded that Julie Hamilton would be a strong addition as a Non-Executive Director given her deep knowledge of delivering commercial change in multinational consumer businesses. Julie joined the Board following the conclusion of the AGM in January 2024.

Employee engagement

As part of the Board's employee engagement programme, every Non-Executive Director, individually and working together as the People, Governance & Sustainability Committee, has responsibility for workforce engagement. This is considered to be effective as it allows every Board member to participate rather than channelling engagement through a single Director and insights are heard collectively. The Committee reviews the mechanism for employee engagement and its effectiveness on an annual basis as part of the Committee evaluation.

In 2024, employee engagement sessions were aligned with the themes of the Board's agenda for the year – intended to better inform the Board's discussions and decision-making. Directors met with a broad cross-section of our workforce, including colleagues from our Finance function, our Bristol offices, the Central & Eastern Europe cluster in Prague and NGP business in Liverpool. Members of the Remuneration Committee met colleagues from different businesses and locations to understand views on reward. Participants shared their insights on Imperial's organisational transformation, strategy, market challenges and regulatory developments. Feedback and themes from each session were discussed by the Board at its subsequent meetings.

As part of its annual evaluation, the Committee concluded that the employee engagement programme remained effective and was appropriate for Imperial, given its structure and business model. The evaluation asked that consideration be given to different formats for the programme in 2025.

Diversity

The Committee continued to appraise appointments to the Board from the perspective of its commitment to diversity, including with respect to gender and ethnicity, in its composition and succession plans. The proportion of women on the Board at 30 September 2024 was 45%, with the same proportion of women in our Executive Leadership Team. Female representation on the Board thus exceeds the UK Listing Rules and the FTSE Women Leaders Review diversity benchmark target of 40%, and we also meet the UK Listing Rules and FTSE Women Leaders Review target for at least one senior Board position (in our case both the Chair and the Senior Independent Director) to be held by a woman. The Board has two Directors who identify as being from an ethnic minority background, meeting the Parker Review's current recommendation of at least one Director. One member of our Executive Leadership Team identifies as being from an ethnic minority background.

During the year, the Committee monitored progress against Imperial's diversity, equity and inclusion ambition and five-year strategy, including work undertaken by management to support progression of under-represented groups and reviewing the Parker Review objective for companies to set targets for ethnic minority representation. The Committee considered employee data to inform priority areas for policy and practice improvement, notably on ethnicity. Information on Board and executive management diversity is on page 91.

Independence

The independence of NEDs is reviewed and confirmed annually by the Committee. In accordance with the provisions of the UK Corporate Governance Code, the Chair was considered independent at the time of appointment to the Board and role, and the Board considers all other NEDs to be independent, including Julie Hamilton who joined Imperial Brands during the year.

Conflicts of interest

The Company's Articles of Association allow the Board to authorise potential conflicts of interest as they arise and to impose such limits as appropriate. During the year, the Board approved a Board Conflicts of Interest policy which sets out guidance and process for the identification and approval of conflicts of interest. This and the register of Directors' commitments maintained by the Company Secretary informs the Committee's assessment of a Non-Executive Director's independence when proposing a Director for election or re-election to the Board.

Time commitment and outside appointments

Each NED is expected to commit sufficient time to the Board and the Company. Time commitments for Directors are reviewed by the Committee on a regular basis, including ahead of recommendation for appointment to the Board, on changes in role (joining additional Committees or taking on further responsibility) and prior to approving external appointments.

If any Director wishes to take on an additional external appointment, they are required to seek permission from the Board. The Board will take into consideration the additional time commitments, independence and any potential conflicts of interest in relation to the Directors' current roles and responsibilities before any permission is given. During the year, the Board approved the appointments of Ngozi Edozien as a non-executive director of Unilever Nigeria plc, Bob Kunze-Concewitz as a non-executive director of Carlsberg A/S and Diane de Saint Victor as a member of the Global Center for Risk and Innovation - Industry Europe Board, having concluded that each would continue to have sufficient time to dedicate to their role at Imperial.

AGM and reappointment of Directors

With the exception of Diane de Saint Victor, all Directors are being submitted by the Company for re-election at the 2025 Annual General Meeting. Prior to making recommendations to the Board for election/re-election, the Committee undertook an assessment of each Director, including performance and, for each NED, their continued independence and time commitment.

Director induction

Upon appointment, all Directors receive a comprehensive induction, tailored to their individual skills and experience and the Committees they will join. In January 2024, Julie Hamilton was appointed as an independent Non-Executive Director to the Board. She undertook a formal induction, including one-to-one meetings with our Executive Leadership Team, business and functional leaders, internal and external auditors and a visit to our US operations in Greensboro. Julie further participated in an induction programme which covered our Audit and Remuneration Committees and attended meetings of both Committees as an observer prior to formally joining the Remuneration Committee.

Feedback is sought from Directors undertaking their induction programme and in the Committee's evaluation to ensure the programme is effective.

Board training

Beyond initial induction, Directors receive ongoing training and development during the year. This includes sessions during Board visits, such as the Board's visit to our Innovation Centre in Liverpool where members learned first-hand about our product development process. Training is also delivered through targeted "NEDucation" sessions with external and internal subject matter experts. During 2024, NEDucation sessions were given by external legal counsel on developments in non-financial reporting regulations, by the external auditors on the use of AI in audit and by Imperial's Group Science and Regulatory Affairs team on the science of harm reduction in NGP.

Review of the People, Governance & Sustainability Committee

For its 2024 evaluation, the Committee undertook an internally facilitated review using an anonymised online questionnaire. The evaluation confirmed that the Committee was operating effectively, with positive feedback on people and culture topics. It was agreed that executive succession planning would remain an area of focus for 2025, including consideration of talent, capability and the broader diversity agenda. The broad remit of the Committee's agenda was noted and it was agreed that a watching brief would be kept on the discharge of the Committee's expanded sustainability responsibilities.

BOARD EVALUATION

An evaluation of the Board, its Committees, the Chair and individual Directors is undertaken on an annual basis.

Actions from the 2023 Board review

The Board undertook an externally facilitated review, with the outcomes and agreed actions being focused on by the Board throughout the year. Progress against these actions include:

2023 Action	Actions taken during the year
Board agenda and focus Co-ordination across the Board and its Committees to ensure that strategic and operational priorities are linked	• The Chair, CEO, Committee Chairs and Company Secretary reviewed the forward agendas for each forum to ensure key topics were covered • The remit of the People & Governance Committee was expanded to include sustainability matters
Adding value and optimising challenge Meeting structure and exploring different styles of discussion to allow Board members to bring their experience to the decision-making process	• The forward Board calendar was refreshed, including cadence and structure, to optimise Board members' time commitment and the reporting cycle • Different formats for discussions were utilised during the year, including NED-only breakfasts and informal Board events with management
Strategy Optimising the methods for engaging the Board on the development of the next five-year strategy	• Holding a series of strategy "building block" sessions throughout the year on key elements of a future strategy • 1:1 interviews with each NED were held to explore potential strategic themes and check in on discussions to date

2024 Board review

An internally facilitated Board review was held in 2024, led by the Chair and Company Secretary. The Chair's performance review was led by the Senior Independent Director and a review of the CEO's performance was led by the Chair. In addition, the Chair held one-to-one meetings with each NED which covered their individual performance.

Feedback from the review was consolidated and presented to the Board. The review concluded that the Board and its Committees continued to operate effectively, with the right balance of skills, experience and diversity to oversee the Group's strategy. Several actions were highlighted to further enhance the Board's effectiveness during 2025, including further refinement of meeting and agenda logistics to create more space for reflection, continued oversight of the ongoing development of the risk management and controls programme and consideration of how to pull the different "strands" of the next five-year strategy together.

AUDIT COMMITTEE



STRUCTURE AND CONTENT OF THE AUDIT COMMITTEE REPORT

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COMMITTEE MEMBERS AND OTHER REGULAR ATTENDEES AT AUDIT COMMITTEE MEETINGS DURING FY24

Information on Committee members and their attendance at meetings is on page 90. Other regular attendees during the year (by invitation and where appropriate) included:

- Board Chair
- Chief Executive Officer
- Chief Financial Officer
- Company Secretary
- Global Finance Director
- Director of Internal Audit
- Deputy Company Secretary, as Secretary to the Audit Committee
- Group Financial Controller
- Global Tax Director
- Representatives from EY, our external auditor

The Committee's full terms of reference can be found at imperialbrandsplc.com/board

DEAR SHAREHOLDER

During the year the Audit Committee has provided assurance over the integrity of the Group's financial statements and related announcements, providing a high level of scrutiny over judgements made by management in key accounting matters, particularly at the year-end. The Committee also supported the Board at year-end with the assessment of the Company's Annual Report as being fair, balanced and understandable.

The Company's risk management and internal control framework has undergone a series of enhancements to the way it operates, and this has been a key area of focus for the Committee during the year as it supports the Board with the Group's wider risk management agenda.

The Committee received updates from regional finance directors during the year, as well as across central functions. Time was also spent with members of the Head Office Central Finance team, providing Committee members a much-valued opportunity to hear first-hand about life at Imperial from a broad cross-section of employees as well as gaining an insight on their views of the Company and, amongst other things, personal ambitions.

The Internal Audit function and the Company's external auditor are critical relationships overseen by the Committee; ensuring the independence and objectivity of the external auditor is a key matter for the Committee. The Committee has regular private meetings separately with both internal and external audit across the year.

The area of non-financial reporting will be very much in focus, and the Committee's interaction with other Board Committees as the levels of assurance required around this critical area continue to expand. Similarly, risk will remain a critical focus, particularly as we prepare for implementation of the UK Corporate Governance Code 2024 and, looking forward, where we can provide assurance around material internal controls.

The Company will have a new external audit partner next year, as part of the mandatory rotation, and I will be keen to maintain the open and productive level of engagement I have enjoyed with the incumbent, to whom I would like to express my thanks for the strong and constructive challenge provided during their tenure.

The following pages provide further insight into the range of activities and deliberations of the Audit Committee during the financial year.

Jon Stanton

Jon Stanton
Chair of the Audit Committee

The insight on the following pages into the range of activities and deliberations of the Audit Committee during the financial year is supported by a fuller list of key matters considered by the Audit Committee set out on pages 110 to 112.

ROLE OF THE AUDIT COMMITTEE

The Audit Committee assists the Board in fulfilling its corporate governance responsibilities relating to financial and narrative reporting and controls. This includes oversight of the Group's internal control systems, risk management process and framework, the Group Internal Audit department and the external audit.

It also involves ensuring the integrity of the Group's financial statements and related announcements.

This report sets out how the Audit Committee has discharged its duties in accordance with the UK Corporate Governance Code 2018 (the Code) for the year ended 30 September 2024, and details the key matters considered and findings during the year.

KEY RESPONSIBILITIES

In line with the authority delegated by the Board, the Audit Committee:

- Reviews and challenges the critical management judgements and estimates which underpin the financial statements, drawing on the views of the external auditor in making an informed assessment, particularly in relation to each of the key matters detailed on pages 111 to 112
- Maintains appropriate oversight over the work and effectiveness of Group Internal Audit, including confirming it is appropriately resourced, reviewing its audit findings and monitoring management's responses
- Monitors and evaluates the effectiveness of Imperial's risk management and internal control systems, including obtaining assurance that controls are operating effectively and are evidenced as such through, for example, the internal self-certification exercise and subsequent internal audit testing
- Reviews the adequacy and security of the Company's procedures for detecting fraud, and its systems and controls for preventing bribery
- Scrutinises the independence, approach, objectivity, effectiveness, compliance and remuneration of the external auditor
- Assesses the going concern status and medium-term viability of the Group
- Assists the Board in confirming that, taken as a whole, the Annual Report is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy (see page 112)

ABOUT THE AUDIT COMMITTEE

Membership

Membership and attendance of the Committee can be found on page 90.

Biographical details of the current members of the Audit Committee are set out on pages 92 to 95. Members of the Audit Committee are appointed by the Board following recommendation by the People, Governance & Sustainability Committee. Ngozi Edozien stepped down as a member of the Audit Committee during the year following her appointment as a member of the Remuneration Committee.

In addition to the members of the Committee, other regular attendees during FY24 can be found on page 108.

Governance

The Audit Committee consists entirely of independent Non-Executive Directors as defined by the Code. The Audit Committee chair, and both Alan Johnson and Andrew Gilchrist meet the Code's standard of having recent and relevant financial experience and also have competence in accounting and/or auditing. The Board is satisfied that the Committee as a whole has the required competence relevant to the sector in which the Company operates, supported by the FMCG experience of Sue Clark, Andrew Gilchrist and Alan Johnson.

The Audit Committee's terms of reference state it must meet at least three times a year. The quorum for meetings is two.

At each meeting, both the Director of Group Internal Audit and EY had the opportunity to meet with the Audit Committee without management present.

The Audit Committee is authorised to seek external legal advice and other independent professional advice as it sees fit.

Audit Committee evaluation

An internal evaluation of the Board and Committees was undertaken in 2024. Further information on the process undertaken can be found within the People, Governance & Sustainability Committee report, on page 107.

The evaluation found members to believe the Audit Committee functions well and maintains a constructive and healthy relationship with the external auditor. Risk and internal control remain focus areas for the Committee, particularly as we prepare for implementation of the UK Corporate Governance Code 2024 and the Committee's role supporting the Board attesting the Group's material internal controls in the coming years.

AUDIT COMMITTEE'S ACTIVITIES 2023/24

2023

November 2023

- FY23 Financial results and audit overview and accounting estimates and judgements update and recommendations to the Board
- Recommended final dividend to the Board
- Audit/Non-Audit Services and Independence review
- Recommended reappointment of external auditor to the Board
- Financial controls self-certification and FY23 attestations update
- Group Internal Audit annual review
- Pensions review
- Update on FY24 Audit Committee planner
- Confirmed audit/non-audit service fees
- Internal controls and risk management
- Recommended preliminary announcement and Annual Report and Accounts to Board, including the Audit Committee report and risk management disclosure

April/May 2024

- Review of HY24 Results, including going concern and accounting estimates and judgements
- HY24 attestations
- Recommended half-year reporting to the Board
- Distributable reserves and interim dividend review
- Update on alternative performance measures (APMs)
- Regional Finance Review
- External Audit HY24 Review Report
- Group Treasury update, including risk management
- Insurance Update
- Internal control and risk management update
- Audit/Non-Audit Services and Independence review

A summary of the topics covered by the Audit Committee in its meetings during the financial year is provided below. In addition to the matters listed, the Committee also held private review meetings, separately, with internal and external audit, as well as engaged members of management as required for deep dives where issues required greater scrutiny.

January 2024

- Finance update
- Finance Transformation update
- External audit effectiveness review
- Regional Finance Review
- Tax review including strategy confirmation
- Group Internal Audit update
- FY24 audit plan update
- Non-audit services pre-concurrence review
- Internal control and risk management update
- Ethics and compliance report
- "Meet the Committee" lunch session with Group Finance teams
- Updates to the UK Corporate Governance Code

September 2024

- FY24 Financial results and audit overview and accounting estimates and judgements initial review
- Audit/Non-Audit Services review
- Distributable Reserves overview and dividend review
- External Audit FY24 Update Report
- Compliance Review
- Group Internal Audit update, including FY25 plan and approval of Charter
- Cybersecurity report
- Internal control and risk management update
- Fraud and Financial whistleblowing review
- Committee evaluation and independence review of Audit Committee members

SIGNIFICANT FINANCIAL REPORTING JUDGEMENTS

The Audit Committee considered the appropriateness of the following areas of significant judgement, complexity or estimation in connection with the FY24 financial statements:

Matter considered	How the Committee addressed this
Goodwill and intangible asset impairment reviews (See note 12 to the financial statements for further information) Goodwill and intangible assets form a major part of the Group's balance sheet, and their current valuations must be supported by future prospects. Additional internal validation was prepared in respect of long-term market prospects, facilitating three-year modelling and taking account of updates to the near and medium-term business planning process. The Audit Committee also considered detailed reporting from, and held discussions with, the external auditor.	Following these reviews the Audit Committee concluded that there is significant headroom above the valuation of goodwill. The Audit Committee concluded that there was no requirement to impair goodwill and intangibles and that the disclosure of sensitivities was appropriate and on this basis the Committee approved the note disclosure in the financial statements.
Taxation (See notes 8 and 23 to the financial statements for further information) The Group is subject to taxation in a number of international jurisdictions, requiring significant management judgement in relation to effective tax rates, tax compliance and the reasonableness of tax provisions, which could materially affect the Group's reported results. The Group is subject to periodic challenges by local tax authorities on a range of matters and there are uncertain tax positions in relation mainly to three principal matters: German branch capital structure; German transfer pricing; and a French tax authority challenge in respect of an intra-Group disposal.	The Audit Committee received a detailed update from management at each Committee meeting on the status of ongoing enquiries and tax audits with local authorities; the Group's effective tax rate for the current year; recognition of material assets, including deferred tax assets; and the level of provision for known and potential liabilities, including the third-party counsel received in developing estimates. In addition, the Audit Committee discussed material positions with the external auditor in support of developing an independent perspective on the positions presented. The Audit Committee received specific progress reports in connection with: the recognition of the Maltese tax credits; ongoing French tax litigation; a German tax authority audit into debt and equity allocation to branches; and transfer pricing on financing. In addition, following the conclusion in prior years of transfer pricing audits (excluding financing), including settlement on UK, German and French transfer pricing audits, ongoing mutual agreement procedures impacting provisions and reporting disclosures were further discussed. The Audit Committee continued to consider the appropriateness of items treated as adjusting and concluded that the items satisfied tax adjusting item criteria on the basis of materiality and nature. The Audit Committee reviewed the status of each material tax judgement, including a range of possible outcomes, noted that independent third-party support had been obtained for each judgement and agreed that the level of tax provisions and disclosures was appropriate.
Litigation matters and competition investigations The Group is exposed to litigation matters arising from claimants seeking remedies from the Company or its subsidiary companies. A small number of claims alleging smoking-related health effects remain, as well as NGP-related product litigation in the US only. A claim arising from specific US legislation (Helms Burton) remains ongoing, one element of the US state settlement agreements remains unresolved, employment related claims arising from a number of legacy disputes are ongoing and the Group faces one ESG related claim (see notes 25 and 30). Three decisions by national Competition Authorities in the EU are under appeal and judgments of the national courts are awaited by the Group.	The Audit Committee considered reports from the Group's lawyers which confirmed that the Group continues to have meritorious defences to a number of actual and threatened legal proceedings. The Audit Committee concluded that risks in respect of these actual and threatened legal proceedings and litigation matters otherwise covered in this report, along with any proceedings appealing competition authority decisions, are appropriately disclosed or provided for in the Group's Annual Report and Accounts.

Matter considered	How the Committee addressed this
Going concern and viability statement The Directors are required to consider whether it is appropriate to prepare the financial statements on a going concern basis and explain how they have assessed the prospects of the Company over a longer period, particularly in the context of uncertainty in the external environment. Management performed a comprehensive series of stress tests to confirm that the going concern basis and viability statement remain appropriate. These tests are described in the going concern statement on page 52. The tests involved the stress testing of the resilience of the Group to certain changes in trading conditions that may come about as a result of the global economic environment, as well as realisation of other key risks, including climate change and the impact of the share buyback.	The Audit Committee reviewed these tests on operating cash flows, the ongoing resilience of demand and supply, disruption to global supply chains and the impact of the war in Ukraine on the business. The Audit Committee noted the Group's ability to raise funds, with significant oversubscription to the Group's debt financing offers, even in challenging markets. Together, these points allowed the Audit Committee to form an opinion as to the ability of the Group to remain a going concern for a period of 12 months from the date of approval of the financial statements, and make its recommendation to the Board. The Audit Committee determined this was appropriate given the Group's cash flow resilience and strong access to funding markets when required, and also noted that it was in line with statutory requirements. The Audit Committee also considered management's view of the Group's ability to remain viable, for the agreed three-year period, following the forecast realisation of a number of key risks, including the possible impacts of climate change, and concluded that it is appropriate to sign off the Group's viability statement.
Revenue recognition There is a risk that revenue could be overstated through the inclusion of sales which are not in compliance with the Group's revenue recognition policy.	Discussions were held with management and the external auditor which satisfied the Audit Committee that the Group's criteria for revenue recognition continued to be appropriate and that the central monitoring of trade weight at period ends ensured any material breaches to the Group's revenue recognition policy would be both detected and reported to the Audit Committee and, where applicable, disclosed externally. The Audit Committee is satisfied that the Group's policy was operating effectively. No breaches were found during the year.
Fair, balanced and understandable The Board is required to state that the Group's external reporting is fair, balanced and understandable. The Audit Committee is requested by the Board to provide advice to support the assertion.	The Audit Committee received a report from management summarising the processes that had been undertaken to ensure that the Group's external reporting is fair, balanced and understandable. This included, but was not limited to, the following: (i) a full document review by the Disclosure Committee, including ensuring no undue reporting of good news and material information is given due prominence; (ii) engagement of a cross-functional group of internal and external subject matter experts and content owners in the preparation and review of materials, including the ELT, Group Corporate Communications, Group Finance, Group Internal Audit, Group Legal, Investor Relations, ESG team and Company Secretariat; (iii) input and advice from appropriate external advisers, including the Company's brokers, legal advisers, and external audit challenge and scrutiny; (iv) regular research to identify emerging practice and guidance from relevant regulatory bodies; and (v) regular meetings involving the key contributors to the document, during which specific consideration was given to the fair, balanced and understandable assertion. During the year the Audit Committee has continued its review of the use of APMs, including ensuring the appropriate balance of reported and adjusted measures in the Annual Report, which included the addition of "Distribution gross profit", and the removal, as proposed, of three APMs adopted for FY23 only, relating to the disposal of the Russia business. After consideration of the Annual Report against these criteria the Audit Committee recommended to the Board, which accepted the recommendation, that taken as a whole the Annual Report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL

Assessing and managing the risks faced by the Group is fundamental to achieving our strategic objectives, safeguarding our stakeholders' interests and protecting the Group from reputational or legal challenges. This is reflected in our risk management framework, which ensures significant risks are identified, managed and monitored.

The Board has responsibility for the oversight of the Group's internal control systems, risk management process and framework. The Board delegates to the Audit Committee the detailed risk assessment review and assurance over the operation of the risk management framework.

The Group's risk management approach is described in the Principal Risks and Uncertainties section on pages 42 to 45 and is designed to manage, rather than eliminate, the significant risks the Group may face. Consequently, our internal controls can only provide reasonable, and not absolute, assurance over our principal risks.

During the year the Board considered the Group's "bottom-up" risk assessment, which included consideration of both current and emerging risks and issues as discussed in the Principal Risks and Uncertainties section on pages 42 to 53.

MONITORING THE EFFECTIVENESS OF RISK MANAGEMENT

The Audit Committee is responsible for oversight of the ongoing effectiveness of the Company's approach to risk management as approved by the Board.

The Board and Audit Committee received regular updates throughout the year on the continued development of the Group's internal control systems, risk management process and framework, as well as on the results of risk assessments and internal control effectiveness assessments.

The Board and Audit Committee have been informed of, and looked at, all significant whistleblowing reports and reported frauds in the year, including financial, and are comfortable that none of these gave rise to evidence of systemic non-compliance with relevant laws and regulations.

The Audit Committee receives presentations from the Executive on their respective functions. This direct dialogue with the Audit Committee provides further assurance to the Audit Committee regarding the effective management of significant risks to the Group.

Reporting provided to the Audit Committee enables the review and monitoring of the effectiveness of our risk management and internal control systems. The Audit Committee has considered and confirmed to the Board that this is in accordance with the recommendations of the Code and the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting and that such systems were in place throughout the year and up to the date of the approval of the financial statements.

INTERNAL AUDIT

Group Internal Audit (GIA) is responsible for providing objective assurance on the adequacy and effectiveness of the risk management and internal controls framework.

During the year GIA performed a risk-based audit programme aligned to the Group's strategic priorities, resulting in relevant recommendations and insights to further strengthen the Group's control framework.

The Audit Committee reviewed key reports from GIA at each Audit Committee meeting to monitor the effectiveness of the control framework and considered the effectiveness and results of the audits undertaken by GIA, and monitored management responses to the audit matters raised.

The Audit Committee also met independently with the Director of Internal Audit to discuss additional insights.

The Audit Committee reviews the effectiveness of GIA routinely through post-audit surveys and KPI reporting, and monitors progress on GIA's own strategic priorities through updates provided.

The Audit Committee also reviewed and approved the FY25 GIA plan, including the scope, risk coverage and resourcing model to deliver it.

EXTERNAL AUDIT

The Audit Committee is responsible for oversight of EY as the Group's external auditor, agreeing its audit strategy and related work plan, as well as approving its fees. At the Committee's January 2024 meeting, EY set out its external audit plan for the year, which continued to build on its previous experience, EY's continued focus on audit quality and the feedback it received from management, the Board and the Audit Committee. EY provided the Audit Committee with an overview of its evolving audit strategy, tailored to the Group, including its audit risk assessment, Group audit materiality and scope, and the key areas of its proposed audit approach.

The Audit Committee considered the external auditor's feedback, management letter and half year review. EY also provided feedback to relevant Group and local management in a number of debrief sessions and audit close meetings.

The Audit Engagement Letter detailing the provision of statutory audit and half year review services in respect of FY24 was considered and approved in a prior year.

The Audit Committee has had regular private meetings with EY and is satisfied that EY has been given full access and complete transparency by management throughout the year.

Independence of our external auditor

As part of the continual requirement to ensure the independence and objectivity of EY as our external auditor, the Audit Committee maintains and regularly reviews our Auditor Independence Policy (AIP). This policy, which provides clear definitions of services that the external auditor may and may not provide as determined by the FRC's Revised Ethical Standard published in December 2019, can be found on our website at www.imperialbrandsplc.com.

Our AIP requires that the Group Audit Partner rotates after a maximum of five years. Our FY24 Annual Report and Accounts represents the fifth year for Marcus Butler, our signing Audit Partner. Accordingly, a new Group Audit Partner, Kath Barrow, has been identified for the coming years (subject to the reappointment of EY by shareholders at our AGM).

Our AIP states that EY may only provide non-audit services where those services do not conflict with its independence. It also establishes a formal authorisation process, including tendering for individual non-audit services expected to generate fees in excess of £100,000, and prior approval by the Audit Committee for allowable non-audit work that EY may perform. Non-audit services are also documented as part of EY's pre-concurrence processes under the International Ethics Standards Board for Accountants (IESBA) Code. Guidelines for the recruitment of employees or former employees of EY, and for the recruitment of our employees by EY, are contained in the AIP.

During the year EY undertook limited non-audit work, all of which was required by law for the auditor to undertake and/or assurance or attestation-related. This non-audit work was awarded to EY due to its knowledge of the Group and it being deemed best placed to provide effectively the services required. In the current year, non-audit fees were 11% (2023: 5%) of total audit-related fees (see note 4). EY did not undertake any advisory or consultancy work for the Group. Following the auditor independence reviews during the year, the Audit Committee concluded that the level of non-audit fees is appropriate in the light of the above activities and the Audit Committee does not believe that the objectivity of the external audit has been impaired as a result of this non-audit work.

To ensure compliance with the AIP, during the year the Audit Committee carried out four auditor independence reviews, including consideration of the remuneration received by EY for audit services, audit-related services and non-audit work. The Audit Committee also considered reports by both management and EY, which did not raise any concerns in respect of EY's independence, and confirmed that EY maintains appropriate internal safeguards to ensure its independence and objectivity. The outcome of these reviews was that performance of the relevant non-audit work by EY was in compliance with the policy and was the most cost-effective way of conducting our business. No conflicts of interest were found to exist between such audit and non-audit work. The Audit Committee therefore confirmed that the Company and Group continue to receive an independent audit service.

AUDIT FEES

In the current year audit fees were £10.5 million (2023: £10.1 million) (see note 4).

AUDIT QUALITY

The Board and Audit Committee place great importance on ensuring that the Group receives a high-standard and effective external audit and any recommendation to re-appoint the auditor is based on continuing satisfactory performance. The key tool in assessing the performance of our external auditor is an audit effectiveness questionnaire. The questionnaire covers audit scope, planning, quality and delivery, challenge and communication, and independence, and is completed by members of the Audit Committee, Logista's Audit Committee and senior managers and finance executives from across the Group. Responses indicated that EY had delivered a high-quality and effective audit, with no pervasive Group-wide concerns identified. Based on its consideration of the responses, together with its own ongoing assessment, for example through the quality of EY's reports to the Audit Committee and the Committee's interaction with the Group Audit Partner, the Audit Committee remains satisfied with the efficiency and effectiveness of the audit.

The FRC Audit Quality review team also carried out a review of EY's audit of our consolidated financial statements for 2023 as part of their routine review process. The Audit Committee has received a full copy of the findings and recognises that there were no significant findings resulting from the review and that a number of areas of good practice were highlighted. The Committee also noted that the FRC rated the majority of audits carried out by EY as requiring no or only limited improvements, with none requiring significant improvement.

Audit tender

The external audit was last tendered in 2019. EY was awarded the audit in February 2019, with a 1 October 2019 start date. The next time the audit will be tendered will likely be in 2029, as required by regulation. The Audit Committee continues to review the independence and the quality of the external audit to assess whether a tender should be undertaken in advance of the regulatory requirement. The Committee's current view is that the current proposed timing is in the best interests of shareholders since, with the upcoming rotation of the external audit partner, the Group will receive fresh challenge from a new lead auditor, while continuing to benefit from an effective and efficient audit. The Company is in compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

The Audit Committee recommended to the Board that EY should be reappointed as external auditor at the next AGM.

STATEMENT OF AUDITORS' RESPONSIBILITIES

EY is responsible for forming an independent opinion on the financial statements of the Group as a whole and on the financial statements of Imperial Brands PLC as presented by the Directors. In addition, it also reports on other elements of the Annual Report as required by legislation or regulation and reports its opinion to members. Further details of EY's opinions start on page 135.

ANNUAL STATEMENT FROM REMUNERATION COMMITTEE CHAIR



DEAR SHAREHOLDER

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 30 September 2024. Our Report shows how the Policy has been implemented during FY24 and implementation for FY25.

Shareholders approved our Directors' Remuneration Policy at the 2024 AGM with a vote of 95.51%. On behalf of the Committee I would again like to thank our shareholders and wider stakeholders for their engagement and support during the process.

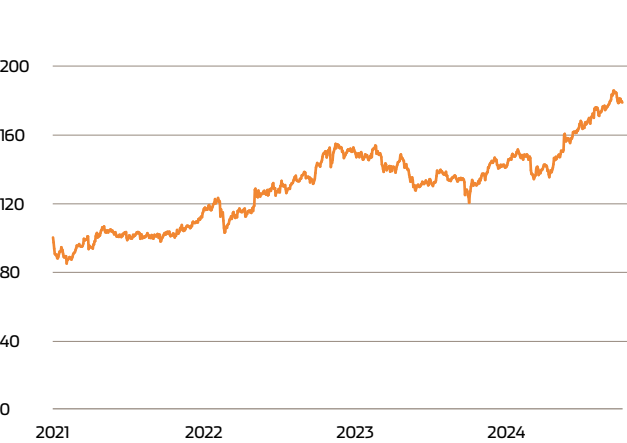
PERFORMANCE CONTEXT

FY24 was the fourth year of the Company's five-year strategy launched in 2021. During that period Imperial Brands has been transformed into a demonstrably stronger business, delivering returns to shareholders over this period of 78.7%. Investment in consumer capabilities, simplified and more efficient operations, and a transformed performance culture, have translated into strong financial results and capital returns to shareholders.

2024 marked another year of strong operational and financial delivery. Aggregate weighted market share grew across our five priority markets in line with the Group's strategic objective while achieving strong pricing and net revenue growth. In next generation products, net revenue increased 26% at constant currency with growth across all regions and categories to build scale and improve gross margins. This supported full year adjusted operating profit growth and cash generation in line with the Group's medium-term guidance. The Company's disciplined approach to capital allocation over the past three years has underpinned investment in the business, a strong and efficient balance sheet and a track record of capital returns with three-year cumulative returns of £6 billion including share buybacks and dividends. Total shareholder return since the strategy was launched in January 2021 was 78.7% as of 30 September 2024, significantly outperforming the FTSE 100 market, up 42.7% as at the same date.

The Board looks forward to continuing its work on the next phase of the strategy in the coming months.

TOTAL SHAREHOLDER RETURN PERFORMANCE SINCE FIVE-YEAR STRATEGY LAUNCHED¹



1. Shows value of £100 invested in the Company from the launch of our five year strategy up to financial year end 30 September 2024.

Committee focus in 2024

- Ensuring remuneration continues to support the Group's strategy and performance metrics operate as intended
- Attraction and retention of high-performing individuals in a competitive global marketplace
- Remuneration and terms for new members of the Executive Leadership Team
- Review of wider workforce reward considerations

Looking ahead to 2025

- Ensure remuneration continues to support delivery of the final year of the Group's existing five-year strategy and alignment with the next strategic phase
- Review wider workforce reward strategy to ensure alignment with strategy, purpose, values and overall people strategies
- Retention and incentivisation of our international Executive Leadership Team
- Impact of forthcoming EU Pay Transparency regulations on remuneration

Key sections of this report are as follows:

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Remuneration earned for FY24	120
Determination of FY24 Annual Bonus and LTIP	121
Executive share ownership and Directors' interests	123
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CEO pay ratio	126
Remuneration Committee membership and duties	128

SUPPORTING OUR COLLEAGUES

While there continues to be macroeconomic volatility across the globe, during FY24 we did see a slowing down of the inflationary environment. The Committee has continued to monitor the impact of a landscape that remains very challenging on our workforce in certain locations, with a number of targeted actions taken in FY24 to support our colleagues in these countries.

Annual salary budgets for FY25 have been determined taking both wage and price inflation into account. Across the countries we operate in, this year salary increases will typically range from 2% to 7% (excluding higher increases made in countries experiencing hyperinflation), with average increases in the UK at 3.4% for FY25.

REMUNERATION OUTCOMES FOR FY24

Annual Bonus plan

The FY24 Annual Bonus was based on stretching financial measures with 40% based on adjusted operating profit, 15% on adjusted operating cash conversion, 15% on market share, and 10% on NGP/consumer health (NGP net revenue). Strategic objectives formed the remaining 20% of the bonus.

Adjusted operating profit grew 4.6%, driven primarily by an improved profitability in tobacco and NGP and growth in Distribution. Working capital improvements contributed to an adjusted operating cash conversion of 100%. Our cash flow position has supported the business in maintaining investment and shareholder returns. Our aggregate market share in our priority markets was +5bps higher than FY23, with four out of our five priority markets having grown with strong pricing continuing to support our financial delivery.

NGP net revenue delivered strong growth of +26.4%, driven by growth across all categories and geographies with the US region back to growth.

The cash conversion and market share targets were met in full, while NGP net revenue and adjusted operating profit targets were achieved in part.

The Executive Directors performed exceptionally well against specific and quantifiable strategic objectives. For Stefan Bomhard, achievements included strong progress in building a sustainable NGP business and outperformance of targets in all global markets including in Europe and AAACE; successful launch of the Zone brand in the US; continuing company transformation including improved global processes and digital strategies; and progressing the strategic plan preparation for FY26-30. Lukas Paravicini's achievements against objectives included significant progress in driving working capital reductions, delivery of effective risk adjustment funding and continuing company transformation through developing our internal finance talent and business resilience and productivity.

In aggregate, as a percentage of maximum, Stefan received a bonus of 83.8% and Lukas received a bonus of 83.8%. Further details on performance measures and achievements against targets are shown on page 121. Stefan Bomhard has met his shareholding guideline in full and therefore the Committee determined 25% of his bonus will be deferred into Imperial Brands shares for three years. For Lukas Paravicini, 50% of his bonus will be deferred for three years.

The Committee believes this outcome reflects fairly the performance of the business during the year. No discretion has been applied by the Committee.

Long-Term Incentive Plan

The LTIP awards made in February 2022 were subject to EPS (40%), net debt/EBITDA (20%), ROIC (20%), and TSR (20%) performance conditions.

The Committee considered the performance outturns against the targets set.

As a Committee we believe it is appropriate to exercise judgement in certain circumstances, to ensure that performance metrics operate as originally intended and deliver out-turns that are fair to both shareholders and management. In line with the original terms of the award, the Committee considers potential adjustments in respect of significant events that could not have been anticipated at the time the targets were set and which have a distorting impact on out-turns. The intention is to ensure that vesting outcomes reflect genuine underlying business performance.

The UK Mini Budget on 23 September 2022 significantly disrupted foreign currency markets, impacting the year-end valuation of intangible assets as at 30 September, which are determined on a spot price basis. For a short number of days, the £:EUR and £:\$ rates fell sharply and subsequently recovered. This unforeseen volatility event had a very significant impact on ROIC due to the proximity of timing to our September year end, negatively impacting the ROIC measure. The Committee therefore determined that it would be appropriate to measure ROIC based on average FX rate in the calculation of the out-turn. This also aligns to the methodology under our financial gearing covenants which allow for the use of average FX rates where the impact of extreme events has a distorting impact on spot rate calculations. The impact of this decision was to increase vesting for the ROIC element from 0% to 13.0%, out of an overall weighting of 20% of the award. The Committee is satisfied that this partial vesting is a fair reflection of performance over the period.

Overall three-year average ROIC was 19.13% which was an improvement of over 100 basis points (on both the spot and average FX basis) versus the prior three-year average out-turn, reflecting Imperial Brands strong performance against this measure.

In line with the Committee's approach since the announcement of the share buyback programme and consistent with best practice, the Committee excluded the benefit of the share buyback on vesting of the EPS element. This methodology resulted in a reduction in EPS used for the LTIP calculation versus our reported actual EPS.

Further adjustments were made to exclude the impact of certain acquisitions and disposals during the period, including the Logista and US OND acquisitions and disposal of our Russian operations. The approach taken was in line with the Committee's agreed principles of consideration of acquisitions and disposals on a case-by-case basis, to ensure out-turns are a fair reflection of performance and strategy delivery to date.

The treatment of cash flows, which has an impact on net debt, was aligned to our auditor approved policy on the adjustment of certain material, non-recurring items, which in this case related to inherited, historic tax litigations. Further details of all adjustments and methodology are provided on page 122.

The EPS elements vested at 28.6% out of 40% weighting, and the net debt/EBITDA vested at 12.9% out of the 20% weighting.

Under the TSR element, Imperial was ranked 2/24 against the FMCG peer group, therefore this element vested in full.

The Committee confirmed that 74.5% of the overall maximum award will vest. The Committee is satisfied that the overall vesting fairly reflects the Company's performance during the three-year period and the wider experience of our stakeholders.

IMPLEMENTATION FOR FY25

The annual salary review is effective from 1 October 2024. Salary increases awarded to employees for FY25 will typically range from 2% to 7% across the markets we operate in (excluding higher increases made in countries experiencing hyperinflation). Our budgeted average increase for the UK workforce is 3.4% for FY25.

In setting the salary for the Executive Directors, the Committee took into consideration the approach taken for colleagues, performance and contribution, and the impact on total remuneration.

After careful consideration, the Committee decided to award a salary increase of 3.4% to both Stefan and Lukas, aligned to our average UK workforce increase. The increases reflect the strong performance and contribution from both our Executive Directors during the year. Stefan's new salary is £1,447,637 pa and Lukas' new salary is £816,413 pa.

The Committee considers carefully the measures and targets for FY25 across both the Annual Bonus and LTIP, and has sought to ensure a set of metrics that balance key financial measures, continued growth in NGP and commitment to our long-term sustainability goals, recognising that we continue to operate in an uncertain and challenging macroeconomic and geopolitical environment.

The Annual Bonus performance metrics for FY25 will be: organic adjusted operating profit at constant currency (40% weighting), market share growth (15% weighting), cash conversion (15% weighting), ESG/NGP consumer health (10% weighting) and individual/strategic objectives (20% weighting).

The FY25 LTIP will be granted in February 2025. The measures for the FY25 award will be: organic adjusted EPS growth at constant currency (weighting 40%), relative TSR (weighting 20%), return on invested capital (weighting 15%), cumulative free cash flow measure (weighting 15%), and ESG climate change (weighting 10%).

FY25 is the last year of our five-year strategy. In the coming months the Board will therefore be developing and approving the plan for the next strategic phase. For the forthcoming FY25 award, in order to allow targets to be aligned to our new strategy, these will be set following finalisation of the strategic plans. We will be announcing our strategy for the next five years on 26 March 2025 and that LTIP targets for the FY25 award will be published on our website shortly thereafter.

CHAIR FEES

The Committee reviewed and approved a 3.4% fee increase for the Company Chair. Thérèse Esperdy's fee will be £686,866 pa from 1 October 2024.

WORKFORCE ENGAGEMENT DURING THE YEAR

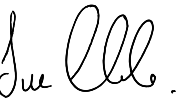
The Committee was directly involved in the Board's employee engagement programme which is described in more detail on pages 101 and 106. Our employee engagement sessions are a valuable way of having open conversations on the themes of the Board's agenda for the year, which have included Imperial's organisational transformation, our strategy, market challenges, and regulatory developments. As we have done in previous years, we also specifically explored the topic of reward, hearing participants' views on a range of reward topics covering the alignment of performance and reward, executive pay principles, rewarding ethical and responsible behaviours, DEI and ESG in reward and the approach taken in locations where there are ongoing social and economic challenges. I have been encouraged by, and appreciate, the continued level of openness, engagement and interest shown by our colleagues in these regular sessions and would like to thank them for their valued contribution.

CONCLUSION

As Imperial Brands enters the final year of our current strategy, we are proud of the progress we have made and the value created for our stakeholders. As we look to develop the next phase of our strategy, the Committee will continue to monitor the effectiveness of our policy in retaining and incentivising a world-class Executive Leadership Team.

Finally, I should like to thank my fellow Committee members for their support throughout the year and to welcome Julie Hamilton who joined the Committee from 1 October 2024.

Should you have any questions or feedback, please get in touch with me at RemcoChair@impbrands.com. We hope that you will support the Annual Report on Remuneration at our AGM.



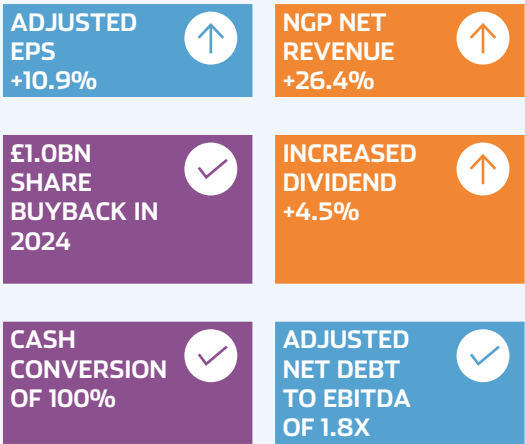
Sue Clark
Chair of the Remuneration Committee

REMUNERATION AT A GLANCE

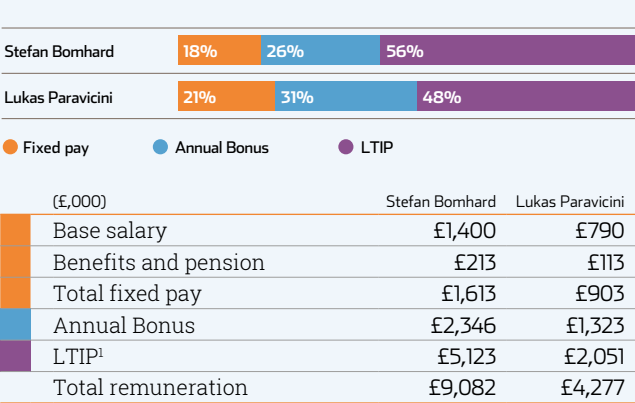
OUR EXECUTIVE PAY PRINCIPLES

- To attract and retain the very best global talent
- To reward executives well for maximising shareholder returns sustainably and delivering long-term quality growth that benefits all our stakeholders
- To motivate executives to consistently perform to the best of their ability
- To reinforce the behaviours that support our values
- To align executive reward with the experience of our shareholders through encouraging share ownership and an “ownership” mindset
- To balance restraint with fair reward for contribution, in the way we reward executives, as we do for the wider workforce

2024 PERFORMANCE HIGHLIGHTS



TOTAL SINGLE FIGURE IN 2024



EXECUTIVE DIRECTORS’ VARIABLE REMUNERATION OUTCOMES FOR 2024

		Maximum % of bonus/ LTIP	Out-turn as a % of maximum bonus/LTIP	% of weighting achieved
Annual Bonus	Adjusted operating profit growth at constant currency	40%	25.1%	62.7%
	Adjusted operating cash conversion	15%	15.0%	100.0%
	Weighted market share growth	15%	15.0%	100.0%
	ESG – Consumer health/NGP revenue	10%	8.7%	86.7%
	Strategic/individual – Stefan Bomhard	20%	20.0%	100.0%
	Strategic/individual – Lukas Paravicini	20%	20.0%	100.0%
Total	Stefan Bomhard	100%	83.8%	83.8%
	Lukas Paravicini	100%	83.8%	83.8%
Long-Term Incentive Plan	Adjusted EPS growth at constant currency	40%	28.6%	71.6%
	Adjusted net debt/EBITDA	20%	12.9%	64.6%
	Return on invested capital (ROIC)	20%	13.0%	65.0%
	Relative TSR	20%	20.0%	100.0%
Total		100%	74.5%	74.5%

1. The LTIP figure in the table includes the gain made under the Sharesave Plan during the year for Stefan Bomhard.

SUMMARY OF DIRECTORS’ REMUNERATION POLICY AND IMPLEMENTATION IN FY25

Our Directors’ Remuneration Policy was approved by shareholders at our AGM held on 31 January 2024 with a vote of 95.51%. The below summarises the policy and how we intend to implement pay arrangements for FY25. A full version of the policy can be found on pages 147 to 153 of our Annual Report and Accounts 2023 available on the Company [website](#).

Element	Implementation for FY25				
Salary Increases generally effective from 1 October. Set considering Company and individual performance, role and responsibility changes, peer market data and general increases for wider workforce.		Base salary as at Oct 23	Oct 24 base increase %	Base salary as at Oct 24	
	Stefan Bomhard	£1,400,036	3.4%	£1,447,637	
	Lukas Paravicini	£789,568	3.4%	£816,413	
	Increases for the workforce typically ranged from 2% to 7%, with average increases for the UK workforce at 3.4%.				
Pension Provision in line with other employees.	The maximum pension contribution or allowance for Executive Directors will be aligned with the workforce (currently 14% of salary).				
Benefits Car (or cash allowance in lieu), health insurance, life insurance and income protection insurance. Other benefits may be provided on the basis they are also available to the wider workforce.	Implementation in line with policy.				
Annual Bonus Maximum opportunity: 200% of base salary. Subject to performance measures to reflect Group KPIs. 50% deferred into an award of shares for three years, up until the minimum shareholding guideline of 300% of gross base salary has been met. Once met, the Committee may determine that a lower portion is deferred into shares (subject to a minimum deferral of 25%). Malus and clawback provisions are in place.	Measures and weightings				
	Adjusted operating profit growth at constant currency			40%	
	Adjusted operating cash conversion			15%	
	Weighted market share growth			15%	
	ESG – Consumer health/NGP revenue			10%	
	Strategic/individual			20%	
	Underlying targets are commercially sensitive and will be fully disclosed in next year's Annual Report				
Long-Term Incentive Plan Maximum opportunity: CEO: 350% of base salary, CFO 250% of base salary. Performance period of three financial years. Retention of net-of-tax number of vested LTIP award shares for two years post vesting. Malus and clawback provisions are in place.	Measures and weightings				
	Adjusted EPS growth at constant currency			40%	
	Return on invested capital (ROIC)			15%	
	Cumulative free cash flow (CFCF)			15%	
	Relative TSR			20%	
	ESG – Climate change			10%	
	FY25 is the last year of our five-year strategy and as such the three-year performance period for the FY25 award will extend beyond the current strategy. In order to align targets to our new strategy, these will be set following strategy announcement on 26 March 2025. Targets will be published on the Company's website .				
Shareholding requirement Expected to build a holding in the Company's shares to a minimum value of 300% of base salary. Requirement to hold shares after cessation of employment to the value of the shareholding guideline (or the existing shareholding if lower at the time) for a period of one year, with the requirement reducing to half the shareholding guideline for the second year.	Implementation in line with policy.				
TIME HORIZONS FOR REMUNERATION					
	Year 1	Year 2	Year 3	Year 4	Year 5
Fixed pay					
Annual Bonus plan	One-year performance				
	Portion deferred into shares for three years				
Long-Term Incentive Plan	Three-year performance period		Two-year holding period		

Chair and Non-Executive Directors’ fees
Increases generally effective from 1 October.

Reimbursement of business-related expenses and reasonable benefits. An allowance may be paid when regular intercontinental travel is required.

With effect from 1 October 2024
Chair’s fee will increase from £664,280 to £686,866 pa.

The Board, excluding Non-Executive Directors, reviewed NED fees during the year, taking into account increasing time commitments and responsibilities of Non-Executive Directors, and ensuring that fees are at an appropriate level for a large, multinational company with a diverse and international board.

NED base fee will increase from £87,305 to £90,000 pa.

Senior Independent Director fee will increase from £28,500 to £30,000 and chairs of the Remuneration and Audit Committees’ fees will increase from £28,500 to £37,500 pa reflecting increased time commitment and responsibility.

Committee membership fees will increase from £5,500 to £10,000 pa and a membership fee will be introduced for the expanded People, Governance & Sustainability (PGS) Committee (Page 104 for further details on the PGS Committee).

ANNUAL REPORT ON REMUNERATION

The Annual Report on Remuneration has been split into the following sections:

1. The remuneration earned by our Directors for the financial year ended 30 September 2024
2. Details of share awards granted, share interests held and historical CEO total single figure versus shareholder returns
3. How Directors’ remuneration compares with employee pay including the CEO pay ratio, our relative spend on pay and current dilution
4. Remuneration Committee membership and work undertaken during the year, details of advice received and consideration of shareholders’ views

1. REMUNERATION EARNED BY OUR DIRECTORS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

Single Total Figure of Remuneration for each Director (Audited)

Executive Directors	Year	Salary £’000	Benefits £’000 ¹	Pension £’000 ²	Total fixed pay	Annual Bonus £’000 ³	LTIP £’000 ⁴	Other £’000 ⁵	Total variable pay	Total pay
Stefan Bomhard	2024	1,400	17	196	1,613	2,346	5,117	6	7,469	9,082
	2023	1,340	16	188	1,544	1,919	5,437	–	7,356	8,900
Lukas Paravicini	2024	790	2	111	903	1,323	2,051	–	3,374	4,277
	2023	752	4	105	861	1,062	2,226	–	3,288	4,149
Total	2024	2,190	19	307	2,516	3,669	7,168	6	10,843	13,359
Total	2023	2,092	20	293	2,405	2,981	7,663	–	10,644	13,049

1. Stefan Bomhard received an annual car allowance of £15,000. Lukas Paravicini received a company car; Stefan Bomhard received private medical insurance and Lukas Paravicini received a health cash plan.
2. Each individual received a cash supplement of 14% of salary in lieu of membership of the pension fund.
3. Annual Bonus for the year ended 30 September 2024. As the CEO has met his shareholding guideline, the Committee determined that 25% of his bonus earned for FY24 will be deferred into shares for three years. 50% of the CFO’s bonus for FY24 will be deferred into shares for three years.
4. LTIP represents the value of the FY22-24 LTIP awards with a performance period ended on 30 September 2024. As these awards do not vest until February 2025 they are based on a share price of £21.45, being the three-month average to 30 September 2024, and an estimate of dividend roll-up based on announced dividend payable on 31 December 2024. Of the FY22-24 LTIP value shown, £868k and £348k relates to share price appreciation for Stefan Bomhard and Lukas Paravicini respectively. The LTIP value for FY23 has been restated to reflect the actual vesting value as at 15 February 2024.
5. For Stefan Bomhard “Other” represents the gain from the FY21 Sharesave which matured on 1 August 2024.

Non-Executive Directors	Fees £’000		Taxable benefits ¹		Total	
	2024	2023	2024	2023 ²	2024	2023
Thérèse Esperdy	664	639	61	50	725	689
Sue Clark ²	150	144	2	2	152	146
Diane de Saint Victor	93	89	2	3	95	92
Ngozi Edozien ³	105	101	13	–	118	101
Andrew Gilchrist ³	105	59	20	–	125	59
Alan Johnson	93	89	6	3	99	92
Bob Kunze-Concewitz	93	89	3	3	96	92
Julie Hamilton ^{3, 4}	67	–	19	–	86	–
Jon Stanton ⁵	121	117	1	1	122	118
Total	1,491	1,327	127	62	1,618	1,389

1. Benefits in kind for Non-Executive Directors relate to the reimbursement of travelling expenses to meetings held at the Company’s registered office, and assistance towards tax advisory services for non-UK based Non-Executive Directors.
2. Includes payments in respect of Senior Independent Director of £28,500 and Chair of the Remuneration Committee fees of £28,500 pa respectively.
3. Ngozi Edozien and Andrew Gilchrist’s amounts include a payment of £12,000 (full year) and Julie Hamilton’s amount includes a payment of £7,000 (February to September) in respect of a non-European travel allowance in recognition of the extra time commitment required for travel.
4. Julie Hamilton was appointed to the Board on 31 January 2024.
5. Includes payment in respect of chair of the Audit Committee fees of £28,500 pa.

The aggregate remuneration of all Executive and Non-Executive Directors under salary, fees, benefits, cash supplements in lieu of pensions, Annual Bonus and LTIP was £14,977k (2023 restated: £14,438k).

No Director is eligible to participate in the closed defined benefit pension fund. Each Director eligible for membership of the defined contribution pension fund has opted to receive a cash supplement in lieu and therefore, no pension disclosure is required.

Determination of 2024 Annual Bonus (Audited)

The 2024 Annual Bonus was based on a scorecard of measures. Details of the measures, their weightings, targets and extent of achievement are set out in the table below.

Measure	Weighting	Cut-in	Target	Max	Achievement	Payout
Adjusted operating profit at constant currency	40%	1.0%	4.5%	6.0%	4.6%	25.1%
Adjusted operating cash conversion	15%	90%	93%	100%	100.0%	15.0%
Weighted market share	15%	-3bps	+1bps	+5bps	+5bps	15.0%
Consumer health – NGP net revenue (£m) ¹	10%	283	311	347	335m	8.7%
Strategic/individual – Stefan Bomhard	20%	–	–	–	100%	20.0%
Strategic/individual – Lukas Paravicini	20%	–	–	–	100%	20.0%
Total bonus Stefan Bomhard	100%					83.8% of max
Total bonus Lukas Paravicini	100%					83.8% of max

1. At constant currency.

The Committee set the following strategic goals for the Executive Directors:

	Strategic/individual measures and targets	Performance assessment highlighting key achievements
Stefan Bomhard	• Build a sustainable NGP business (10%)	• Growth metrics achieved across all NGP categories and regions, delivering market leading performance • Global NGP net revenue targets exceeded, with strong achievement in Europe and AAACE markets • Exceeded total vape share target for FY24 in our largest vapour market (UK) • Significant increase in heated tobacco sales versus FY23, including achievement of market share objectives in largest markets • Successful launch of Zone, with net revenue and operating profit targets exceeded
	• Continue company and culture transformation (5%)	• Unify programme successfully launched in the UK and Ireland • Sales force excellency programmes successfully implemented, including in the US • Enhancement of global processes and digital strategies with technology, Global Business Services and ERP delivered in line with budget • Meaningful progress made in DE&I KPIs
	• Progress on next strategic plan preparation (FY26-30) (5%)	• Completion of 10-year strategic market development assessment and progression of the next phase of the strategic plan • Acceleration options for next phase of NGP strategy developed in July 2024
Total payout as a % of maximum bonus: 83.8%		
Lukas Paravicini	• Drive shareholder value (10%)	• Average working capital reduction of £180 million across Australia, USA, UK, Germany and Morocco achieved, significantly exceeding the target reduction • Global IT and Unify operating expenditure and capex delivered in line with targets • Cost of risk adjusted funding achieved below the maximum cost of funding target • Delivery of profitable NGP growth, with Group growth in line with target, and outperformance in our largest market (Europe)
	• Continue company transformation (10%)	• Sustained strong Finance, IT (FIT) engagement against evolved operating model, with PL Index rising to 84% (+8pp vs FY23) • Completed the build of refreshed FIT leadership team to drive the business forward • FIT Business Partner impact on-market stakeholders strengthened with a 7+/10 score in all areas • Successfully rolled out Unify transformation initiative, with UK & Ireland go live of Unify on track • Improved productivity across FIT with 5% productivity gains vs FY21 • Improved business resilience and effective risk management framework in place, with Chief Information Security Officer (CISO) organisation and cybersecurity training performed
Total payout as a % of maximum bonus: 83.8%		

Individual Annual Bonus payments:

Executive Directors	Total Annual Bonus £'000	
	Maximum	Actual ¹
Stefan Bomhard	£2,800	£2,346
Lukas Paravicini	£1,579	£1,323

1. As the CEO has met his shareholding guideline, the Committee determined that only 25% of his bonus earned for FY24 will be deferred into shares for three years. 50% of the CFO's bonus for FY24 will be deferred into shares for three years.

Long-Term Incentive Plan awards vesting (Audited)

Performance awards vesting in February 2025 are based on performance measured over the three-year period ended 30 September 2024.

The Committee considers it appropriate to exercise judgement in certain circumstances to ensure that performance metrics operate as originally intended. The UK Mini Budget on 23 September 2022 significantly disrupted foreign currency markets, impacting the year-end valuation of intangible assets as at 30 September, which are determined on a spot price basis. For a short number of days, the £:EUR and £:\$ rates fell sharply and subsequently recovered. This unforeseen volatility event had a very significant impact on ROIC due to the proximity of timing to our year end, negatively impacting the ROIC measure. The Committee therefore determined that it would be appropriate to measure ROIC based on an average FX rate in the calculation of the out-turn. This also aligns to the methodology under our financial gearing covenant which allow for the use of average FX rates where the impact of extreme events has a distorting impact on spot rate calculations.

In line with best practice, the methodology excludes the benefit of share buybacks on vesting of the EPS element. Further adjustments were made in line with our existing principles around case-by-case consideration of acquisitions and disposals, and the treatment of cash flows was aligned to our auditor-approved Alternative Performance Measures (APM) policy in relation to certain material, non-recurring items.

Measure	Weighting	Cut-in (25% vesting)	Target (60% vesting)	Maximum (100% vesting)	Actual performance	Percentage of award vesting
Adjusted EPS growth at constant currency (average annual growth)	40%	3.7%	4.6%	5.6%	4.9%	28.6%
Adjusted net debt/EBITDA (for FY24)	20%	1.46	1.37	1.28	1.36	12.9%
Return on invested capital (ROIC) (average annual)	20%	18.7%	19.1%	19.5%	19.13%	13.0%
Relative TSR (return over three financial years)	20%	Median	n/a	Upper quartile	2/24	20.0%
Achievement						74.5%

Adjusted EPS excludes the impact of share buybacks and associated financing costs.

Due to the impact of the UK Mini Budget on 23 September 2022, which significantly disrupted foreign currency markets and impacted the year-end valuation of intangible assets as at 30 September 2022 which are determined on a spot price basis, an average FX rate was used in the calculation of the out-turn. This aligns to the methodology under our financial gearing covenants which allow for the use of average FX rates where the impact of extreme events have a distorting impact on spot rate calculations. The impact of this decision was to increase vesting for the ROIC element from 0% to 13.0%, out of an overall weighting of 20% of the award.

In respect of acquisitions and disposals made during the period, the Committee applied its agreed principles of consideration on a case-by-case basis. The methodology applied adjusted out the impact of the disposal of the Russian operations and the US OND and Logista acquisitions from the EPS and net debt/EBITDA metrics.

An adjustment was made in respect of a cash outflow relating to inherited, historic tax litigations carried on the balance sheet. This was to align it to the treatment under our auditor approved Alternative Performance Measures (APM) policy in relation to distorting non-recurring items.

The TSR measure compared the Company's performance against the following companies: Altria Group, Anheuser-Busch InBev, British American Tobacco, Brown-Forman, Carlsberg, Carnival, Clorox, Constellation Brands, Diageo, Heineken, Henkel, Japan Tobacco, Kimberly-Clark, Kirin Holdings, L'Oréal, Monster Beverage, Pernod Ricard, PepsiCo, Philip Morris International, Procter & Gamble, Reckitt Benckiser Group, Unicharm and Unilever PLC.

Vested awards are subject to a two-year holding period.

Payments for loss of office and payments to former Directors (Audited)

No payments to report.

2. DETAILS OF SHARE AWARDS GRANTED, SHARE INTERESTS HELD AND HISTORICAL CEO TOTAL SINGLE FIGURE VERSUS SHAREHOLDER RETURNS

Performance awards granted during the year (Audited)

When determining the Directors' awards, the Committee took into account the prevailing share price performance over the year and the number of shares awarded as a result.

	Date of grant	Share price ¹	Number of nil-cost options	Face value	Amount of base salary	End of performance period
Stefan Bomhard	15 February 2024	£18.92	258,991	£4,900,110	350%	30 September 2026
Lukas Paravicini	15 February 2024	£18.92	104,329	£1,973,905	250%	30 September 2026

1. Valued using the closing share price the trading day prior to grant.

The targets for the above performance awards are as follows:

Measure	Weight	Minimum performance (25% vesting)	Maximum performance (100% vesting)
		Cut-in	Max
Adjusted EPS growth at constant currency	40%	3.9%	5.8% or higher
Return on invested capital (ROIC) (average annual)	15%	19.1%	21.9% or higher
Cumulative free cash flow (CFCF) (£m)	15%	5.9bn	7.5bn or higher
Relative TSR	20%	Median	Upper quartile
ESG – Scope 1 & 2 emissions reduction	5%	70%	75%
ESG – Energy reduction	5%	4.5%	7.5%

Adjusted EPS excludes the impact of share buybacks and associated financing costs.

The TSR comparator group comprises the following companies: Altria Group, Anheuser Busch InBev, British American Tobacco, Carlsberg B, Coca Cola Company, Constellation Brands, Diageo, Heineken, Japan Tobacco, Kimberly-Clark, Kirin Holdings, L'Oreal, Monster Beverage, Pernod Ricard, PepsiCo, Philip Morris International, Procter & Gamble, Reckitt, Unicharm, and Unilever.

Each measure operates independently and is capable of vesting regardless of the Company's performance in respect of the other metrics. The Committee retains discretion to adjust up or down including to zero the number of shares that vest taking into account a number of factors including personal or corporate performance and circumstances that were unforeseen at the date of grant.

SHARE INTERESTS AND INCENTIVES (AUDITED)

	Shares held at 30 September 2023	Shares held at earlier of 30 September 2024 and leaving date		Dividends reinvested post year end	Conditional awards and options held at earlier of 30 September 2024 and leaving date					
		Owned outright ¹	Subject to a holding period	Owned outright	Awards unvested and subject to performance conditions	Awards unvested and subject to continued employment	Options unvested and subject to continued employment	Vested but not exercised	Options exercised during the year	
Executive Directors										
Stefan Bomhard	134,955	244,772	201,688	627	746,511	158,517	581	–	297,683	
Lukas Paravicini	21,618	64,887	64,185	670	297,056	70,150	–	–	121,592	
Non-Executive Directors										
Thérèse Esperdy ²	61,729	61,861	–	21	–	–	–	–	–	
Sue Clark	8,040	8,628	–	22	–	–	–	–	–	
Diane de Saint Victor	625	6,737	–	68	–	–	–	–	–	
Ngozi Edozien ³	621	644	–	3	–	–	–	–	–	
Andrew Gilchrist ⁴	3,238	6,238	–	0	–	–	–	–	–	
Alan Johnson	984	1,061	–	0	–	–	–	–	–	
Bob Kunze-Concewitz	50,974	50,974	–	0	–	–	–	–	–	
Julie Hamilton ⁵	0	500	–	0	–	–	–	–	–	
Jon Stanton	3,260	3,402	–	20	–	–	–	–	–	

1. The number of shares owned outright includes those shares subject to a holding period.
2. Thérèse Esperdy's shares are in the form of American Depositary Receipts.
3. Ngozi Edozien's share amount of 644 includes 353 American Depositary Receipts.
4. Andrew Gilchrist's shares are in the form of American Depositary Receipts.
5. Julie Hamilton was appointed to the Board on 31 January 2024. Julie's shares are in the form of American Depositary Receipts.
6. There have been no changes in Director share figures reported in the table above, between 30 September 2024 and the date this report was signed, other than the dividend reinvestment post year end figures included in the table.

Our middle market share price at the close of business on 30 September 2024, being the last trading day of the financial year, was £21.73 and the range of the middle market price during the year was £15.80 to £22.57.

Full details of the Directors' share interests are available for inspection in the Register of Directors' Interests at our registered office.

EXECUTIVE SHAREHOLDINGS (AUDITED)

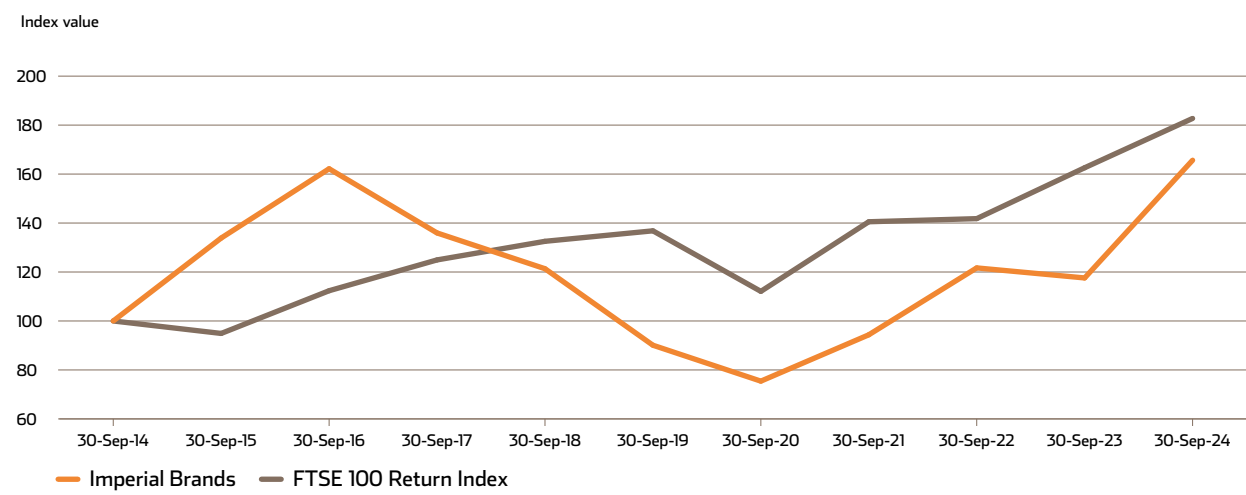
	Shares held at start of year ¹	Shares held at end of year ^{1,2}	Increase in shares held during year	Value of shares held at start of year ³ £'000	Value of shares held at end of year ⁴ £'000	Difference in value £'000	Shareholding required (% salary)	Current shareholding (% salary/fees)	Requirement met – pro rata basis ^{5,6}	Requirement met – in full ^{5,6}
Executive Directors										
Stefan Bomhard ⁵	134,955	328,786	193,831	2,250	7,145	4,895	300	510	Yes	Yes
Lukas Paravicini ⁶	21,618	102,067	80,449	360	2,218	1,858	300	281	Yes	No

1. Shares held is inclusive of shares owned outright, those vested but subject to a holding period awarded, including shares awarded under the Deferred Share Bonus Plan being the deferred element of the Annual Bonus.
2. Or date of leaving if earlier.
3. Based on a share price of £16.67, being the closing price on 29 September 2023.
4. Based on a share price of £21.73, being the closing price on 30 September 2024.
5. Stefan Bomhard joined the Board on 1 July 2020 and has satisfied his obligation to build his shareholding to 300% of his salary within five years.
6. Lukas Paravicini joined the Board on 1 May 2021 and has five years to build to his shareholding requirement.

REVIEW OF PAST PERFORMANCE

The chart below shows the value of £100 invested in the Company on 1 October 2014 compared with the value of £100 invested in the FTSE 100 Index for each of our financial year-ends to 30 September 2024. We have chosen the FTSE 100 Index as it provides the most appropriate and widely recognised index for benchmarking our corporate performance over a 10-year period.

Total shareholder return performance



CHANGE IN CHIEF EXECUTIVE OFFICER REMUNERATION

	2024 Stefan Bomhard	2023 Stefan Bomhard	2022 Stefan Bomhard	2021 Stefan Bomhard	2020 Stefan Bomhard	2020 Joerg Biebernack	2020 Dominic Brisby	2020 Alison Cooper	2019 Alison Cooper	2018 Alison Cooper	2017 Alison Cooper	2016 Alison Cooper	2015 Alison Cooper
Total remuneration £'000	9,082	8,900	5,432	3,421	1,104	963	943	448	2,137	3,935	4,657	5,404	3,637
Annual Bonus as a percentage of maximum	83.8	71.6	84	64.1	40 ¹	40 ¹	40 ¹	40 ¹	31 ²	87	60	72	80
Shares vesting as a percentage of maximum	74.5	85	19.8 ³	30.8 ⁴	nil	nil	nil	nil	nil	20	44.4	45.7	15.8

1. 48.4% was the formulaic out-turn; however, the Remuneration Committee accepted the CEO's recommendation and used its discretion to reduce this to 40%.
2. 51% was the formulaic out-turn; however, the Remuneration Committee used its discretion and reduced this to 31%.
3. Relates to vesting of Long-Term Incentive Plan (excluding Recruitment Award).
4. Relates to vesting of Recruitment Award based on performance criteria of former employer.

3. HOW DIRECTORS’ REMUNERATION COMPARES WITH EMPLOYEES’ REMUNERATION

There is a strong alignment between how we approach pay for our Executive Directors and the wider workforce, with a focus on performance-related pay and similar performance metrics in our Annual Bonus and LTIP. Our reward packages are designed to attract, incentivise and retain the best talent, driven by market practice, skills and experience.

Executive Directors		UK employees
Increase in line with or below wider workforce	Salary	Average increase of 3.4% for FY25
Mix of financial/strategic measures, with a portion of bonus deferred into award over shares	Annual Bonus	Mix of financial/strategic measures 100% paid in cash
Performance metrics measured over three years, with two-year holding period after vesting	LTIP	Performance metrics measured over three years. No holding period
14% cash or contributions into Company's pension fund	Pension	The majority of UK employees receive a contribution of 14% of salary
£250 per month and three-year savings period	Sharesave	£250 per month and three-year savings period

Consideration of colleagues’ views

Our colleagues are at the core of our business, and during the year the Board continued its employee engagement sessions which gave us an opportunity to hear feedback from colleagues on a variety of topics including our organisational transformation, strategy, market challenges and regulatory developments. We also explored the topic of reward, giving participants the opportunity to discuss how the Committee aligns executive reward with the approach to pay for all employees, and to understand their views on reward at Imperial Brands. This is the fourth year that the Board has held this reward session and the level of engagement was extremely high with a constructive discussion covering:

- The alignment of performance and reward, following the transformation undertaken in the last four years to a more inclusive and performance-based culture
- Our executive pay principles and how they are achieving their goals
- Aligning reward with our DEI and ESG agendas
- Encouraging and rewarding ethical and responsible behaviours
- Reward challenges in locations experiencing ongoing social and economic challenges

The Board continues its commitment to listening to colleagues and appreciates the opportunity this forum provides them with in understanding what is important to the Group's employees and how their priorities evolve with each year of our employee engagement programme. These views are considered in decision-making and actions taken in the year.

We look forward to continuing our employee engagement session on reward in FY25 to ensure that we stay close to the evolving priorities of our diverse workforce.

PERCENTAGE CHANGE IN BOARD REMUNERATION

The table below shows the percentage change in the salary, benefits and Annual Bonus for the Directors, between FY24 and FY23, as well as the disclosures for FY23, FY22, FY21 and FY20.

	Year-on-year change in pay for Directors compared with UK employees														
	2024			2023			2022			2021			2020		
	Salary (%)	Benefits (%)	Annual Bonus (%)	Salary (%)	Benefits (%)	Annual Bonus (%)	Salary (%)	Benefits (%)	Annual Bonus (%)	Salary (%)	Benefits (%)	Annual Bonus (%)	Salary (%)	Benefits (%)	Annual Bonus (%)
Executive Director															
Stefan Bomhard (from 1 Jul 20)	4.5	6.3	22.3	3.0	(5.9)	(12.2)	2.5	0.0	34.3	58.6 ²	183.3 ²	540.6 ²	-	-	-
Lukas Paravicini (from 1 May 21)	5.1	(50.0)	24.6	3.0	(73.3)	(11.9)	140.1 ²	150.0 ²	241.4 ²	-	-	-	-	-	-
Non-Executive Directors															
Thérèse Esperdy	3.9	22.0	-	3.1	22.0	-	2.5	-	-	24.7	(100)	-	353.3 ²	(41.3)	-
Sue Clark	4.2	0.0	-	2.1	(50.0)	-	2.2	-	-	7.0	(100)	-	55.4	(50.0)	-
Alan Johnson (from 1 Jan 21)	4.5	100.0	-	2.3	(40.0)	-	-	-	-	-	-	-	-	-	-
Andrew Gilchrist (from 1 Mar 23)	78.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bob Kunze-Concewitz (from 1 Nov 20)	4.5	0.0	-	2.3	(40.0)	-	11.5 ²	-	-	-	-	-	-	-	-
Jon Stanton	3.4	0.0	-	2.6	(50.0)	-	1.8	-	-	17.9	(100)	-	187.9 ²	0.0	-
Ngozi Edozien (from 15 Nov 21)	4.0	-	-	16.1 ²	(100.0)	-	-	-	-	-	-	-	-	-	-
Diane de Saint Victor (from 15 Nov 21)	4.5	(33.3)	-	15.6 ²	(40.0)	-	-	-	-	-	-	-	-	-	-
Julie Hamilton (from 31 January 2024)	-	-	-												
All UK employees	4.8	12.0	3.1	6.6	5.9	4.1	2.7	7.3	2.9	0.0	2.4	7.9	6.69	(5.72)	32.44

1. A year-on-year comparison is not possible in the year that a Director joins the Board.
2. Increase reflects first full year.

CEO PAY RATIO

The table below shows the multiple of our CEO’s pay ratio to median, lower quartile and upper quartile pay in the UK. The calculations are based on methodology Option A as defined by the regulations and by calculating the pay and benefits of all UK employees on a full-time equivalent basis. Option A was chosen as it is the most robust approach. The CEO pay ratio is based on comparing the CEO’s pay to that of Imperial Brands’ UK-based employee population, a large proportion of whom are in sales roles. The Committee anticipates that the ratios are likely to be volatile over time, largely driven by the CEO’s incentive outcomes which are dependent on Group-wide results.

The pay levels shown for the percentiles reflect remuneration for the 12 months to 30 September 2024.

Financial year	Calculation methodology	P25 (lower quartile) x:1	P50 (median) x:1	P75 (upper quartile) x:1
2024	A	154.6	102.3	67.5
2023 ¹	A	156.6	116.0	72.0
2022	A	98.0	75.8	49.6
2021	A	60.7	48.4	31.1
2020	A	50.2	38.7	24.4
2019	A	53.0	36.5	22.0

	Stefan Bomhard	P25 (lower quartile)	P50 (median)	P75 (upper quartile)
Total remuneration	£9,082,022	154.6	102.3	67.5
Base salary	£1,400,036	31.3	24.5	16.0

1. 2023 CEO pay ratios have been updated to reflect the value of the updated 2023 CEO single figure which incorporates long-term incentives based on actual vesting, rather than the estimate used for the 2023 disclosure.

The CEO total remuneration pay ratio has decreased across all percentiles, despite a small increase in CEO total remuneration. The decrease in pay ratio is driven largely by a lower LTIP vesting percentage compared to last year and by one-off payments made to certain employees in respect of the closure of the UK Defined Benefit pension plan, increasing the total remuneration figures for the P25, P50 and P75 comparison employees. The CEO base salary ratio has remained static.

The salary component for FY24 at each quartile is £44,688 (P25), £57,041 (P50) and £87,500 (P75). The equivalent total pay numbers are £58,762 (P25), £88,774 (P50) and £134,532 (P75).

The Committee is satisfied that the overall picture presented by the 2024 pay ratios is consistent with the reward policies for our UK employees. The Committee takes into account these ratios when making decisions around the Executive Director pay packages, and Imperial Brands takes seriously the need to ensure competitive pay packages across the organisation.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below shows the expenditure and percentage change in overall spend on employee remuneration, dividends and share buybacks.

£ million unless otherwise stated	2024	2023	Percentage change
Executive Directors’ total remuneration ^{1, 2}	13	13	-
Overall expenditure on pay ²	923	882	4.6
Dividend paid in the year	1,299	1,312	(1.0)
Share buybacks in the year ³	1,020	1,006	13.9

1. Executive Directors’ total remuneration is based on the total single figure for all Executive Directors and is included to provide a comparison between Executive Director and overall employee pay.
2. Excludes employer’s social security costs.
3. In FY24, expenditure includes £1.014 billion of share buybacks and £6 million of fees and stamp duty.

EMPLOYEE BENEFIT TRUSTS

Our policy remains to satisfy options and awards under our employee share plans either from market-purchased ordinary shares or ordinary shares held in treasury, distributed through our employee benefit trusts: the Imperial Tobacco Group PLC Employee and Executive Benefit Trust (the Executive Trust) and the Imperial Tobacco Group PLC 2001 Employee Benefit Trust (the 2001 Trust) (together the Employee Benefit Trusts).

As at 30 September 2024, we held 68,289,137 ordinary shares in treasury which can be used to satisfy options and awards under our employee share plans either directly or by gifting them to the Employee Benefit Trusts.

Options and awards may also be satisfied by the issue of new ordinary shares.

Details of the ordinary shares held by the Employee Benefit Trusts are as follows:

	Balance at 01/10/2023	Acquired during year	Distributed during year	Balance at 30/09/2024	Ordinary shares under award at 30/09/2024	Surplus/(shortfall)
Executive Trust	1,393,103	2,000,000	(3,157,871)	235,232	9,275,996	(9,040,764)
2001 Trust	176,301	0	(176,301)	0	0	0

SHARE PLAN FLOW RATES

The rules of each of the Company’s share plans contain provisions limiting the grant of options and awards to shares representing no more than 10% of the issued share capital of the Company over a period of 10 years (or, in the case of options and awards granted under the LTIP and Deferred Share Bonus Plan, 5% of issued share capital over the same 10-year period). As at 30 September 2024, an aggregate total of 1% of the Company’s issued share capital (including shares held in treasury) is subject to options and awards under our executive and all-employee share plans.

SUMMARY OF OPTIONS AND AWARDS GRANTED

Limit on awards	Cumulative options and awards granted as a percentage of issued share capital (including those held in treasury)	Options and awards granted during the year as a percentage of issued share capital (including those held in treasury)
10% in 10 years	3.3	0.5
5% in 5 years	2.2	0.5
5% in 10 years (executive plans)	2.7	0.4

EXTERNAL BOARD DIRECTORSHIPS

The Committee recognises that external non-executive directorships are beneficial for both the Executive Director concerned and the Company. Each serving Executive Director is restricted to one external non-executive directorship in a listed company and may not serve as the chair of a FTSE 100 company. At the discretion of the Board, Executive Directors are permitted to retain fees received in respect of any such non-executive directorship.

Stefan Bomhard is a non-executive director of Compass Group PLC and was permitted to retain the £99,575 fee received from this position in the financial year.

EXECUTIVE DIRECTORS’ SERVICE AGREEMENTS

Executive Director	Date of contract	Expiry date	Compensation on termination following a change of control
Stefan Bomhard	31 January 2020	Terminable on 12 months’ notice	No provisions
Lukas Paravicini	11 April 2021	Terminable on 12 months’ notice	No provisions

1. Service agreement dated 31 January 2020 with a start date of 1 July 2020.
2. Service agreement dated 11 April 2021 with a start date of 1 May 2021.

Copies of Executive Directors’ service agreements are available to view at the Company’s registered office.

4. REMUNERATION COMMITTEE MEMBERSHIP AND DUTIES

The Board is ultimately accountable for executive remuneration, but has delegated this responsibility to the Committee, at least three of whose members are independent Non-Executive Directors. The Chair, who is a member of the Committee, was independent on appointment. We consider this independence fundamental in ensuring that Executive Directors’ and senior management’s remuneration is set by those who have no personal financial interest, other than as shareholders, in the matters discussed. To reinforce this independence, a standing item at each Committee meeting allows the members to meet without any Executive Director or other manager being present.

Biographical details of the current members of the Remuneration Committee are set out at pages 92 to 95. Members of the Committee are appointed by the Board following recommendation by the People, Governance & Sustainability Committee (formerly known as the People & Governance Committee).

The Committee considers its key responsibility as being to support the Company’s strategy and its short and long-term sustainable success. This is ensured by the adherence to our executive pay principles set out on page 118 and to the Directors’ Remuneration Policy which together set the right conditions for high-calibre executives to deliver and, further, to provide long-term benefits to all stakeholders. It also determines the specific remuneration package, including service agreements and pension arrangements, for the Chair, each Executive Director and our Executive Leadership Team. When setting the policy for Executive Director remuneration, the Committee reviews workforce remuneration and related policies to ensure the alignment of incentives and rewards across the Group.

The Committee’s other responsibilities include:

- Maintaining a competitive Remuneration Policy appropriate to the business environment of the countries in which we operate, thereby ensuring we can attract, retain and motivate high-calibre individuals throughout the business;
- Aligning Executive Directors’ and senior management’s remuneration with the interests of long-term shareholders and other stakeholders whilst ensuring that remuneration is fair but not excessive and reflects the contribution made;
- Setting measures and targets for the performance-related elements of variable pay;
- Oversight of our overall policy for employee remuneration, employment conditions and our employee share plans; and
- Ensuring appropriate independent advisers are appointed to provide advice and guidance to the Committee.

The Committee’s terms of reference are available on our website www.imperialbrandsplc.com

When carrying out its duties the Committee considers the Remuneration Policy and practices in the context of provision 40 of the UK Corporate Governance Code, as follows:

Clarity – The Remuneration Policy sets out clearly each element of remuneration limits in terms of quantum and the discretions the Committee can apply. The DRR sets out the arrangements clearly and transparently. Questions on the remuneration arrangements can be raised at the AGM and through our employee engagement programme.

Simplicity – The remuneration structure for our Executive Directors consists of fixed pay (base salary, pension and benefits), Annual Bonus and a Long-Term Incentive Plan. Our remuneration structures throughout the organisation are simple in nature and understood by employees.

Risk – A number of features within the Remuneration Policy exist to manage different kinds of risks; these include:

- Malus and clawback provisions operating across all discretionary incentive plans;
- Deferral of remuneration and holding periods;
- Remuneration Committee discretion to override formulaic out-turns to ensure incentive payouts reflect underlying business performance and shareholder experience;
- Limits on awards specified within the policy and plan rules; and
- Regular interaction with the Audit Committee.

Predictability – The Committee regularly reviews the performance of in-flight awards so it understands the likely outcomes.

Proportionality – The Committee is against rewarding poor performance and, therefore, a significant portion of remuneration is performance-based and dependent on delivering the Company’s strategy. Performance targets are based on a combination of measures to ensure there is no undue focus on a single measure.

Alignment – There is a clear progression of remuneration throughout the workforce with performance measures supporting the key performance indicators and the long-term sustainability of the business. The Committee reviews the Remuneration Policy, taking into account the feedback received from shareholders and the impact on the wider workforce.

Remuneration Committee meetings 2023/24

The Remuneration Committee met for three scheduled meetings during the year. Details of the main activities covered in the meetings are set out below.

	Nov-23	Jun-24	Sep-24
Approval of Bonus (FY23) and LTIP (2021-2023) out-turns	●		
Review of Executive Directors’ remuneration dashboard	●	●	●
Review of CEO pay ratio and approval of DRR (FY23)	●		
Approval of Bonus (FY24) and LTIP (2024-2026) targets and weightings	●		
Discussion on workforce remuneration		●	
Review of forecasts for in-flight Bonus and LTIP out-turns		●	●
Discussion of Bonus (FY25) and LTIP (2025-2027)			●
Approval of base salaries for Executive Leadership Team and Chair’s fee			●
Review of the Committee’s terms of reference			●

The Remuneration Committee members as at the November 2023 meeting were Sue Clark (Chair), Bob Kunze-Concewitz, Diane de Saint Victor and Jon Stanton with all attending the November meeting. Ngozi Edozien joined the Committee on 1 January 2024 and all Committee members attended the June and September 2024 meetings. Other regular attendees include the CEO, Company Secretary, Chief People and Culture Officer, Global Reward Director and the Committee’s principal adviser. None of the individuals were present for any decisions relating to their own remuneration.

Remuneration Committee evaluation 2023/24

The Board and its Committees undertook an internally facilitated review of its effectiveness during FY24. The evaluation concluded that the Committee was performing effectively, with a good balance achieved between motivating the Executive and ensuring that shareholder interests were met. Areas of focus for FY25 include the format of meetings and deep dives on the forthcoming EU regulations on remuneration and gender pay comparisons across the Group.

Further information on the Board evaluation is on page 107.

Advice provided to the Remuneration Committee

Deloitte LLP was appointed as the independent adviser to the Committee throughout FY24. Deloitte was paid fees of £251,280 for its services during the year.

Deloitte is a member of the Remuneration Consultants Group and complies with its Code of Conduct which sets out guidelines to ensure that its advice is independent and free of undue influence. Deloitte LLP provided other advisory services including corporate tax and employee mobility advice, employee engagement and technology consulting services.

The Committee is satisfied that advice received by Deloitte during the year was independent and objective and that all individuals who provided remuneration advice to the Committee have no connections with Imperial Brands that may impair their independence.

Other companies which provided advice to the Remuneration Committee are as follows:

Alithos Limited undertook total shareholder return (TSR) calculations and provided advice on all TSR-related matters. During the year it was paid £23,400 and provided no other services to the Company. Willis Towers Watson provided market pay data and was paid £9,600 for these services. Willis Towers Watson also provided actuarial and wider reward-related services to the Company. Both advisers were appointed by the Committee, which remains satisfied that the provision of those other services in no way compromises their independence. They are all paid on the basis of actual work performed rather than on a fixed fee basis.

VOTING ON THE REMUNERATION REPORT AT THE 2024 AGM

At the 2024 AGM there was a vote to approve the Directors’ Remuneration Report and our Directors’ Remuneration Policy.

Resolution	Votes for including discretionary votes	Percentage for	Votes against	Percentage against	Total votes cast excluding votes withheld	Votes withheld ¹	Total votes cast including votes withheld
Directors’ Remuneration Report	678,661,665	97.72	15,835,705	2.28	694,497,370	10,855,174	705,352,544
Directors’ Remuneration Policy	673,024,462	95.51	31,631,996	4.49	704,656,458	696,086	705,352,544

1. Votes withheld are not included in the final figures as they are not recognised as a vote in law.

The strong support received for the Directors’ Remuneration Report and Directors’ Remuneration Policy followed engagement with our largest shareholders during 2022 and 2023. The input we received from shareholders was extremely helpful. At the 2025 AGM, shareholders will be invited to vote on the 2024 Directors’ Remuneration Report (advisory vote).



Sue Clark
Chair of the Remuneration Committee

DIRECTORS’ REPORT

The Directors present their report and audited financial statements for the year ended 30 September 2024. This Directors’ Report, together with our Strategic Report, forms the management report required under the Disclosure Guidance and Transparency Rules (DGTR). The Company has chosen, in accordance with Section 414 C(11) of the Companies Act 2006, to include certain matters in the Strategic Report that would otherwise be required to be disclosed in the Directors’ Report. The Strategic Report can be found on pages 1 to 89 and includes an indication of future likely developments of the Company, details of important Company events and the Company’s business model and strategy. The Corporate Governance information on pages 90 to 114 and the Directors’ Responsibilities Statement on page 134 are incorporated into the Directors’ Report by reference. The Directors’ Report, including the information incorporated by reference, fulfils the requirements of the Corporate Governance Statement for the purposes of the DGTR.

Specifically, the following disclosures and those referred to under “Other information” on page 133 have been included elsewhere in the Annual Report and are incorporated into the Directors’ Report by reference:

Disclosure	Page
Future developments in the business	6
Going concern statement	52
Viability statement	52
Disclosure of greenhouse gas emissions, energy consumption and energy efficiency action	67
Statement of Directors’ responsibilities	134
Disclosure of information to the auditor	134
Financial risk management	176
Shareholder information	230

EQUAL OPPORTUNITIES

We regard equality and fairness as a fundamental right of all our people. We aim to create a work environment that allows equal opportunities so people are employed fairly, safely and in compliance with applicable employment laws and regulation. We respect each person for who they are and what they can contribute and provide the same opportunity for career development and promotion regardless of disability, physical or mental health, age, race, origin, gender, sexual orientation, political views, religion, marital status or any other legally protected status.

CHARITABLE AND POLITICAL DONATIONS

As part of our responsible approach, we continued to support a number of communities in which we operate by allocating a central budget. This budget largely funds our support of the Eliminating Child Labour in Tobacco Growing (ECLT) Foundation and our support of Hope for Justice. In addition, a number of our subsidiaries donate to charitable and community endeavours from local budgets.

All charitable donations and partnership investments are subject to the requirements of our Code of Conduct.

No political donations were made to UK political parties, organisations or candidates during the year (2023: nil). This approach is aligned with our Group policy and Code of Conduct.

One of the Group’s US legal entities, ITG Brands LLC (“ITG Brands”), reported political contributions totalling £57,960 (US\$ 72,450) (2023: nil) for the financial year 2024 to US political organisations and to non-federal-level political party and candidate committees in accordance with their contributions programme. No corporate contributions were made to federal candidates or party committees and all contributions were made in accordance with applicable laws. All ITG Brands contributions are assessed and approved in accordance with ITG Brands’ policies and procedures and to ensure appropriate oversight and compliance with applicable laws. No other political contributions were reported during the year. Therefore, the Group’s total amount of contributions to non-UK political parties during the year was £57,960 (2023: nil).

POWERS OF DIRECTORS AND SHARE CAPITAL

The business of Imperial is managed by the Board which may exercise all the powers of the Company, subject to the provisions of the Articles of Association and the Companies Act 2006. Authority is sought from shareholders at each Annual General Meeting to grant the Directors powers, in line with institutional shareholder guidelines and relevant legislation, in relation to the issue and buyback by the Company of its shares.

Details of our share capital are shown in note 26 to the financial statements. All shares other than those held in treasury are freely transferable and rank pari passu for voting and dividend rights.

As at 30 September 2024 we held 68,289,137 shares in treasury, which represented approximately 7.46% of the Company’s issued share capital and had an aggregate nominal value of £6,828,914.

We have not cancelled these shares but hold them in a treasury shares reserve within our profit and loss account reserve, and they represent a deduction from equity shareholders’ funds.

Repurchases of own shares

On 6 October 2022, we announced a commitment to return surplus capital to shareholders through regular annual share buybacks if circumstances were right and in line with our five-year strategy to deliver sustainable growth and enhanced shareholder returns. The first buyback programme amounting to £1 billion completed on 11 September 2023. The second buyback programme amounting to £1.1 billion, announced on 5 October 2023, completed on 29 October 2024. On 8 October 2024, we announced a further £1.25 billion buyback programme, to be completed no later than 29 October 2025.

At its AGM on 31 January 2024, the Company obtained shareholder authorisation for the buyback of up to 88,800,000 shares (the “2024 Buyback Authority”), renewing and replacing a similar authority granted at the AGM held on 1 February 2023. 54,087,312 ordinary shares with a nominal value of 10 pence each were purchased in FY24 (representing 5.91% of the called up share capital of the Company as at 30 September 2024), of which 34,384,809 were purchased under the 2024 Buyback Authority. The aggregate amount of consideration paid by Imperial in FY24 was £1.02 billion. The 2024 Buyback Authority will expire at the earlier of the close of business on 31 March 2025 and the end of the AGM of the Company to be held in 2025.

As at close of business on 1 November 2024, a total of 50,212,638 million further shares could still be repurchased under the 2024 Buyback Authority before it expires.

The Board continues to regard the ability to repurchase issued shares in suitable circumstances as an important part of Imperial’s financial management. The Directors will continue to exercise this power only when, in the light of market conditions prevailing at the time, they believe that the effect of such purchases will be to increase earnings per share and will be likely to promote the success of the Company for the benefit of its members as a whole, representing an appropriate mechanism to return capital to investors alongside a progressive dividend. Other investment opportunities, appropriate gearing levels and the overall position of the Company are taken into account when exercising this authority. A resolution will be proposed at the 2025 AGM to renew the authority for the Company to purchase its own shares, up to specified limits and in line with institutional shareholder guidelines, for a further year. The proposal will be described in more detail in the 2025 Notice of AGM. For all recent share buyback programmes, Imperial has entered into irrevocable, non-discretionary arrangements with a broker in order to reduce the issued share capital of the Company.

INSURANCE AND INDEMNITIES

Imperial maintains directors’ and officers’ liability insurance which provides appropriate cover for legal action brought against its Directors and Officers. The Company has also granted indemnities to each of its Directors to the extent permitted by law. Qualifying third-party indemnity arrangements for the benefit of Directors, in a form and scope which comply with the requirements of the UK Companies Act 2006, were in force throughout the year and up to the date of this Annual Report.

INTEREST IN VOTING RIGHTS

As at 30 September 2024, the Company has been notified in accordance with Chapter 5 of the DGTR of the following interests in its shares. Other than as described in the footnote to the table, the Company has not been notified of any changes to these interests since the year-end and up to 18 November 2024, being a date not more than one month prior to the date of the AGM Notice of Meeting.

Disclosure	Number of ordinary shares at the date of notification (millions)	Percentage of issued share capital at the date of notification
Capital Group Companies Inc ³	95	10.92 ¹
Spring Mountain Investments Ltd	61	7.04 ²
BlackRock	53	5.25 ¹
FIL Limited	47	4.98 ¹
1. Direct holding. 2. Indirect holding. 3. On 18 October, 2024, the Capital Group notified the Company that its interest had increased to 11.01%.		

Information provided to the Company under the DGTRs is publicly available via the regulatory information services, and on our website at <https://www.imperialbrandsplc.com/creating-shareholder-value/stock-exchange-announcements>.

RESULTS AND DIVIDENDS

We include a review of our operational and financial performance on pages 26 to 41.

The profit attributable to equity holders of the Company for the financial year was £2,613 million, as shown in our consolidated income statement. Note 3 to the financial statements gives an analysis of revenue and operating profit.

An analysis of net assets is provided in the consolidated balance sheet and the related notes to the financial statements.

We pay quarterly dividends. The first and second dividends for financial year 2024 were paid on 28 June 2024 and 30 September 2024 respectively. The third dividend will be paid on 31 December 2024 and, subject to AGM approval, the final dividend will be paid on 31 March 2025 to our shareholders on the Register of Members at the close of business on 21 February 2025. The associated ex-dividend date will be 20 February 2025.

Following a review by the Audit Committee at its meeting in September 2024, which confirmed the accounts showed distributable reserves sufficient to support the expected third interim and final dividends and the interim dividends in financial year 2025, the Directors have declared and propose dividends in respect of FY24 as follows:

Ordinary shares	2024 £ million	2023 £ million
Interim paid – June 2024 22.45p per share	193	196
Interim paid – September 2024 22.45p per share	192	195
Declared interim – December 2024 54.26p per share	459	461
Proposed final – March 2025 54.26p per share	459	453
Total ordinary dividends 153.42p per share (2023: 146.82p)	1,303	1,305

On 8 October 2024, the Company announced a change to its future dividend payment profile to four equal quarterly dividend payments for FY25 onwards. This will result in more consistent cash returns to shareholders throughout the year, compared to the current 30:70 split. This has been enabled by the strong visibility of cash flows from our portfolio following the successful execution of the Company’s strategy. The change will also help to reduce the Company’s 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, the Company announced two interim cash dividends of 40.08 pence per share payable in June and September 2025. These payments will be higher than would otherwise have been the case and also include a further 4.5% year-on-year increase.

PENSION FUND

The Global Pensions Committee provides global oversight on both risk and reward elements of the Group’s pension arrangements.

The Committee’s objectives include tackling the risks inherent in the Group’s defined benefit pension schemes as well as reward matters.

The Group has three main pension arrangements, the largest being the Imperial Tobacco Pension Fund, which is not controlled by the Board but by a trustee company. Its board consists of five Directors nominated by the Company, one Director nominated by employee members and two Directors nominated by current and deferred pensioners. This trustee company is responsible for the assets of the pension fund, which are held separately from those of the Group and are managed by independent fund managers. The pension fund assets can only be used in accordance with the fund’s rules and for no other purpose. The Company maintains Pension Trustee Liability insurance, for action resulting from a pension related claim.

ARTICLES

The Company’s Articles of Association do not contain any entrenchment provisions and, therefore, may be altered or added to, or completely new Articles may be adopted, by special resolution, subject to the provisions of the Companies Act 2006.

SIGNIFICANT AGREEMENTS

The agreements summarised below are those which we consider to be significant to the Group as a whole and which contain provisions that take effect or give the other party or parties a specific right to alter or terminate them if we are subject to a change of control following a takeover bid.

The Group has seven credit facility agreements that provide that, unless the lenders (as defined within each agreement) otherwise agree, if any person or group of associated persons and/or any connected persons acquires the right to exercise more than 50% of the votes exercisable at a general meeting of the Company, the respective borrowers (as defined within each agreement) must repay any outstanding utilisation owed by them under the facility agreement and the total commitments under that facility agreement will be cancelled.

The seven credit agreements are:

- a credit facilities agreement dated March 2020 under which certain banks and/or financial institutions make available to Imperial Brands Finance PLC and Imperial Tobacco Germany Finance GmbH (now Reemtsma Cigarettenfabriken GmbH) committed credit facilities of €3,493 million for a period of up to three years with bi-annual six-month auto-extensions;
- a credit facility agreement dated July 2024 under which a certain bank makes available to Imperial Brands Finance PLC committed credit facilities of £100 million from October 2024 until September 2025;
- a credit facility agreement dated September 2024 under which a certain bank makes available to Imperial Brands Finance PLC committed credit facilities of £200 million until September 2025;
- four credit facility agreements dated September 2024 under each of which a certain bank makes available to Imperial Brands Finance PLC committed credit facilities of £100 million until September 2025.

The Company acts as guarantor for all the above credit facilities.

In addition, three insurance companies (the Sureties) have each made available to Imperial Tobacco Pension Trustees Limited a surety bond, in each case issued on a standalone basis but in aggregate forming an amount of £120 million, until December 2028. These surety bonds are subject to deeds of counter-indemnity each dated April 2023 and made on substantially the same terms provided by the Company, Imperial Brands Finance PLC and Imperial Tobacco Limited.

If any person or group of associated persons (as defined within each agreement) acquires the right to exercise more than 50% of the votes exercisable at a general meeting of the Company, the Sureties may demand that Imperial Tobacco Limited, amongst other things, pay a sum to a cash collateral account equal to but not exceeding the aggregate amount outstanding under each guarantee.

Imperial Brands Finance PLC has issued bonds under a Global Medium Term Notes (GMTN) Debt Issuance Programme. The Company acts as guarantor.

The final terms of these series of notes contain change of control provisions under which the holder of each note will, subject to any earlier exercise by the Issuer, have the option to require the Issuer to redeem or, at the Issuer’s option, purchase that note at its nominal value if: (a) any person, or persons acting in concert or on behalf of any such person(s),

becomes interested in: (i) more than 50% of the issued or allotted ordinary share capital of the Company; or (ii) such number of shares in the capital of the Company carrying more than 50% of the voting rights normally exercisable at a general meeting of the Company; and (b) as a result of the change of control, there is either: (i) a reduction to a non-investment grade rating or withdrawal of the investment grade rating of the notes which is not raised again, reinstated to or replaced by an investment grade rating during the change of control period specified in the final terms; or (ii) to the extent that the notes are not rated at the time of the change of control, the Issuer fails to obtain an investment grade credit rating of the notes within the change of control period as a result of the change of control.

The bonds Imperial Brands Finance PLC issued in such manner and which are still outstanding as of 30 September 2024 are as follows:

- 1 July 2024 US\$ 1,250m 5.500% guaranteed notes due 2030; and
- 1 July 2024 US\$ 750m 5.875% guaranteed notes due 2034.

Imperial Brands Finance PLC and Imperial Brands Finance Netherlands B.V. have also issued bonds under Euro Medium Term Notes (EMTN) Debt Issuance Programmes. The Company acts as guarantor.

The final terms of these series of notes contain change of control provisions under which the holder of each note will, subject to any earlier exercise by the Issuer, have the option to require the Issuer to redeem or, at the Issuer’s option, purchase that note at its nominal value if: (a) any person, or persons acting in concert or on behalf of any such person(s), becomes interested in: (i) more than 50% of the issued or allotted ordinary share capital of the Company; or (ii) such number of shares in the capital of the Company carrying more than 50% of the voting rights normally exercisable at a general meeting of the Company; and (b) as a result of the change of control, there is either: (i) a reduction to a non-investment grade rating or withdrawal of the investment grade rating of the notes which is not raised again, reinstated to or replaced by an investment grade rating during the change of control period specified in the final terms; or (ii) to the extent that the notes are not rated at the time of the change of control, the Issuer fails to obtain an investment grade credit rating of the notes within the change of control period as a result of the change of control.

The bonds Imperial Brands Finance PLC issued in such manner and which are still outstanding as of 30 September 2024 are as follows:

- 26 September 2011 £500 million 5.500% guaranteed notes due 2026;
- 28 February 2014 €650 million 3.375% guaranteed notes due 2026;
- 28 February 2014 £500 million 4.875% guaranteed notes due 2032;
- 27 January 2017 €500 million 1.375% guaranteed notes due 2025; and
- 12 February 2019 €750 million 2.125% guaranteed notes due 2027.

The bonds Imperial Brands Finance Netherlands B.V. issued in such manner and which are still outstanding as of 30 September 2024 are as follows:

- 18 March 2021 €1,000 million 1.750% guaranteed notes due 2033;
- 15 February 2023 €600 million 5.250% guaranteed notes due 2031;
- 12 September 2023 €350 million 5.250% guaranteed notes due 2031*; and
- 4 April 2024 €100 million 5.250% guaranteed notes due 2031*.

* Subsequent to the issuance dates, these notes became fungible with the original €600 million issue to form a single tranche of €1,050 million 5.250% guaranteed notes due 2031.

Imperial Brands Finance PLC has also issued bonds in the US under the provisions of Section 144a and Regulation S respectively of the US Securities Act (1933). The Company acts as guarantor.

The final terms of this series of notes contain change of control provisions under which the holder of each note will, subject to any earlier exercise by the Issuer, have the option to require the Issuer to redeem or, at the Issuer’s option, purchase that note at 101% of its nominal value if: (a) (i) any person (as such term is used in the US Securities Exchange Act of 1934 (the Exchange Act)) becomes the beneficial owner of more than 50% of the Company’s voting stock; or (ii) there is a transfer (other than by merger, consolidation, amalgamation or other combination) of all or substantially all of the Company’s assets and those of its subsidiaries to any person (as such term is used in the Exchange Act); or (iii) a majority of the members of the Company’s Board of Directors is not continuing in such capacity; and (b) as a result of the change of control, there is a reduction to a non-investment grade rating or withdrawal of the investment grade rating of the notes which is not raised again, reinstated to or replaced by an investment grade rating during the change of control period specified in the final terms.

The bonds issued in such manner and which are still outstanding as of 30 September 2024 are as follows:

- 21 July 2015 US\$ 950 million 4.250% guaranteed notes due 2025;
- 26 July 2019 US\$ 750 million 3.500% guaranteed notes due 2026;
- 26 July 2019 US\$ 1,000 million 3.875% guaranteed notes due 2029; and
- 27 July 2022 US\$ 1,000 million 6.125% guaranteed notes due 2027.

WAIVER OF DIVIDENDS

In respect of UKLR 6.6.1R (11) and (12) the trustee of the Imperial Tobacco Group PLC Employee and Executive Benefit Trust and the Imperial Tobacco Group PLC 2001 Employee Benefit Trust agrees to waive dividends payable on the Group’s shares it holds for satisfying awards under various Imperial Brands PLC share plans.

2024 ANNUAL GENERAL MEETING VOTE

At the Annual General Meeting in 2024, the Company received strong support for all its resolutions.

POST-YEAR-END EVENTS

Share buybacks

As noted above, on 8 October 2024 the Company announced a further share buyback programme of up to £1.25 billion of shares in the period to 29 October 2025.

2025 ANNUAL GENERAL MEETING

This year’s AGM will be held at the Bristol Marriott Royal Hotel on 29 January 2025 at 9.30am.

Details of the resolutions to be put to the meeting can be found in the Notice of Annual General Meeting sent to shareholders and made available on the Company’s [website](#).

UK LISTING RULES 6.6.1

For the purposes of the UK Listing Rules, the information required to be disclosed by UKLR 6.6.1R can be found on the pages set out below:

Section	Information	Page
(1)	Interest capitalised	n/a
(2)	Publication of unaudited financial information	n/a
(3)	Details of long-term incentive schemes	n/a
(4)	Waiver of emoluments by a Director	n/a
(5)	Waiver of future emoluments by a Director	n/a
(6)	Non pre-emptive issues of equity for cash	n/a
(7)	Non pre-emptive issue by major subsidiary undertakings	n/a
(8)	Listed subsidiary	n/a
(9)	Contracts of significance	132
(10)	Provision of services by a controlling shareholder	n/a
(11)	Shareholder waivers of dividends	See left
(12)	Shareholder waivers of future dividends	See left
(13)	Compliance with controlling shareholder rules	n/a

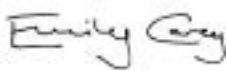
OTHER INFORMATION

In accordance with the Companies Act 2006, the following items have been included in other sections of this Annual Report:

- a fair review of the business, as required by the Companies Act 2006, is included in the Strategic Report;
- the information in our Governance Report, including information on our Directors and rules around their appointment and replacement, is included in this Directors’ Report by reference;
- future developments in the business are included in the investment case commencing on page 6;
- information relating to our people, including colleague engagement, is included in the Stakeholder Engagement section on page 54, our People and Planet agenda on page 59, Safe and Inclusive workplace on page 74 and on pages 100 and 106 in our Governance Report;
- our principal risks are detailed on pages 45 to 51;
- information relating to our sustainability approach that supports our environmental, social and governance agenda is included on pages 59 to 89;
- responsibilities to a broader stakeholder group, including suppliers, consumers and customers, are included on pages 54 to 57, 100 and 102;
- information on our greenhouse gas emissions is included on page 66; and
- the Directors of the Company are listed on pages 92 to 95.

Our report under the Streamlined Energy and Carbon Reporting requirements can be found on page 67.

The Strategic Report and this Directors’ Report were approved and signed by order of the Board.



Emily Carey
Company Secretary

18 November 2024
Imperial Brands PLC
Incorporated and domiciled in England and Wales No: 3236483

STATEMENT OF DIRECTORS’ RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with UK–adopted International Accounting Standards. In addition, the Directors have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 “Reduced Disclosure Framework”. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group and Parent Company for that period.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and consistently apply suitable accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS accounting standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity’s financial position and financial performance;
- state whether the Group financial statements have been prepared in accordance with UK-adopted International Accounting Standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the Group financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

In preparing the Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company on a consolidated and individual basis, and to enable them to ensure that the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Parent Company and its subsidiaries and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors’ Report, Remuneration Report and Corporate Governance Statement that comply with the law and those regulations.

The Directors are responsible for the maintenance and integrity of the Parent Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors in office as at the date of this report, whose names and functions are listed on pages 92 to 95, confirms that, to the best of their knowledge:

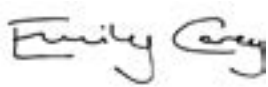
- the Group and Parent Company financial statements, which have been prepared in accordance with UK-adopted International Accounting Standards and UK GAAP FRS 101 respectively, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Parent Company on a consolidated and individual basis;
- the Strategic Report and the Directors’ Report contained in the Annual Report and Accounts include a fair review of the development and performance of the business and position of the Group and Parent Company, together with a description of the principal risks and uncertainties that they face;
- there is no relevant audit information (that is, information needed by EY in connection with preparing its report) of which EY is unaware; and
- each has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish EY is aware of that information.

The Directors consider that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group and the Parent Company’s position and performance, business model and strategy.

This Statement of Directors’ Responsibilities was approved by the Board and signed on its behalf.

The Strategic Report and the Directors’ Report were approved by the Board and signed on its behalf.

By order of the Board.



Emily Carey
Company Secretary

18 November 2024
Imperial Brands PLC
Incorporated and domiciled in England and Wales No. 3236483

OPINION

In our opinion:

- Imperial Brands PLC’s group financial statements and parent company financial statements (the “financial statements”) give a true and fair view of the state of the group’s and of the parent company’s affairs as at 30 September 2024 and of the group’s profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Imperial Brands PLC (the ‘parent company’) and its subsidiaries (the ‘group’) for the year ended 30 September 2024 which comprise:

Group	Parent company
Consolidated balance sheet as at 30 September 2024	Balance sheet as at 30 September 2024
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Related notes I to X to the financial statements, including material accounting policy information
Consolidated statement of changes in equity for the year then ended	
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 35 to the financial statements, including material accounting policy information and the supplementary information on pages 202 to 209.	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 “Reduced Disclosure Framework” (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

INDEPENDENCE

We are independent of the group and parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC’s Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors’ assessment of the group and parent company’s ability to continue to adopt the going concern basis of accounting included:

- confirming our understanding of the directors’ going concern assessment process, including the controls over the review and approval of the business plan and cash flow forecasts covering the period of twelve months from date of approval of the financial statements;
- assessing the appropriateness of the duration of the going concern assessment period of twelve months from date of approval of the financial statements and considering the existence of any significant events or conditions beyond this period based on our procedures on the group’s business plan, cash flow forecasts and from knowledge arising from other areas of the audit;
- verifying inputs against the board-approved business plan, cash flow forecasts and debt facility terms, and reconciling the opening liquidity position to the year end position as at 30 September 2024;
- Agreeing borrowing facilities to agreements to confirm both their availability to the group and the forecast debt repayments through the going concern assessment period and to validate that there are only two financial covenants in relation to the revolving credit facility;

- evaluating management’s historical forecasting accuracy and the consistency of the going concern assessment with information obtained from other areas of the audit, such as our audit procedures on the business plan and cash flow forecasts which underpin management’s goodwill impairment assessments;
- testing the assessment, including forecast liquidity under base and downside scenarios, for clerical accuracy;
- assessing whether assumptions made, including those relating to current economic challenges, were reasonable and in the case of downside scenarios, appropriately severe, in light of the group’s relevant principal risks and uncertainties and our own independent assessment of those risks;
- assessing management’s considerations related to material climate change impacts in the going concern period;
- evaluating the amount and timing of identified mitigating actions available to respond to a severe but plausible downside scenario, and whether those actions are feasible and within the group’s control;
- performing independent stress testing on management’s assumptions including applying incremental adverse cash flow sensitivities. Our sensitivities included the impact of certain severe but plausible scenarios identified in other areas of our audit, including litigation and tax, materialising within the going concern period; and,
- performing reverse stress testing on management’s base case scenario to understand how severe conditions would have to be to breach liquidity or financial covenants and whether the reduction in EBITDA that result in breaches to liquidity or financial covenants has no more than a remote possibility of occurring;
- assessing the appropriateness of the going concern disclosure on page 149.

OUR KEY OBSERVATIONS:

- The directors’ assessment forecasts that the group will maintain sufficient liquidity throughout the going concern assessment period in the base case scenario and will not breach banking covenants. Management also assessed:
 - a severe but plausible downside scenario corresponding to a 10% permanent reduction in EBITDA, which would result in a minimum level of headroom of £0.6bn in March 2025.
 - a reverse stress test scenario corresponding to a permanent reduction in EBITDA of 37% which would result in liquidity being eroded in August 2025. This scenario is not considered plausible.

We have not identified any climate-related risks that would materially impact the group’s forecasts to the end of the going concern period.

- Controllable mitigating actions available to management over the going concern assessment period, including reductions to non-declared dividend payments and uncommitted share buybacks, are sufficient to ensure liquidity in both management’s plausible downside scenario and the audit team’s additional downside sensitivities.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company’s ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue.

In relation to the group and parent company’s reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors’ statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group’s ability to continue as a going concern.

OVERVIEW OF OUR AUDIT APPROACH

Audit scope	• We performed an audit of the complete financial information of 5 components and audit procedures on specific balances for a further 12 components. • The components where we performed full or specific audit procedures accounted for 83% of Profit before tax on an absolute basis, 81% of Revenue and 91% of Total assets.
Key audit matters	• Revenue recognition, including management override of controls • Management override of controls or errors related to KPIs • Uncertain tax positions • Litigation
Materiality	• Overall group materiality of £156m which represents 5% of Profit before tax.

AN OVERVIEW OF THE SCOPE OF THE PARENT COMPANY AND GROUP AUDITS

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account the level of revenue, assets, profit before tax, risk profile (including country risk, management’s assessment of control effectiveness, internal audit findings and the extent of changes in the business environment), and other known factors when assessing the level of work to be performed at each component.

In assessing the risk of material misstatement to the group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 394 reporting components of the group, we selected 17 components covering entities within Australia, Czech Republic, the Dominican Republic, Germany, Morocco, Poland, Spain, the UK and the USA, which represent the principal business units within the group.

Of the 17 components selected, we performed an audit of the complete financial information of 5 components (“full scope components”) which were selected based on their size or risk characteristics. For the remaining 12 components (“specific scope components”), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The audit scope of specific scope components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the group. We increased our coverage of the total group cash balance as at 30 September 2024 by performing specified procedures over cash balances by obtaining bank confirmation letters for 16 additional business units in order to reduce the unaudited cash balance below our performance materiality.

The table below illustrate the coverage obtained from the work performed by our audit teams.

Reporting components	2024				2023			
	Number	% of group PBT (on absolute basis) ¹	% of group Revenue	% of group Assets	Number	% of group PBT (on absolute basis) ¹	% of group Revenue	% of group Assets
Full scope	5	68%	63%	80%	5	70%	63%	79%
Specific scope	12	15%	18%	10%	13	14%	18%	13%
Specified procedures	28	0%	0%	1%	22	0%	0%	1%
Full, specific, and specified procedures coverage	45	83%	81%	91%	40	84%	81%	93%
Remaining components	349	17%	19%	8%	354	16%	19%	7%
Total reporting components	394	100%	100%	100%	394	100%	100%	100%

1. Coverage of profit before tax measured on an absolute basis for each component (components with a loss would be added to both the numerator and denominator).

CHANGES FROM THE PRIOR YEAR

The approach to audit scoping is similar to the prior year audit. Our scoping changes from the prior year arise due to changes to incorporate unpredictability and include a rotation of component audits involved. As a result, one component in Spain moved from specific scope to review scope and two components in the Czech Republic and Ivory Coast have moved from review scope to specific scope and specified procedures respectively.

INVOLVEMENT WITH COMPONENT TEAMS

In establishing our overall approach to the group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the 5 full scope components, audit procedures were performed on one of these directly by the primary audit team and four by the component audit teams. For the 12 specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the group as a whole.

Imperial Brands has centralised processes and controls in relation to certain accounts managed by its Finance Shared Services (“FSS”) centres in Manila and Krakow. Members of the group engagement team provided direct oversight, review, and coordination of the EY FSS audit teams. The EY FSS audit teams performed centralised testing for certain accounts covered at the Imperial Brands’ FSS locations, including revenue, receivables, purchases and payables. In establishing our overall approach to the group audit, we determined the work that needed to be undertaken at each of the locations by the group engagement team or by auditors from local EY teams.

The group audit team continued to follow a programme of planned visits that has been designed to ensure that the Senior Statutory Auditor, and other group Partners, visit all full scope and other key locations. During the current year’s audit cycle, visits were undertaken by the primary audit team to the component teams in the Czech Republic, the Dominican Republic, Germany, Morocco, Spain and the USA. These visits involved discussing the audit approach with the component team and any issues arising from their work, meeting with local management and reviewing relevant audit working papers relating to risk areas. The primary team interacted regularly with the component teams, where appropriate, during various stages of the audit, reviewed relevant working

papers and were responsible for the scope and direction of the audit process. At critical periods of the audit, we increased the use of online collaboration tools to facilitate team meetings, information sharing and the evaluation, review and oversight of component teams. We requested more detailed deliverables from component teams, and we utilised fully the interactive capability of EY Canvas, our global audit workflow tool, to review remotely the relevant underlying work performed. For the UK components, communication has been maintained throughout the audit with the Senior Statutory Auditor covering the same areas described above applicable to all non-UK component teams. This, together with the additional procedures performed at group level, gave us appropriate evidence for our opinion on the group financial statements.

CLIMATE CHANGE

Stakeholders are increasingly interested in how climate change will impact Imperial Brands. The group has determined that the most significant future impacts from climate change on their operations will be from:

- An increase in material costs due to increases in operating costs of suppliers and raw materials;
- Increased costs from emerging regulation such as carbon taxation;
- Changes in the tobacco crop yield that may lead to agricultural supply chain disruption; and,
- Other impacts that may cause supply chain disruption or affect production capacity, namely:
 - Increased frequency and severity of extreme weather events;
 - Physical hazards such as flooding;
 - Chronic drought risk; and,
 - More severe hurricane risk.

These are explained on pages 78 to 89 in the required Task Force On Climate Related Financial Disclosures. They have also explained their climate commitments on pages 66 to 67. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the group's business and any consequential material impact on its financial statements.

The group has explained in note 2, Accounting estimates and judgements, that governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently the financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes means that they cannot be taken into account when determining asset and liability valuations under the requirements of UK adopted international accounting standards.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 80 to 85 and the significant judgements and estimates disclosed in note 2 and whether these have been appropriately reflected in asset values and associated disclosures where values are determined through modelling future cash flows, being goodwill and intangible assets impairment assessment (note 12) and the recoverability of deferred tax assets (note 23) to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures.

Whilst the group have stated their commitment to the aspirations of the Paris Agreement to achieve net zero emissions by 2040, the group are currently unable to determine the full future economic impact on their business model, operational plans and customers to achieve this and therefore as set out above the potential impacts are not fully incorporated in these financial statements.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk
Revenue recognition, including management override of controls (2024: £32,411m, 2023: £32,475m)	We have reviewed Imperial's Code of Conduct, Speaking-up, and Fraud risk management policies in order to evaluate the 'tone at the top'. We obtained an understanding of the revenue process and controls and understood how Imperial's revenue recognition policies are applied. We also assessed the processes and key controls over rebate accounting, by walking through the process from identification to recording. We reviewed the group revenue recognition policies, as documented in the group Accounting Manual, for compliance with IFRS 15 'Revenue from contracts with customers'. We discussed and reviewed key contractual arrangements with management and obtained relevant documentation, including those in respect of rebate arrangements. As part of our overall revenue recognition testing, for Tobacco & NGP components with revenue in scope, we used data analytics techniques. This included testing the occurrence of revenue by analysing the correlation of journal entries posted to revenue with journals posted to accounts receivables and then subsequently as cash receipts. We validated cash receipt postings by tracing to bank statements on a sample basis. This provided us with a high level of assurance over £15.8 billion (72%) of Tobacco & NGP revenue recognised by the group. For the Distribution component, we performed a combination of tests of controls and substantive tests of detail to obtain assurance over £9.2 billion (83%) of Distribution revenue recognised by the group. We performed detailed, disaggregated, analytical review to identify unusual trends and inventory positions at all full and specific scope locations. Our procedures focused on variances in receivable days and customers rebates/discounts at period ends, which could represent inventory being 'pushed' into the channel. We reviewed external factors for indicators of trade pull factors with a focus on full scope and high-risk markets. We made inquiries outside of finance to identify instances of late or unusual requests for shipments or extensions of credit terms. On a sample basis, we obtained third party confirmations of trade terms from customers to assess for indicators of trade loading, where relevant, such as unusual sales patterns, rebates/discounts or increased receivable days at period-ends. We performed appropriate alternative procedures where confirmations were requested and not received, including reviewing contracts and recalculating rebates, validating the inputs of management's calculations, and tracing rebate provision amounts to post year end settlements. Our remaining procedures, applicable to all full and specific scope components included the following: • Cut-off testing for a sample of revenue transactions near the period end to check that they were recognised in the appropriate period; • Targeted manual journal entry testing in response to the risk of fraud; and, • Review of disclosures against the requirements of IFRS 15 The audit procedures performed to address this risk were performed by component and shared service centre teams and reviewed by the group team.

Key observations communicated to the Audit Committee

Based on the procedures performed, including those in respect of manual adjustments to revenue, we did not identify any evidence of material misstatement in the revenue recognised during the year.

Risk	Our response to the risk
Management override of controls or errors related to KPIs impacting executive remuneration There is a risk that management could override controls in order to manipulate KPIs which have a bearing on remuneration. In the current year we have identified the following items as areas of focus: • Manipulation of reported margins to overstate operating profits; • Incorrect classification of items as adjusting costs in order to manipulate the adjusted operating profit metric; • Errors relating to working capital metrics, particularly focused on inappropriate cash cut-off to manipulate working capital and therefore the adjusted operating cash conversion metric; • Incorrect reporting of ESG metrics on which aspects of executive remuneration are based. Refer to the audit committee report (page 112); accounting policies (note 1); accounting estimates and judgements (note 2) of the consolidated financial statements; and the supplementary information.	In respect of our focus on reported margins, we have: • Inquired of divisional finance leadership to identify any unusual and/or new arrangements/projects entered into during the current financial year that would be expected to have an impact upon operating profit margins. • Used data analytical techniques to identify and investigate unusual trends in margins in order to identify any unusual movements throughout the year and in comparison to prior year. In respect of our focus on the classification of adjusting items, we have: • Challenged the timing of recognition of one-off costs and whether the classification of any costs as adjusting is in line with group policy and disclosed appropriately. • Evaluated the classification of one-off adjustments for indicators of management bias, in particular whether both income and expense items are treated consistently. In respect of our focus on working capital metrics, we have: • Performed cut-off testing at year end on working capital balances to a lower testing threshold. Namely, on trade receivables, inventory and trade payables to ensure that working capital metrics are not recorded pre year end and then reversed post year end to manipulate the adjusted operating cash conversion metric. • Performed detailed, disaggregated analytical review to identify unusual trends and positions in key significant accounts such as cash, trade receivables, trade payables and inventory to identify potential manipulation of these balances that would influence working capital balances. • Made inquires outside of finance, for example with Sales, to identify any unusual and new arrangements entered into during the last quarter of Imperial's financial year to assess if these are being manipulated to flatter working capital. In respect of our focus on ESG metrics linked to executive remuneration, we have: • Conducted in-person and remote site visits to understand local level ESG performance and data collection processes; • Obtained an understanding of the process for collecting, collating and reporting the ESG metrics during the reporting period; • Performed analytical review procedures to understand the appropriateness of the data. • Performed testing, on a sample basis, against underlying source information to check the accuracy and completeness of the data and the appropriate application of the ESG criteria. We reviewed the annual report disclosures, including Imperial's management rationale for treating as adjusting, whether equal prominence had been given with statutory measures and the transparency of the reconciliation of statutory measures to APM's. The audit procedures were designed and led by the group audit team, with support from component teams whose work was reviewed by the group audit team.

Key observations communicated to the Audit Committee

We did not identify any unusual trends in reported margin that would indicate manipulation.

We consider that items identified as being adjusted are appropriate and in line with the group accounting policy.

Following our procedures performed over working capital metrics, we consider these balances are materially correct.

We did not identify any issues with regards the completeness, accuracy or appropriateness of data used in the application of ESG criteria related to executive remuneration.

Risk	Our response to the risk
Uncertain tax positions (Provision for uncertain tax positions – 2024: £180m, 2023: £189m) The global nature of the group's operations results in complexities in the payment of, and accounting for, tax. Management applies judgement in assessing tax exposures in each jurisdiction, many of which require interpretation of local tax laws. Given this judgement, there is a risk that tax provisions are misstated. Refer to the audit committee report (page 111); accounting policies (note 1); accounting estimates and judgements (note 2); and tax disclosure (note 8) of the consolidated financial statements.	We challenged management's judgements using tax specialists, both domestic and overseas, to provide technical support regarding developments in the period and to consider whether the amounts provided reflected an appropriate best estimate of the expected economic outflow. The group audit team, including tax specialists, evaluated the tax consequences of the transactions undertaken in the period. We confirmed that the tax figures appropriately reflect the transactions and there are no additional material risks for which an uncertain tax position (UTP) should be recorded. We challenged whether the tax exposures identified were complete. Our work included inquiring with management regarding the current status of discussions with tax authorities, the impact of legislative developments and the review of transfer pricing policies. We assessed whether the group's disclosures, detailing the year end status of material open tax inquiries, adequately disclose relevant facts and circumstances and potential liabilities of the group. The audit procedures were designed and led by the group audit team, with support from component teams whose work was reviewed by the group audit team.

Key observations communicated to the Audit Committee

Based on our assessment of tax risks and the latest status of tax audits, we conclude that the group's approach to judgements for uncertain tax positions is balanced and that the amounts provided are reasonable. We consider the group's tax disclosures are also appropriate.

Litigation

There are a number of ongoing legal cases in different jurisdictions relating to competition, product liability, intellectual property and commercial litigation. Significant judgements are involved in determining the likelihood of a probable outflow occurring from legal cases, together with the estimate of the likely financial cost. The group's assessment includes evaluating the relevant law, historical and pending court rulings with the support of legal counsel.

Given the judgements and the significance of the amounts involved, there is a risk that legal provisions are misstated or that contingent liabilities are inadequately disclosed.

Specifically, our audit risk relates to legal cases for which the financial cost to the business could be material if the potential exposures were to be realised, and any cases which could indicate non-compliance with the legal and regulatory frameworks with which the group is required to comply.

Refer to the audit committee report (page 111); accounting policies (note 1); accounting estimates and judgements (note 2), and contingent liabilities (note 30) of the consolidated financial statements.

Key observations communicated to the Audit Committee

Having met with internal Legal Counsel and received responses from external lawyers, we consider that where an economic outflow is probable management have appropriately recorded a provision. For those cases which we consider meet the criteria of a contingent liability we concluded that sufficient disclosure exists in the annual report to allow users to understand the range of exposures facing the company, where that is possible.

Both in the current year and prior year, our auditor's report includes key audit matters in relation to revenue recognition including management override, Management override of controls or errors related to KPIs impacting executive remuneration, uncertain tax positions and litigation. The risk associated with these matters remained consistent with the prior year.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the group to be £156 million (2023: £156 million), which is 5% (2023: 5%) of Profit before tax. We believe that Profit before tax provides the most relevant performance measure to the stakeholders of the group.

We determined materiality for the Parent Company to be £194 million (2023: £210 million), which is 2% (2023: 2%) of net assets. In performing our procedures, materiality was capped at the group allocated materiality of £35 million (2023: £35 million).

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the group's overall control environment, our judgement was that performance materiality was 75% (2023: 75%) of our planning materiality, namely £117 million (2023: £117 million).

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £23 million to £35 million (2023: £23 million to £35 million).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £8 million (2023: £8 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 134, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the part of the directors’ remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors’ report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors’ report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors’ Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

CORPORATE GOVERNANCE STATEMENT

We have reviewed the directors’ statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and company’s compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors’ statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 103;
- Directors’ explanation as to its assessment of the company’s prospects, the period this assessment covers and why the period is appropriate set out on page 52;
- Director’s statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 52;
- Directors’ statement on fair, balanced and understandable set out on page 103;
- Board’s confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 103;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 42 to 44; and;
- The section describing the work of the audit committee set out on pages 109 to 110

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors’ responsibilities statement set out on page 134, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are frameworks which are directly relevant to specific assertions in the financial statements and are those that relate to the reporting framework (UK adopted international accounting standards, the Companies Act 2006 and the UK Corporate Governance Code) and the relevant tax laws and regulations in the jurisdictions in which the group operates. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the UK Listing Rules of the UK Listing Authority, and those laws and regulations relating to health and safety, employee matters and country-specific regulations on tobacco and nicotine alternatives control.
- We understood how the group is complying with those frameworks by making inquiries of management, internal audit, those responsible for legal and compliance procedures and the company secretary. We corroborated our inquiries through our review of board minutes, papers provided to the Audit Committee and attendance at meetings of the Audit Committee, as well as consideration of the results of our audit procedures across the group.

- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was susceptibility to fraud and assessing whistleblowing incidences for those with a potential financial reporting impact. Where necessary, our procedures included our forensic investigation specialists. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts. We considered the programmes and controls that the group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries of group management, those charged with governance and legal counsel, as well as journal entry testing, with a focus on manual consolidation journals and journals indicating significant or unusual transactions based on our understanding of the business. Through our testing we challenged the assumptions and judgements made by management in respect of significant one-off transactions in the financial year and significant accounting estimates as referred to in the key audit matters section above. At a component level, our full and specific scope component audit team’s procedures included inquiries of component management; journal entry testing; and focused testing, including in respect of the key audit matter of revenue recognition. We also leveraged our data analytics platform in performing our work on the order to cash and purchase to pay and inventory processes to assist in identifying higher risk transactions for testing.
- Where we identified potential non-compliance with laws and regulations, we developed an appropriate audit response and communicated directly with components impacted. Our procedures involved: understanding the process and controls to identify non-compliance, inquiring of internal and external legal counsel, performing an analysis of press reporting on these matters, understanding the fact patterns in each case and documenting the positions taken by management, and using specialists to support us in concluding on the matters identified.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor’s report.

OTHER MATTERS WE ARE REQUIRED TO ADDRESS

- Following the recommendation from the audit committee, we were appointed by the shareholders at the AGM on 31 January 2024 to audit the financial statements for the year ending 30 September 2024 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments is five years, covering the years ending 2020 to 2024.

- The audit opinion is consistent with the additional report to the audit committee.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP.

Marcus Butler (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor

London
18 November 2024

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

for the year ended 30 September 2024

£ million unless otherwise indicated	Notes	2024	2023
Revenue	3	32,411	32,475
Duty and similar items		(13,925)	(14,398)
Other cost of sales		(11,707)	(11,397)
Cost of sales		(25,632)	(25,795)
Gross profit		6,779	6,680
Distribution, advertising and selling costs		(2,383)	(2,338)
Administrative and other expenses		(842)	(940)
Operating profit	4	3,554	3,402
Investment income	5	560	772
Finance costs	5	(1,094)	(1,070)
Net finance costs		(534)	(298)
Share of profit of investments accounted for using the equity method	15	9	7
Profit before tax		3,029	3,111
Tax	8	(282)	(655)
Profit for the year		2,747	2,456
Attributable to:			
Owners of the parent		2,613	2,328
Non-controlling interests		134	128
Earnings per ordinary share (pence)			
• Basic	10	300.7	252.4
• Diluted	10	299.0	250.8

Investment income and finance costs for 2023 have been reclassified with no impact to net finance costs. See note 5 for more information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2024

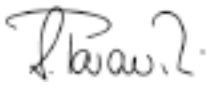
£ million	Notes	2024	2023
Profit for the year		2,747	2,456
Other comprehensive income			
Exchange movements		(602)	(508)
Hyperinflation adjustment in the year	1	6	5
Current tax on hedge of net investments and quasi-equity loans		(197)	(115)
Items that may be reclassified to profit and loss		(793)	(618)
Net actuarial losses on retirement benefits	24	(99)	(376)
Deferred tax relating to net actuarial losses on retirement benefits		37	135
Items that will not be reclassified to profit and loss		(62)	(241)
Other comprehensive expense for the year, net of tax		(855)	(859)
Total comprehensive income for the year		1,892	1,597
Attributable to:			
Owners of the parent		1,783	1,484
Non-controlling interests		109	113
Total comprehensive income for the year		1,892	1,597

CONSOLIDATED BALANCE SHEET

at 30 September 2024

£ million	Notes	2024	2023
Non-current assets			
Intangible assets	12	15,938	16,944
Property, plant and equipment	13	1,561	1,617
Right of use assets	14	362	326
Investments accounted for using the equity method	15	56	55
Retirement benefit assets	24	376	414
Trade and other receivables	17	118	63
Derivative financial instruments	21/22	330	824
Deferred tax assets	23	889	653
		19,630	20,896
Current assets			
Inventories	16	4,080	4,522
Trade and other receivables	17	2,645	2,490
Current tax assets	8	249	112
Cash and cash equivalents	18	1,078	1,345
Derivative financial instruments	21/22	144	126
		8,196	8,595
Total assets		27,826	29,491
Current liabilities			
Borrowings	20	(1,191)	(1,499)
Derivative financial instruments	21/22	(187)	(174)
Lease liabilities	14	(86)	(81)
Trade and other payables	19	(9,497)	(9,579)
Current tax liabilities	8	(412)	(418)
Provisions	25	(89)	(148)
		(11,462)	(11,899)
Non-current liabilities			
Borrowings	20	(7,506)	(7,882)
Derivative financial instruments	21/22	(622)	(829)
Lease liabilities	14	(300)	(268)
Trade and other payables	19	(86)	(27)
Deferred tax liabilities	23	(780)	(871)
Retirement benefit liabilities	24	(819)	(807)
Provisions	25	(222)	(266)
		(10,335)	(10,950)
Total liabilities		(21,797)	(22,849)
Net assets		6,029	6,642
Equity			
Share capital	26	91	97
Share premium and capital redemption	26	5,849	5,843
Retained earnings		(479)	(674)
Exchange translation reserve		(19)	755
Equity attributable to owners of the parent		5,442	6,021
Non-controlling interests		587	621
Total equity		6,029	6,642

The financial statements on pages 145 to 229 were approved by the Board of Directors on 18 November 2024 and signed on its behalf by:


Lukas Paravicini
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2024

£ million	Share capital	Share premium and capital redemption	Retained earnings	Exchange translation reserve	Equity attributable to owners of the parent	Non-controlling interests	Total equity
At 1 October 2023	97	5,843	(674)	755	6,021	621	6,642
Profit for the year	-	-	2,613	-	2,613	134	2,747
Exchange movements on retranslation of net assets	-	-	-	(1,235)	(1,235)	(25)	(1,260)
Exchange movements on net investment hedges	-	-	-	540	540	-	540
Exchange movements on quasi-equity loans	-	-	-	118	118	-	118
Hyperinflation adjustment in the year	-	-	6	-	6	-	6
Current tax on hedge of net investments and quasi-equity loans	-	-	-	(197)	(197)	-	(197)
Net actuarial losses on retirement benefits	-	-	(99)	-	(99)	-	(99)
Deferred tax relating to net actuarial losses on retirement benefits	-	-	37	-	37	-	37
Other comprehensive expense	-	-	(56)	(774)	(830)	(25)	(855)
Total comprehensive income/(expense)	-	-	2,557	(774)	1,783	109	1,892
Transactions with owners							
Costs of employees' services compensated by share schemes	-	-	45	-	45	-	45
Current tax on share-based payments	-	-	4	-	4	-	4
Repurchase of shares	(6)	6	(1,115)	-	(1,115)	-	(1,115)
Changes in non-controlling interests	-	-	(4)	-	(4)	(7)	(11)
Deferred tax on share-based payments	-	-	2	-	2	-	2
Remeasurement of put/call option	-	-	5	-	5	-	5
Dividends paid	-	-	(1,299)	-	(1,299)	(136)	(1,435)
At 30 September 2024	91	5,849	(479)	(19)	5,442	587	6,029

At 1 October 2022	103	5,837	(443)	1,363	6,860	613	7,473
Profit for the year	-	-	2,328	-	2,328	128	2,456
Exchange movements on retranslation of net assets	-	-	-	(942)	(942)	(15)	(957)
Exchange movements on net investment hedges	-	-	-	427	427	-	427
Exchange movements on quasi-equity loans	-	-	-	22	22	-	22
Hyperinflation adjustment in the year	-	-	5	-	5	-	5
Current tax on hedge of net investments and quasi-equity loans	-	-	-	(115)	(115)	-	(115)
Net actuarial gains on retirement benefits	-	-	(376)	-	(376)	-	(376)
Deferred tax relating to net actuarial gains on retirement benefits	-	-	135	-	135	-	135
Other comprehensive expense	-	-	(236)	(608)	(844)	(15)	(859)
Total comprehensive income/(expense)	-	-	2,092	(608)	1,484	113	1,597
Transactions with owners							
Costs of employees' services compensated by share schemes	-	-	41	-	41	-	41
Repurchase of shares	(6)	6	(1,006)	-	(1,006)	-	(1,006)
Changes in non-controlling interests	-	-	1	-	1	(1)	-
Deferred tax on share-based payments	-	-	1	-	1	-	1
Registration of put/call option	-	-	(48)	-	(48)	-	(48)
Dividends paid	-	-	(1,312)	-	(1,312)	(104)	(1,416)
At 30 September 2023	97	5,843	(674)	755	6,021	621	6,642

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 September 2024

£ million	2024	2023
Cash flows from operating activities		
Operating profit	3,554	3,402
Dividends received from investments accounted for using the equity method	9	7
Depreciation, amortisation and impairment	647	632
Profit on disposal of non-current assets	(13)	(39)
Loss on disposal of subsidiaries	-	1
Post-employment benefits	(45)	(29)
Share-based payments	46	31
Other non-cash items	(1)	40
Movement in provisions	(102)	21
Operating cash flows before movement in working capital	4,095	4,066
Decrease/(increase) in inventories	205	(551)
(Increase)/decrease in trade and other receivables	(318)	46
Increase in trade and other payables	213	158
Movement in working capital	100	(347)
Tax paid	(888)	(590)
Net cash generated from operating activities	3,307	3,129
Cash flows from investing activities		
Interest received	15	10
Proceeds from the sale of non-current assets	50	71
Purchase of non-current assets	(371)	(325)
Purchase of brands and operations	(42)	(183)
Net cash used in investing activities	(348)	(427)
Cash flows from financing activities		
Acquisition of non-controlling interests	(49)	-
Interest paid	(431)	(417)
Lease liabilities paid	(93)	(92)
Increase in borrowings	3,848	1,462
Repayment of borrowings	(3,948)	(1,518)
Cash flows relating to derivative financial instruments	(34)	(64)
Repurchase of shares	(1,020)	(1,006)
Dividends paid to non-controlling interests	(136)	(104)
Dividends paid to owners of the parent	(1,299)	(1,312)
Net cash used in financing activities	(3,162)	(3,051)
Net decrease in cash and cash equivalents	(203)	(349)
Cash and cash equivalents at start of year	1,345	1,850
Effect of foreign exchange rates on cash and cash equivalents	(64)	(156)
Cash and cash equivalents at end of year	1,078	1,345

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements comprise the results of the Company, a public company limited by shares, incorporated in England and Wales, and its subsidiary undertakings, together with the Group's share of the results of its associates and joint arrangements. The Company's registered number is 3236483 and its registered address is 121 Winterstoke Road, Bristol, BS3 2LL.

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("UK-adopted IAS").

The financial statements have been prepared under the historical cost convention except where fair value measurement is required under IFRS Accounting Standards ("IFRS") as described below in the accounting policies on financial instruments, and on a going concern basis.

The consolidated financial statements are presented in pounds sterling, the presentation currency of the Group, and the functional currency of the Company. All values are rounded to the nearest one million (£1 million) except where otherwise indicated.

Alternative performance measures

Information on Alternative Performance Measures (APMs) is presented within the Supplementary Information section of this document.

Basis for going concern

The Group's policy is to ensure that we always have sufficient capital markets funding and committed bank facilities in place to meet foreseeable peak borrowing requirements.

The Group recognises there can be uncertainty in the external environment, however, during past periods of disruption (e.g. COVID-19, political uncertainty in Russia, Ukraine and the Middle East), the Group effectively managed operations across the world and has proved it has an established mechanism to operate efficiently despite this uncertainty. The Directors consider that a one-off discrete event with immediate cash outflow is of greatest concern to the short-term liquidity of the Group.

The Directors have assessed the emerging and principal risks of the business, including stress testing a range of different scenarios that may affect the business. These included scenarios which examined the implications of:

- A one-off discrete event resulting in immediate cash outflow such as unexpected duty and tax payments; and/or other legal and regulatory risks materialising of c.£500 million
- A rapid and lasting deterioration to the Group's profitability because markets become closed to tobacco products or there are sustained failures to our tobacco manufacturing and supply chains. These assumed a permanent reduction in profitability of 10% from 1 October 2024

The scenario planning also considered mitigation actions including reductions to capital expenditure, dividend payments and share buyback programme. There are additional actions that were not modelled but could be taken including other cost mitigations such as staff redundancies, working capital management, retrenchment of leases and discussions with lenders about capital structure.

Under the reverse stress test scenario, after considering mitigation actions including reductions of capital expenditure, dividend payments and share buyback programme, we have modelled that a 37% EBITDA reduction would lead the Group to have sufficient headroom until 30 November 2025.

The Group believes this reverse stress test scenario to be remote given the relatively small impact on our trading performance and bad debt levels during the COVID-19 pandemic and political uncertainty with regard to Ukraine and Russia. In this scenario the Group would implement a number of mitigating actions including revoking the uncommitted dividend, pausing the share buyback and reducing discretionary spend such as capital expenditure.

Based on its review of future cash flows covering the period through to 30 November 2025, and having assessed the principal risks facing the Group, the Board is of the opinion that the Group as a whole and Imperial Brands PLC have adequate resources to meet their operational needs from the date of this report for a period of twelve months from the date of approval of the financial statements and concludes that it is appropriate to prepare the financial statements on a going concern basis.

Imperial Brands PLC (the Company) provides guarantees to a number of subsidiaries under section 479A of the Companies Act 2006, whereby the subsidiaries, incorporated in the UK and Ireland, are exempt from the requirements of the Act relating to the audit of individual accounts for the financial year ending 30 September 2024. See note VIII Guarantees of the Imperial Brands PLC financial statements for further details.

An amendment to IAS 1 Presentation of Financial Statements requires the disclosure of material accounting policy information as part of the notes to the accounts and these are set out below. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence a decision that the primary users of general purpose financial statements make on the basis of those financial statements.

NOTES TO THE FINANCIAL STATEMENTS
continued

The material accounting policies, which have been applied consistently other than where new policies (detailed below) have been adopted, are set out below.

Basis of consolidation

Subsidiaries are those entities controlled by the Group. Control exists when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

The acquisition method of accounting is used to account for the purchase of subsidiaries. The excess of the value transferred to the seller in return for control of the acquired business together with the fair value of any previously held equity interest in that business over the Group's share of the fair value of the identifiable net assets is recorded as goodwill.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless costs cannot be recovered.

Material accounting policies

Foreign currency

Items included in the financial statements of each Group company are measured using the currency of the primary economic environment in which the company operates (the functional currency).

The income and cash flow statements of Group companies using non-sterling functional currencies are translated to sterling (the Group's presentational currency) at average rates of exchange in each period. Assets and liabilities of these companies are translated at rates of exchange ruling at the balance sheet date. The differences between retained profits and losses translated at average and closing rates are taken to reserves, as are differences arising on the retranslation of the net assets at the beginning of the year.

Transactions in currencies other than a company's functional currency are initially recorded at the exchange rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at exchange rates ruling at the balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement with exchange differences arising on trading transactions being reported in operating profit, and those arising on financing transactions being reported in net finance costs unless as a result of net investment hedging they are reported in other comprehensive income.

The Group designates as net investment hedges certain external borrowings and derivatives up to the value of the net assets of Group companies that use non-sterling functional currencies after deducting permanent intercompany loans. Gains or losses on these hedges that are regarded as highly effective are transferred to other comprehensive income, where they offset gains or losses on translation of the net investments that are recorded in equity, in the exchange translation reserve.

The Group's financial results are principally exposed to euro and US dollar exchange rates, which are detailed in the table below.

	2024		2023	
	Closing rate	Average rate	Closing rate	Average rate
Euro	1.1985	1.1694	1.1545	1.1487
US dollar	1.3384	1.2681	1.2214	1.2264

Revenue recognition

For the Tobacco & Next Generation Products (Tobacco & NGP) business, revenue comprises the invoiced value for the sale of goods net of sales taxes, rebates and discounts. Revenue is based on the completion of performance obligations that constitute the delivery of goods. The performance obligation is recognised as complete at the point in time when a Group company has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

The Group recognises income arising from the licensing of intellectual property, occurring in the ordinary course of business, which is treated as revenue. Licensing revenue will be recognised over the period of the licence. The licences granted are distinct from other promises in the contract.

For the Distribution business, revenue comprises the invoiced value for the sale of goods and services net of sales taxes, rebates and discounts when goods have been delivered or distribution services have been provided. The Distribution business only recognises commission revenue on purchase and sale transactions in which it acts as a commission agent. Distribution and marketing commissions are included in revenue. Revenue is recognised on products on consignment when these are sold by the consignee. The performance obligations associated with distribution services, which include fees for distributing certain third-party products, are linked to the successful distribution of products for customers.

Payments are made to both direct and indirect customers for rebates, discounts and other promotional activities. Direct customers are those to which the Group supplies goods or services. Indirect customers are other entities within the supply chain to the end consumer. Rebates and discounts are deducted from revenue. Where the contract with customers has an entitlement to variable consideration due to the existence of retrospective rebates and discounts, revenue is estimated based on the amount of consideration expected to be received. This estimation is a determination of the most likely amount to be received using all known factors including historic experience. Typically, there is a high degree of certainty over the amount of retrospective rebates/discounts paid due to relatively low year-on-year variations in the volume and pattern of product sales. As the provision of distribution services typically involves product delivery tasks undertaken in a short period of time, revenue and any associated rebates and discounts relating to these services do not normally span an accounting year end.

Payments for promotional activities will also be deducted from revenue where the payments relate to goods or service that are closely related to or indistinct from associated sales of goods or services to that customer. The calculated costs are accrued and accounted for as incurred and matched as a deduction from the associated revenues (i.e. excluded from revenues reported in the Group's consolidated income statement).

Duty and similar items

Duty and similar items includes duty and levies having the characteristics of duty. In countries where duty is a production tax, duty is included in revenue and in cost of sales in the consolidated income statement. Duty is regarded as a sales tax and excluded from revenue where:

- duty becomes payable to the tax authority when the goods are sold;
- there is an obligation to change the sales price when a change in the rate of duty is imposed; and
- there is a requirement to identify the duty separately on sales information such as invoices.

Payments made in the USA under the Master Settlement Agreement are recognised in other cost of sales; for further disclosure see note 30 contingent liabilities.

Taxes

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years. Current tax assets and liabilities are offset to the extent the entity has a legally enforceable right to set off the recognised amounts, and it intends to either settle on a net basis or realise the asset and settle the liability simultaneously.

Uncertain tax positions are assessed and measured on an issue by issue basis within the jurisdictions where we operate using management's estimate of the most likely outcome. Where management determines that a greater than 50% probability exists that the tax authorities would accept the position taken in the tax return, amounts are recognised in the consolidated financial statements on that basis. Where the amount of tax payable or recoverable is uncertain, the Group recognises a liability or asset based on either: management's judgement of the most likely outcome; or, when there is a wide range of possible outcomes, a probability weighted average approach. The Group recognises interest on late paid taxes as part of financing costs. The Group recognises penalties, if applicable, as part of administrative and other expenses.

Deferred tax is provided in full on temporary differences between the carrying amount of assets and liabilities in the financial statements and the tax base, except if it arises from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be realised. Deferred tax is determined using the tax rates that have been enacted or substantively enacted at the balance sheet date, and are expected to apply when the deferred tax liability is settled or the deferred tax asset is realised.

Deferred tax assets and deferred tax liabilities are offset to the extent the entity has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either: the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Dividends

Final dividends are recognised as a liability in the period in which the dividends as approved by the Board of Directors are approved by shareholders, whereas interim dividends as approved by the Board of Directors are recognised in the period in which the dividends are paid.

Intangible assets - goodwill

Goodwill represents the excess of value transferred to the seller in return for control of the acquired business together with the fair value of any previously held equity interest in that business over the Group's share of the fair value of the identifiable net assets.

Goodwill is tested at least annually for impairment and carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the consolidated income statement and cannot be subsequently reversed. If any negative goodwill arises this is recognised immediately in the consolidated income statement. For the purpose of impairment testing, goodwill is allocated to groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Intangible assets - other

Other intangible assets are initially recognised in the consolidated balance sheet at historical cost unless they are acquired as part of a business combination, in which case they are initially recognised at fair value. They are shown in the balance sheet at historical cost less accumulated amortisation and impairment. The Group does not operate a revaluation model and therefore assets are not subject to ongoing revaluations.

NOTES TO THE FINANCIAL STATEMENTS
continued

These assets consist mainly of acquired trademarks, intellectual property, product development, acquired customer relationships and computer software. The Davidoff cigarette trademark is considered by the Directors to have an indefinite life based on the fact that it is an established international brand with global potential. Trademarks with indefinite lives are not amortised but are reviewed annually for impairment. The carrying value of Davidoff is subject to an annual impairment review under the requirements of IAS 36 as the Group does not currently foresee a limit to the period over which the asset is expected to generate net cash inflows. The most recent assessment indicates that the carrying value is not impaired.

Intellectual property (including trademarks), product development, supply agreements (including customer relationships) and computer software are amortised over their estimated useful lives as follows:

Intellectual property	5 - 30 years	straight line
Supply agreements	3 - 15 years	straight line
Software	3 - 10 years	straight line
Product development	3 - 10 years	straight line

Property, plant and equipment

Property, plant and equipment are recognised in the consolidated balance sheet at historical cost or at their initial fair value where they are acquired as part of an acquisition, subject to depreciation or impairment. The Group does not operate a revaluation model and therefore assets are not subject to ongoing revaluations.

Land is not depreciated and depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on other property, plant and equipment so as to write down the initial cost of each asset to its residual value over its estimated useful life as follows:

Property	up to 50 years	straight line
Plant and equipment	2 - 20 years	straight line/reducing balance
Fixtures and motor vehicles	2 - 15 years	straight line

The assets’ residual values and useful lives are reviewed and, if appropriate, adjusted at each balance sheet date.

Financial instruments and hedging

Financial assets and financial liabilities, in respect of financial instruments, are recognised on the Group’s consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Receivables held under a hold to collect business model are stated at amortised cost. Receivables held under a hold to sell business model, which are expected to be sold via a non-recourse factoring arrangement, are separately classified as fair value through profit or loss, within trade and other receivables.

The calculation of impairment provisions is subject to an expected credit loss model, involving a prediction of future credit losses based on past loss patterns. The approach involves the recognition of provisions relating to potential future impairments, in addition to impairments that have already occurred. The expected credit loss approach involves modelling of historic loss rates, and consideration of the level of future credit risk. Expected loss rates are then applied to the gross receivables balance to calculate the impairment provision.

Cash and cash equivalents include cash in hand and deposits held on call, together with other short-term highly liquid investments.

Non-derivative financial liabilities, including borrowings and trade payables, are stated at amortised cost. For borrowings, their carrying value includes accrued interest payable, as well as unamortised issue costs. Current liabilities include amounts where the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

The Group transacts derivative financial instruments to manage the underlying exposure to foreign exchange and interest rate risks. The Group does not transact derivative financial instruments for trading purposes. Derivative financial instruments are initially recorded at fair value. Derivative financial assets and liabilities are included in the consolidated balance sheet at fair value, and include accrued interest receivable and payable where relevant. However, as the Group has decided (as permitted under IFRS 9) not to cash flow or fair value hedge account for its derivative financial instruments, changes in fair values are recognised in the consolidated income statement in the period in which they arise unless the derivative qualifies and has been designated as a net investment hedging instrument in which case the changes in fair values, attributable to foreign exchange, are recognised in other comprehensive income.

Right of use assets

The Group has lease contracts relating to property and other assets (which predominantly relates to motor vehicles).

The Group recognises right of use assets, at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments which depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Lease payments include the exercise of purchase options if determined reasonably certain to be exercised and termination payments if the lease term reflects the exercise of an option to terminate.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate, defined as the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accumulation of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight line basis over the lease term in cost of sales or distribution, advertising and selling costs.

Short-term leases, leases of low value assets and practical expedients applied

The Group has applied a number of practical expedients permitted by IFRS 16 Leases. These include:

- the exclusion of leases where the lease term ends within 12 months of the commencement of the lease or date of initial application; and
- the exclusion of leases of low value assets, defined as those of less than US\$ 5,000.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in first out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Inventory is considered for obsolescence or other impairment issues and an associated provision is booked where necessary.

Leaf tobacco inventory which has an operating cycle that exceeds 12 months is classified as a current asset, consistent with recognised industry practice.

Provisions

A provision is recognised in the consolidated balance sheet when the Group has a legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle that obligation, and a reliable estimate of the amount can be made.

A provision for restructuring is recognised when the Group has approved a detailed formal restructuring plan, and the restructuring has either commenced or has been publicly announced, and it is more likely than not that the plan will be implemented, and the amount required to settle any obligations arising can be reliably estimated. Future operating losses are not provided for.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Group. Contingent liabilities are not recognised, only disclosed, unless the possibility of a future outflow of resources is considered remote, or where a disclosure would seriously prejudice the position of the Group.

Retirement benefit schemes

For defined benefit schemes, the amount recognised in the consolidated balance sheet is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of the scheme assets to the extent that they are demonstrably recoverable either by refund or a reduction in future contributions. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The service cost of providing retirement benefits to employees during the year is charged to operating profit. Past service costs are recognised immediately in operating profit, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time.

All actuarial gains and losses, including differences between actual and expected returns on assets and differences that arise as a result of changes in actuarial assumptions, are recognised immediately in full in the statement of comprehensive income for the period in which they arise. An interest charge is made in the consolidated income statement by applying the rate used to discount the defined benefit obligations to the net defined benefit liability of the schemes. Interest income and costs arising on defined benefit assets and liabilities are presented net in the consolidated income statement. Prior year amounts have been restated having previously presented gross.

For defined contribution schemes, contributions are recognised as an employee benefit expense when they are due.

Treasury shares

When the Company purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted on consolidation from equity attributable to owners of the parent until the shares are reissued or disposed of. When such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, increases equity attributable to owners of the parent. When such shares are cancelled they are transferred to the capital redemption reserve.

NOTES TO THE FINANCIAL STATEMENTS *continued*

Where the Group enters into a contract with a third party that contains an obligation to repurchase its own shares for cash or another financial asset, a financial liability is recognised for the present value of the redemption amount. One example is an obligation under a forward contract to repurchase shares in Imperial Brands PLC for cash. The financial liability is recognised initially at the present value of the redemption amount, and is reclassified from equity. Subsequently, the financial liability is measured in accordance with IFRS 9, and is revalued at subsequent reporting points as appropriate. If the contract expires without delivery, the carrying amount of the financial liability is reclassified to equity.

OTHER ACCOUNTING POLICIES

Joint ventures

The Group applies IFRS 11 Joint Arrangements to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. The financial statements of joint ventures are included in the Group financial statements using the equity accounting method, with the Group's share of net assets included as a single line item entitled "Investments accounted for using the equity method". In the same way, the Group's share of earnings is presented in the consolidated income statement below operating profit entitled "Share of profit of investments accounted for using the equity method".

Share-based payments

The Group applies the requirements of IFRS 2 Share-based Payment to both equity-settled and cash-settled share-based employee compensation schemes. The majority of the Group's schemes are equity-settled.

Equity-settled share-based payments are measured at fair value at the date of grant and are expensed over the vesting period, based on the number of instruments that are expected to vest. For plans where vesting conditions are based on total shareholder returns, the fair value at the date of grant reflects these conditions. Earnings per share and net revenue vesting conditions are reflected in the estimate of awards that will eventually vest. For cash-settled share-based payments, a liability equal to the portion of the services received is recognised at its current fair value at each balance sheet date. Where applicable the Group recognises the impact of revisions to original estimates in the consolidated income statement, with a corresponding adjustment to equity for equity-settled schemes and current liabilities for cash-settled schemes. Fair values are measured using appropriate valuation models, taking into account the terms and conditions of the awards.

The Group funds the purchase of shares to satisfy rights to shares arising under share-based employee compensation schemes. Shares acquired to satisfy those rights are held in Employee Share Ownership Trusts. The Employee Share Ownership Trust is a separate entity which is consolidated within the Group. On consolidation, these shares are accounted for as a deduction from equity attributable to owners of the parent. When the rights are exercised, equity is increased by the amount of any proceeds received by the Employee Share Ownership Trusts.

Hyperinflation

The Turkish economy was designated hyperinflationary from April 2022. The Group has applied IAS 29 Financial Reporting in Hyperinflationary Economies to its Turkish operations with effect from 1 October 2021. In accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates, the comparative figures for the year ended 30 September 2023 have not been modified. The adjustments required by IAS 29 are set out below.

- Adjustment of historical cost non-monetary assets and liabilities from their date of initial recognition to the balance sheet date (1 October 2021) to reflect the changes in purchasing power of the currency caused by inflation, as measured by the official Consumer Price Index (CPI) published by the Turkish Statistical Institute (TurkStat).
- Adjustment of the components of the income statement and cash flow statement for the inflation index since their generation, with a balancing entry in the income statement and a reconciling item in the cash flow statement, respectively.
- Adjustment of the income statement to reflect the impact of inflation on holding monetary assets and liabilities in local currency, where necessary.
- The financial statements of the Group's Turkish operations have been translated into sterling at the closing exchange rate at 30 September 2024.
- The impact of adjustments to non-monetary assets recognising inflation from the adoption date to the closing balance sheet date, on translation into sterling at the closing balance sheet rate has been recognised within other comprehensive income.

The TurkStat CPI index was 2526.16 at 30 September 2024 (1,691.04 at 30 September 2023 and 1,046.89 at 30 September 2022). The inflation index for the year is therefore 1.4939 (2023: 1.6153). The impact on the Group's results remains immaterial.

New accounting standards

There have been no changes to accounting standards that have significantly impacted the accounting or disclosures within the financial statements for the year ended 30 September 2024.

New accounting standards that are effective after the year ended 30 September 2024

There are a number of amendments and clarifications to IFRS, effective in future years and, with the exception of IFRS 18 Presentation and Disclosure in Financial Statements, none of these are expected to significantly impact the Group's consolidated results or financial position.

IFRS 18 - Presentation and Disclosure in Financial Statements

This new accounting standard is effective for the year ended 30 September 2028 and will involve a change to the structure of the primary financial statements. This requires entities to classify income and expenses into five categories – operating, investing, financing, income tax and discontinued operations. In addition, certain "non-GAAP" measures – alternative performance measures (APMs) – will now form part of the audited financial statements, and require mandatory definitions and reconciliation to GAAP measures. The Group is presently reviewing the impact of this standard which is expected to fundamentally change the structure of the presentation of the Income statement. The Group already complies with the requirements related to Alternative Performance Measures through the voluntary disclosures that are included within the Supplementary Information section of this report. Therefore, there is expected to be minimal impact related to APM disclosures.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and judgements associated with accounting entries which will be affected by future events. Estimates and judgements are continually evaluated based on historical experience, and other factors, including current information that helps form a forward-looking view of expected future outcomes.

Estimates involve the determination of the quantum of accounting balances to be recognised. Judgements typically involve decisions such as whether to recognise an asset or liability.

The actual amounts recognised in the future may deviate from these estimates and judgements.

Estimates

Significant estimates

Companies are required to state whether estimates have a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next financial year. We have reviewed the items below where estimation uncertainty exists. While a number of these areas do involve estimation of the carrying value of assets or liabilities that are potentially significant within the context of the financial statements, the Group considers the probability of a significant risk of material adjustment to be low. None of these estimates are expected to present a material adjustment to the carrying amount of assets and liabilities in the next financial year. Therefore, no significant estimates are required to be disclosed.

Other estimates

Other estimates involve other uncertainties, such as those carrying lower risk, which have a smaller potential impact or would be expected to crystallise over a longer time frame than a significant estimate. These items, listed below, are only disclosed where this provides material relevant information.

Determination of useful economic life of intangible assets

For non-goodwill intangible assets, there is a need to estimate the useful economic life of each asset. This includes determining whether the asset has an indefinite useful economic life, or not. The Davidoff trademark has a significant market share and positive cash flow growth expectations. There are no regulatory or contractual restrictions on the use of this trademark, and there are no plans to significantly redirect resources elsewhere which would reduce the value of this asset. Consequently, in the view of management, the Davidoff trademark does not have a foreseeable and definite end to its ability to generate future cash flows and hence it is not amortised. The carrying value of Davidoff is subject to an annual impairment review under the requirements of IAS 36. The most recent assessment indicates that the carrying value is not impaired.

Amortisation and impairment of intangible assets

For non-indefinite life assets, which are amortised, the useful economic life and recoverable amounts are estimated based upon the expectation of the time period during which an intangible asset will support future cash flows, and the quantum of those cash flows. Due to estimation uncertainties the useful economic lives and associated amortisation rates have to be reviewed and revised where necessary. In addition, where there are indications that the current carrying value of an intangible asset is greater than its recoverable amount, an impairment to the carrying value of the asset may be required. Factors considered important that could trigger an impairment review of intangible assets include the following:

- significant underperformance relative to historical or projected future operating results;
- significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- significant negative industry or economic trends.

The complexity of the estimation process and issues related to the assumptions, risks and uncertainties inherent in the application of the Group's accounting estimates in relation to intangible assets can affect the amounts reported in the financial statements, especially the estimates of the expected useful economic lives and the carrying values of those assets. If business conditions significantly change it is possible that materially different amounts could be reported in the Group's financial statements in future periods. Indefinite life intangible assets, including goodwill, are subject to annual impairment testing where an assessment of the carrying value of the asset against its recoverable amount is undertaken. There are long-term uncertainties associated with estimating the value of the recoverable amount, particularly with regard to long-term cash flow growth rates which are influenced by the future size and shape of the tobacco sector. While long-term growth rates currently used in impairment assessments are based on current best estimates of future performance, there may be changes in these assumptions when conducting impairment tests in subsequent years. Details of goodwill and intangible asset impairment assessments are included in note 12.

NOTES TO THE FINANCIAL STATEMENTS continued

Corporate income taxes

Where tax liabilities have been judged to exist, estimation is often required to determine the potential future tax payments. The Group is subject to tax in numerous jurisdictions and significant estimation is required in determining the provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises provisions for tax based on estimates of the taxes that are likely to become due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made. Consideration of the valuation estimates related to tax provisions is given in note 8 to these financial statements.

Other legal proceedings and disputes

Where a liability is determined there can be a degree of estimation of the potential level of damages expected. Key areas of estimation uncertainty include consideration as to the expected future amount to be paid out in the event the claim succeeds. In some situations where a probability risk calculation is required to determine the amount of an associated provision, both the quantum of future payments and the probability of those payments crystallising needs to be considered, both factors having a degree of uncertainty. More detail as to the considered position of these claims is given in note 25 and note 30 of the financial statements. To the extent that the Group's assessments at any time do not reflect subsequent developments or the eventual outcome of any claim, its future financial statements may be materially affected, with a favourable or adverse impact upon the Group's operating profit, financial position and liquidity.

Climate change

The Group has a designated programme to manage and mitigate climate-related risks. The effect of climate change is not considered to have a material effect on the estimates in the financial statements. Governmental and societal responses to climate change risks are still developing and consequently financial statements cannot capture all possible future outcomes as these are not yet known or don't have sufficient certainty to be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of UK-adopted IAS. Please refer to the following sections for further discussion on the impact of climate change relating to going concern assumptions in note 1, intangible assets impairment assumptions in note 12 and recoverability of deferred tax assets in note 23.

Judgements

Paragraph 122 of IAS 1 requires disclosure of judgements made by management in applying an entity's accounting policies, other than those relating to estimation uncertainty. Paragraph 125 of IAS 1 requires more wide-ranging disclosures of judgements that depend on management assumptions about the future, and other major sources of estimation uncertainty ("significant judgements").

Corporate income taxes

Judgement is involved in determining whether the Group is subject to a tax liability or not in line with tax law. The Group is subject to income tax in numerous jurisdictions and significant judgement is required in determining whether there is a liability requiring a provision for tax. Recognition of tax liabilities in situations where there is uncertainty is based on precedent in similar tax cases and external advice as to whether challenges by tax authorities are likely to result in future tax payments being made. The recognition of a tax liability involves consideration of the probability of tax authorities accepting the position taken in the tax return and there is therefore some uncertainty.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the temporary differences, losses and credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The Group has determined that it cannot recognise deferred tax assets on the temporary differences, tax losses and tax credits carried forward for certain subsidiaries. Further details of the estimates related to deferred taxes are given in note 23 to these financial statements.

Legal proceedings and disputes

The Group reviews outstanding legal cases following developments in the legal proceedings at each balance sheet date, considering the nature of the litigation, claim or assessment; the legal processes and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought; the progress of the case (including progress after the date of the financial statements but before those statements are issued); the opinions or views of legal counsel and other advisers; experience of similar cases; and any decision of the Group's management as to how it will respond to the litigation, claim or assessment. Judgement is required as to whether a liability exists. A provision will only be recognised where it is probable that the Group will be required to settle a claim.

Control of Logista

A key judgement relates to whether the Group has effective control of Logista sufficient that the Group can consolidate this entity within its Group accounts in line with the requirements of IFRS 10 Consolidated Financial Statements. The Group holds 50.01% of the voting shares. The Group has reviewed its control of Logista and that it is appropriate to consolidate this entity in line with the requirements of IFRS 10 Consolidated Financial Statements. The Group continues to have Director presence on the Board of Logista, representing 5 out of 12 Directors. The Group has powers to control as set out in the Relationship Framework Agreement which specifies certain areas of operation reserved for shareholder approval and through these measures the Group is able to exercise control of Logista. The Group has therefore concluded that it continues to be appropriate to recognise Logista as a fully consolidated subsidiary.

3. SEGMENT INFORMATION

Imperial Brands comprises two distinct businesses – Tobacco & NGP and Distribution. The Tobacco & NGP business comprises the manufacture, marketing and sale of Tobacco & NGP and Tobacco & NGP-related products, including sales to (but not by) the Distribution business. The Distribution business comprises the distribution of Tobacco & NGP products for associated manufacturers, including Imperial Brands, as well as a wide range of products and services. The Distribution business is run on an operationally neutral basis ensuring all customers are treated equally, and consequently transactions between the Tobacco & NGP and Distribution businesses are undertaken on an arm's length basis reflecting market prices for comparable goods and services.

The function of the Chief Operating Decision Maker (defined in IFRS 8), which is to review performance and allocate resources, is performed by the Board and the Chief Executive, who are regularly provided with information on the Group's segments. This information is used as the basis of the segment revenue and profit disclosures provided below. The main profit measure used by the Board and the Chief Executive is adjusted operating profit. Segment balance sheet information is not provided to the Board or the Chief Executive.

The Group's reportable segments are Europe, Americas, Africa, Asia, Australasia and Central & Eastern Europe (AAACE) and Distribution. Operating segments are comprised of geographical groupings of business markets. The main Tobacco & NGP business markets within the Europe, Americas and AAACE reportable segments are:

Europe – United Kingdom, Germany, Spain, Luxembourg, France, Italy, Greece, Sweden, Norway, Belgium and the Netherlands.

Americas – United States.

AAACE – Australia, Saudi Arabia, Taiwan, Poland, Czech Republic, Ukraine, Slovakia, Hungary, Slovenia and African markets including Algeria and Morocco.

Tobacco & NGP

£ million unless otherwise indicated	2024			2023	
	Tobacco	NGP	Tobacco & NGP	Tobacco	Tobacco & NGP
Revenue	21,708	376	22,084	22,114	22,413
Net revenue	7,828	329	8,157	7,747	8,012
Operating profit/(loss)	3,321	(83)	3,238	3,262	3,106
Adjusted operating profit			3,587		3,583
Adjusted operating margin %			44.0		44.7

Distribution

£ million unless otherwise indicated	2024	2023
Revenue	11,104	10,819
Distribution gross profit	1,503	1,466
Operating profit	322	298
Adjusted operating profit	330	306
Adjusted operating margin %	22.0	20.9

Revenue

£ million	2024		2023	
	Total revenue	External revenue	Total revenue	External revenue
Tobacco & NGP				
Europe	12,037	11,260	11,749	10,992
Americas	3,657	3,657	3,700	3,700
AAACE	6,390	6,390	6,964	6,964
Total Tobacco & NGP	22,084	21,307	22,413	21,656
Distribution	11,104	11,104	10,819	10,819
Eliminations	(777)	-	(757)	-
Total Group	32,411	32,411	32,475	32,475

The eliminations all relate to Tobacco & NGP sales to Distribution.

NOTES TO THE FINANCIAL STATEMENTS *continued*

Tobacco & NGP net revenue

£ million	2024			2023		
	Tobacco	NGP	Total	Tobacco	NGP	Total
Europe	3,106	260	3,366	3,020	220	3,240
Americas	2,793	43	2,836	2,778	34	2,812
AAACE	1,929	26	1,955	1,949	11	1,960
Total Tobacco & NGP	7,828	329	8,157	7,747	265	8,012

Adjusted operating profit and reconciliation to profit before tax

£ million	2024	2023
Tobacco & NGP		
Europe	1,541	1,482
Americas	1,235	1,257
AAACE	811	844
Total Tobacco & NGP	3,587	3,583
Distribution	330	306
Eliminations	(6)	(2)
Adjusted operating profit	3,911	3,887
Russia, Ukraine and associated markets - Tobacco & NGP	-	(4)
Amortisation and impairment of acquired intangibles - Tobacco & NGP	(345)	(339)
Amortisation of acquired intangibles - Distribution	(8)	(8)
Fair value adjustment and impairment of other financial assets - Tobacco & NGP	-	(36)
Loss on disposal of subsidiaries - Tobacco & NGP	-	(1)
Charges related to legal provisions - Tobacco & NGP	-	(85)
Structural changes to defined benefit pension schemes - Tobacco & NGP	(4)	(12)
Operating profit	3,554	3,402
Net finance costs	(534)	(298)
Share of profit of investments accounted for using the equity method	9	7
Profit before tax	3,029	3,111

Other information

£ million	2024			
	Additions to property, plant and equipment	Depreciation and software amortisation	Other intangible asset amortisation	Inventory impairments
Tobacco & NGP				
Europe	60	88	7	16
Americas	30	27	1	4
AAACE	51	40	-	11
Total Tobacco & NGP	141	155	8	31
Distribution	38	37	-	-
Total Group	179	192	8	31

£ million	2023			
	Additions to property, plant and equipment	Depreciation and software amortisation	Other intangible asset amortisation	Inventory impairments
Tobacco & NGP				
Europe	69	79	10	30
Americas	36	20	1	3
AAACE	46	41	-	13
Total Tobacco & NGP	151	140	11	46
Distribution	40	41	-	-
Total Group	191	181	11	46

The above tables include items that have been recognised within segment. Materiality has been assessed on both a qualitative and quantitative basis.

Additional geographic analysis

External revenue and non-current assets are presented for individually significant countries. The geographical analysis is based on country of origin. The Group's products are sold in over 120 countries.

£ million	2024		2023	
	External revenue	Non-current assets	External revenue	Non-current assets
UK	3,781	161	3,926	148
Germany	4,501	3,156	4,142	3,245
France	3,374	2,282	3,428	2,350
USA	3,648	4,968	3,657	5,646
Other	17,107	7,350	17,322	7,553
Total Group	32,411	17,917	32,475	18,942

Non-current assets comprise intangible assets, property, plant and equipment, right of use assets and investments accounted for using the equity method.

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

£ million	2024	2023
Raw materials and consumables used	950	773
Changes in inventories of finished goods - Tobacco & NGP	2,516	2,630
Changes in inventories of finished goods - Distribution	8,243	7,994
Depreciation and impairment of fixed assets	153	153
Amortisation and impairment of intangible assets and investments accounted for using the equity method	399	394
Expenses relating to short-term leases	10	4
Expenses relating to low value asset leases	2	1
Depreciation and impairment of right of use assets	95	85
Net foreign exchange gains	(3)	(11)
Write down of inventories	28	40
Profit on disposal of non-current assets	13	39
Write back of trade receivables	(3)	(5)

Analysis of fees payable to Ernst & Young LLP and its associates

£ million	2024	2023
Parent Company and consolidated financial statements	3.2	3.1
The Company's subsidiaries	6.8	6.5
Total audit fees	10.0	9.6
Audit-related assurance services	0.5	0.5
Total audit-related fees	10.5	10.1
Other assurance services	1.2	0.5
Total non-audit fees	1.2	0.5
Total auditor's remuneration	11.7	10.6

Audit fees for the year ended 30 September 2023 reflect the final amounts paid.

NOTES TO THE FINANCIAL STATEMENTS *continued*

5. INVESTMENT INCOME AND FINANCE COSTS

£ million	2024	2023
Investment income		
Fair value gains on derivative financial instruments	513	707
Net exchange gains on financing activities	9	10
Interest income on net defined benefit assets	22	43
Interest income on bank deposits	16	12
Total investment income	560	772
Finance costs		
Fair value losses on derivative financial instruments	(632)	(568)
Interest cost on net defined benefit liabilities	(33)	(30)
Tax interest cost	(10)	(50)
Interest cost on lease liabilities	(14)	(10)
Interest cost on bank and other loans	(404)	(412)
Effect of discounting on long-term provisions	(1)	-
Total finance costs	(1,094)	(1,070)
Net finance costs	(534)	(298)

Prior year amounts for interest income/(cost) on net defined benefit assets/(liabilities) have been reclassified to be in accordance with IAS 19 to show the net amounts per defined benefit scheme, having previously been presented gross. Total investment income and total finance costs have been reclassified accordingly. The effect is offsetting in nature and reduces both amounts by £135 million. There is no impact to net finance costs or the other primary statements.

6. RESTRUCTURING COSTS

£ million	2024		2023	
	Costs	Cash spend	Costs	Cash spend
2021 Strategic review programme	-	25	-	61
Other	-	18	-	37
	-	43	-	98

Restructuring projects involve significant one-off costs that are incurred in integrating acquired businesses and in major rationalisation and optimisation initiatives together with their related tax effects.

As these projects are not part of business as usual, any costs incurred are classified as restructuring costs and are included within administrative and other expenses in the consolidated income statement and treated as adjusting items.

No accounting charges have been recognised in the current period in relation to historic restructuring programmes, however there remain some ongoing cash costs to be incurred which are not expected to be in excess of existing provisions.

7. DIRECTORS AND EMPLOYEES

Employment costs

£ million	2024	2023
Wages and salaries	923	882
Social security costs	202	186
Other pension costs (note 24)	29	41
	1,154	1,109
Share-based payments (note 27)	32	31
	1,186	1,140

Operating executive (excluding executive directors)

£ million	2024	2023
Base salary	4.6	4.7
Benefits	0.7	0.9
Pension salary supplement	0.6	0.7
Bonus	4.9	4.8
Termination payments	0.2	2.1
LTIP annual vesting ¹	7.2	7.8
	18.2	21.0

1. Share plans vesting represent the value of LTIP awards (inclusive of Recruitment Awards) where the performance periods ends in the year.
Note: aggregate remuneration paid to or receivable by Executive Directors, Non-Executive Directors and members of the Executive Leadership Team for qualifying services in accordance with IAS 24, which includes National Insurance and similar charges, was £37,049,852 (2023: £39,323,966).

Key management compensation¹

£ million	2024	2023
Short-term employee benefits	17.7	17.0
Termination payments	0.2	2.1
Share-based payments (in accordance with IAS 24)	14.4	15.0
	32.3	34.1

1. Key management includes Directors, members of the Executive Committee and the Company Secretary.
Details of Directors' emoluments and interests, and of key management compensation which represent related-party transactions requiring disclosure under IAS 24, are provided within the Directors' Remuneration Report. The Directors' Remuneration Report includes details on salary, benefits, pension and share plans. These disclosures form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS continued

Number of people employed by the Group during the year

	2024		2023	
	At 30 September	Average	At 30 September	Average
Tobacco & NGP	18,900	18,400	18,800	19,100
Distribution	6,700	6,500	6,400	6,400
	25,600	24,900	25,200	25,500

Number of people employed by the Group by location during the year

	2024		2023	
	At 30 September	Average	At 30 September	Average
UK and European Union	12,400	12,100	12,200	11,900
Americas	4,900	4,700	4,700	5,100
Rest of the World	8,300	8,100	8,300	8,500
	25,600	24,900	25,200	25,500

8. TAX

The major components of income tax expense for the years ended 30 September 2024 and 2023:

	2024	2023
UK current tax		
Current year credited to the consolidated income statement	(95)	(55)
Current year charged to consolidated other comprehensive income	197	115
Total current year UK current tax	102	60
Adjustments in respect of prior years (credited)/charged to the consolidated income statement	(80)	15
Total UK current tax	22	75
Overseas current tax		
Current year charged to the consolidated income statement	704	620
Total current year overseas current tax	704	620
Adjustments in respect of prior years charged to the consolidated income statement	40	233
Total overseas current tax	744	853
Total current tax charged to the consolidated statement of other comprehensive income	766	928

£ million	2024	2023
UK current tax		
Current year	(95)	(55)
Adjustments in respect of prior years	80	15
Overseas current tax		
Current year	704	620
Adjustments in respect of prior years	40	233
Total current tax	569	813
Deferred tax		
Relating to origination and reversal of temporary differences	(287)	(158)
Total tax charged to the consolidated income statement	282	655

£ million	2024	2023
Tax related to items recognised in consolidated other comprehensive income during the year:		
Current tax on hedge of net investment and quasi-equity loans	197	115
Total current tax	197	115
Deferred tax on actuarial gains and losses	(37)	(135)
Deferred tax on hyperinflation adjustment	2	1
Total deferred tax	(35)	(134)
Total tax credited to consolidated other comprehensive income	162	(19)

£ million	2024	2023
Tax related to items recognised in equity during the year:		
Current tax on share-based payments	(4)	-
Deferred tax on share-based payments	(2)	(1)
Total tax credited to equity	(6)	(1)

Factors affecting the tax charge for the year

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the average UK corporation tax rate of 25.0% (2023: 22.0%) as follows:

£ million	2024	2023
Profit before tax	3,029	3,111
Tax at the UK corporation tax rate of 25.0% (2023: 22.0%)	757	684
Tax effects of:		
Differences in effective tax rates on overseas earnings	(56)	24
Movement in provision for uncertain tax positions	170	211
Remeasurement of deferred tax balances arising from changes in tax rates	5	-
Recognition of deferred tax assets for tax credits	(293)	-
Remeasurement of previously recognised deferred tax assets	(2)	(6)
Increase in previously unrecognised deferred tax assets	-	1
Deferred tax on unremitted earnings	12	5
Share of profit of investments accounted for using the equity method	(2)	(2)
Non-deductible expenses	24	24
Non-taxable gains on net foreign exchange on financial instruments	(198)	(122)
Recognition of deferred tax assets	-	(212)
Provision for state aid tax recoverable	(101)	-
Adjustments in respect of prior years	(34)	48
Total tax charged to the consolidated income statement	282	655

Differences in effective tax rates on overseas earnings represent the impact of worldwide profits being taxed at rates different from 25.0%. The remeasurement of deferred tax balances arising from changes in tax rates for the year is £5 million (2023: £nil). During the year the Group has increased the provision for deferred tax on unremitted earnings by £7 million (2023: £5 million increase). The tax will arise on the distribution of profits through the Group and on planned Group simplification.

NOTES TO THE FINANCIAL STATEMENTS *continued*

Movement on the current tax account

£ million	2024	2023
At 1 October	(306)	27
Charged to the consolidated income statement	(569)	(813)
Charged to other comprehensive income	(197)	(115)
Credited to equity	4	–
Cash paid	888	590
Exchange movements	17	6
Balance sheet reclassification	–	(1)
At 30 September	(163)	(306)

The cash tax paid in the year is £303 million higher than the current tax charge (2023: £223 million lower). This arises as a result of timing differences between the accrual of income taxes and the actual payment of cash and the movement in the provision for uncertain tax positions.

Analysis of current tax account

£ million	2024	2023
State aid tax recoverable	101	–
Current tax assets	148	112
Current tax liabilities	(412)	(418)
	(163)	(306)

Uncertain tax positions

As an international business the Group is exposed to uncertain tax positions and changes in legislation in the jurisdictions in which it operates. The Group's uncertain tax positions principally include cross-border transfer pricing, interpretation of new or complex tax legislation and tax arising on the valuation of assets.

Provisions arising from uncertain tax positions taken in the calculation of tax assets and liabilities are included within current and deferred tax liabilities. At 30 September 2024 the total value of these provisions excluding offsetting assets under mutual agreement procedure was £365 million (2023: £261 million excluding offsetting assets). The assessment of uncertain tax positions is subjective and significant management judgement is required. This judgement is based on current interpretation of legislation, management experience and professional advice. Until matters are finally concluded it is possible that amounts ultimately paid will be different from the amounts provided.

Management have assessed the Group's provision for uncertain tax positions and have concluded that apart from the matters referred to below the provisions in place are not material individually or in aggregate, and that a reasonably possible change in the next financial year would not have a material impact on the results of the Group.

French tax litigation

The Group has an ongoing challenge from the French tax authorities, which is now in litigation, and could lead to total liabilities of £254 million including tax, interest, and penalties. The challenge concerns the valuation placed on the shares of Altadis Distribution France (now known as Logista France) following an intragroup transfer of shares in October 2012 and the tax consequences flowing from a potentially higher value that is argued for by the tax authorities. In May 2023 the Administrative Tribunal of Montreuil issued its decision, ruling in favour of the French tax authorities. In July 2023 the Group appealed to the Administrative Court of Appeal of Paris, with any hearing not expected until December 2024 at the earliest. Whilst the Group has appealed, in the light of the Administrative Tribunal of Montreuil's decision, and having subsequently reassessed the probability of a successful appeal, the Group determined it was appropriate to maintain the provision for uncertain tax positions, of which £64 million was paid in September 2024, at £111 million (30 September 2023: £180 million).

State aid UK CFC

In April 2019, the EU Commission's final decision regarding its investigation into the UK's Controlled Foreign Company (CFC) regime was published. It concluded that the legislation up until December 2018 partially represented state aid. The UK Government (along with a number of UK corporates, that made a similar application) appealed to the European Court seeking annulment of the EU Commission's decision. Based, however, on the Commission's decision and despite the appeals, the UK Government was obliged to recover the purported state aid received. In June 2022 the European General Court rejected the appeals, resulting in a subsequent appeal to the CJEU in January 2024. The CJEU handed down its decision on 19 September 2024, annulling the EU Commission decision and setting aside the judgment of the General Court, ruling that the taxation of a CFC regime did not constitute state aid. In light of the CJEU decision, the Group has now reversed a provision in order to recognise a receivable for c.£101 million state aid (and c.£9 million of interest) previously paid. Noting the recovery of the receivable is pending a change in UK regulations which is required to facilitate the repayment of the previously collected state aid.

Transfer pricing

The Group has been subject to tax audits relating to transfer pricing matters in several jurisdictions, principally UK, France and Germany. The Group holds a provision of £245 million excluding offsetting assets (2023: £68 million excluding offsetting assets) in respect of these items. In December 2021 the Group concluded a transfer pricing audit with the French tax authorities. In September 2022 the Group concluded transfer pricing audits with the UK and German tax authorities. Settlements of the French and UK audits were made during 2022. Settlement of the German audit was made during 2023. In September 2023 an additional separate transfer pricing audit was opened by the German tax authorities. Due to new regulations introduced in FY24 in Germany which could be considered to be of a clarifying nature rather than any new principle, the Group has made additional provision of £155 million considering the range of potential outcomes and the balance of probabilities associated with each potential outcome, the maximum potential exposure being £213 million. The Group believes the total transfer pricing provision held appropriately provides for this and other transfer pricing issues.

9. DIVIDENDS

Distributions to ordinary equity holders

	Pence per share			£ million		
	2024	2023	2022	2024	2023	2022
Cash:						
December	51.82	49.31	48.47	461	464	458
March	51.82	49.32	48.49	453	457	458
June	22.45	21.59	21.27	193	196	202
September	22.45	21.59	21.27	192	195	202
Total	148.54	141.81	139.50	1,299	1,312	1,320

The dividends note, which previously contained details of both paid and proposed distributions, has been reformatted. The table now aligns the paid dividends with the equivalent amount recorded as a payment to equity shareholders of the Parent Company shown within the Consolidated Statement of Changes in Equity. Details of proposed dividends are given in narrative form below. The change in the format of this note does not constitute a restatement within the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The declared third interim dividend for the year ended 30 September 2024 of 54.26 pence per share amounts to a proposed dividend of £459 million, which will be paid in December 2024. The proposed final dividend for the year ended 30 September 2024 of 54.26 pence per share amounts to a proposed dividend payment of £459 million in March 2025 based on the number of shares ranking for dividend at 30 September 2024, and is subject to shareholder approval. If approved, the total dividend paid in respect of 2024 will be £1,303 million (2023: £1,305 million). The dividend paid during 2024 is £1,299 million (2023: £1,312 million).

10. EARNINGS PER ORDINARY SHARE

Basic earnings per share is based on the profit for the period attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the period excluding shares held to satisfy the Group's employee share schemes and shares purchased by the Company and held as treasury shares. Diluted earnings per share have been calculated by taking into account the weighted average number of shares that would be issued if rights held under the employee share schemes were exercised. No instruments have been excluded from the calculation for any period on the grounds that they are anti-dilutive.

£ million	2024	2023
Earnings: basic and diluted - attributable to owners of the Parent Company	2,613	2,328

Millions of shares		
Weighted average number of shares:		
Shares for basic earnings per share	869.0	922.5
Potentially dilutive share options	4.9	5.7
Shares for diluted earnings per share	873.9	928.2

Pence		
Basic earnings per share	300.7	252.4
Diluted earnings per share	299.0	250.8

NOTES TO THE FINANCIAL STATEMENTS *continued*

11. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Logista

Acquisition of 3 For One SA (Belgium Parcels Service SRL)

In December 2023, Logista Group reached an agreement to acquire 100% ownership of "3 for one SA", the parent company of Belgium Parcels Service SRL. Belgium Parcels Service SRL is a company that offers 24-hour courier services in Belgium and Luxembourg, and 24 to 48 hours delivery in the Netherlands, France and Germany. The Belgian company specialises in the distribution of temperature sensitive products, mainly pharmaceuticals to hospitals and pharmacies.

The total purchase price of these shares amounted to approximately €8 million (£7 million).

As of 30 September 2024, the company had a goodwill of €4 million (£3 million). The valuation of the assets at fair value has been carried out by an independent expert assessing the acquired intangible assets, which include customer relationships of €2 million (£2 million) and trademarks for €1 million (£1 million). Cash of €2 million (£2 million), property, plant and equipment of €1 million (£1 million), and non-current financial liabilities of €2 million (£2 million) were also acquired.

Acquisition of Speedlink Worldwide Express B.V.

On 16 February 2022, the Group's subsidiary Logista acquired 70% of the share capital of Speedlink Worldwide Express B.V. for a purchase consideration of €20 million (£16 million) which has been paid in cash. In May 2024, the remaining 30% of the share capital was acquired for an amount of €10 million (£8 million).

Acquisition of Herinvemol, S.L. (Transportes El Mosca)

On 17 June 2022, the Group's subsidiary Logista announced the acquisition of 60% of the shares of Herinvemol S.L. Herinvemol S.L. is the parent company of a group of companies over which it holds control, trading as "Transportes El Mosca". This acquisition completed on 28 October 2022.

Transportes El Mosca offers national and international intermodal transport services by road, sea and air, as well as frozen or refrigerated transport. The main destination markets for the international road transport activity are the United Kingdom, Germany, Portugal, France, the Netherlands, and Italy, and its clients are mainly producers and large distribution chains in the food sector.

On 3 August 2023, Logista announced the acquisition of an additional 13.33% of equity for a consideration of €23 million (£20 million), increasing its total ownership to 73.33%.

At 30 September 2023, Logista had a purchase option for the remaining 26.67%, which was recorded at fair value as a non-current liability for an amount of €25 million (£22 million) and a current liability for an amount of €25 million (£22 million), with a corresponding adjustment taken to equity reserves.

In July 2024, Logista announced the increase of its stake to 100%, with an additional payment of €44 million (£37 million). The movement, recorded under the heading "Remeasurement of put/call option", amounting to €6 million (£5 million) corresponds to the difference between the payment of the purchase option and its valuation as at 30 September 2023.

Acquisition of Carbó Collbatallé S. L.

In April 2022, the Group's subsidiary Logista reached an agreement for the acquisition of 100% of the shares of Carbó Collbatallé, a company that offers transport and logistics services for refrigerated and frozen foods, which carries out its commercial activity mainly in the Spanish market. This acquisition was completed in October 2022.

The total consideration of the shares acquired was €55 million (£46 million). The valuation of the assets at fair value has been carried out by an independent expert. This valuation includes, as intangible assets, customer relationships for €20 million (£17 million) and trademarks for €1 million (£1 million).

Acquisition of Gramma Farmaceutici, S.R.L.

In July 2023, the Group's subsidiary Logista acquired 100% of the equity shares of Gramma Farmaceutici, S.R.L., a company specialised in logistics services for the pharmaceutical industry in Italy. The total purchase price of these shares amounted to €3 million (£3 million), paid in cash at the time of purchase. As at 30 September 2023, the company had a goodwill of €1 million (£1 million) in the Distribution segment.

The valuation of the assets at fair value has been carried out by an independent expert. This valuation includes, as intangible assets, customer relationships for €2 million (£2 million), property plant and equipment of €2 million (£2 million), trade and other receivables of €4 million (£3 million) and trade and other payables of €5 million (£4 million).

12. INTANGIBLE ASSETS

2024					
£ million	Goodwill	Intellectual property and product development	Supply agreements	Software	Total
Cost					
At 1 October 2023	13,785	13,042	1,457	630	28,914
Additions	–	115	2	143	260
Acquisitions	2	1	2	–	5
Disposals	–	(1)	(2)	(4)	(7)
Reclassifications	29	–	1	(30)	–
Exchange movements	(632)	(814)	(53)	(17)	(1,516)
At 30 September 2024	13,184	12,343	1,407	722	27,656
Amortisation and impairment					
At 1 October 2023	1,556	8,650	1,389	375	11,970
Amortisation charge for the year	–	354	7	38	399
Disposals	–	–	–	(3)	(3)
Exchange movements	(56)	(525)	(50)	(17)	(648)
Accumulated amortisation	–	7,940	1,346	392	9,678
Accumulated impairment	1,500	539	–	1	2,040
At 30 September 2024	1,500	8,479	1,346	393	11,718
Net book value					
At 30 September 2024	11,684	3,864	61	329	15,938

2023					
£ million	Goodwill	Intellectual property and product development	Supply agreements	Software	Total
Cost					
At 1 October 2022	14,228	13,871	1,433	522	30,054
Additions	–	136	1	119	256
Acquisitions	67	5	54	2	128
Disposals	–	(115)	–	(3)	(118)
Reclassifications	–	(2)	–	2	–
Exchange movements	(510)	(853)	(31)	(12)	(1,406)
At 30 September 2023	13,785	13,042	1,457	630	28,914
Amortisation and impairment					
At 1 October 2022	1,587	8,925	1,414	351	12,277
Amortisation charge for the year	–	352	6	34	392
Disposals	–	(109)	–	(3)	(112)
Reclassifications	–	(1)	–	1	–
Exchange movements	(31)	(517)	(31)	(8)	(587)
Accumulated amortisation	–	8,111	1,389	374	9,874
Accumulated impairment	1,556	539	–	1	2,096
At 30 September 2023	1,556	8,650	1,389	375	11,970
Net book value					
At 30 September 2023	12,229	4,392	68	255	16,944
Assets under construction included above:					
At 30 September 2024					261
At 30 September 2023					160

Amortisation and impairment of acquired intangibles excluded from adjusted operating profit amounted to £353 million (2023: £347 million); this comprises amortisation on intellectual property of £346 million (2023: £341 million) and amortisation on supply agreements of £7 million (2023: £6 million).

NOTES TO THE FINANCIAL STATEMENTS
continued

Intellectual property mainly comprises brands acquired in the USA in 2015 and through the purchases of Altadis in 2008 and Commonwealth Brands in 2007.

Supply agreements include Distribution customer relationships acquired as part of the purchases of Altadis, Carbó Collbatallé S.L. and Herinvemol S.L. (Transportes El Mosca) in prior financial years.

Intangible amortisation and impairment are included within cost of sales, distribution, advertising and selling costs, and administrative and other expenses in the consolidated income statement.

Amortisation and impairment in respect of intangible assets other than software and internally generated intellectual property are treated as reconciling items between reported operating profit and adjusted operating profit, except to the extent these have been treated as restructuring costs.

During the period ending 30 September 2023, the Group purchased intellectual property relating to tobacco pouches to be marketed within the United States. The purchase consideration was US\$ 130 million (£106 million) comprising US\$ 50 million (£41 million) which was paid in cash on completion, deferred consideration of US\$ 31 million (£25 million) paid in December 2023 and contingent consideration estimated at US\$ 49 million (£40 million) payable over a five-year period up until 2028. All deferred and contingent consideration has been discounted at a rate of 13% and a corresponding consideration liability of US\$ 81 million (£66 million) has been recognised. The total initial intangible asset value recognised was US\$ 130 million (£106 million). During the period additional contingent consideration of US\$ 56 million (£41 million) was recognised to reflect the latest sales forecast. As at 30 September 2024, the total intangible asset value recognised was US\$ 186 million (£139 million).

Goodwill and intangible asset impairment review

The Group's Cash Generating Unit Groupings (CGUG) are used for annual goodwill impairment testing and are aligned to the Group's operating segments, namely Europe, Americas and AAACE for the Tobacco & NGP business, and Distribution. Goodwill is allocated at a CGUG level where components of that grouping are expected to benefit from the business combination in which the goodwill arose. The groupings represent the lowest level at which goodwill is monitored for internal management purposes. A summary of the carrying value of goodwill and intangible assets with indefinite lives is set out below.

£ million	2024		2023	
	Goodwill	Intangible assets with indefinite lives	Goodwill	Intangible assets with indefinite lives
Europe	3,919	296	4,123	307
Americas	3,945	–	4,147	–
AAACE	2,076	156	2,181	162
Tobacco & NGP	9,940	452	10,451	469
Distribution	1,744	–	1,778	–
	11,684	452	12,229	469

Goodwill has arisen principally on the acquisitions of Reemtsma in 2002 (all CGUG), Commonwealth Brands in 2007 (USA), Altadis in 2008 (all CGUG) and ITG Brands in 2015 (USA). Intangible assets with indefinite lives relate to the tobacco trademark, Davidoff, which was purchased as part of the acquisition of Reemtsma in 2002.

The Group tests goodwill and intangible assets with indefinite lives for impairment annually, or more frequently if there are any indications that impairment may have arisen. The value of a CGUG is based on value in use calculations. These calculations use cash flow projections derived from financial plans of the business which are based on detailed bottom-up market-by-market forecasts of projected sales volumes for each product line. These forecasts reflect, on an individual market basis, numerous assumptions and estimates regarding anticipated changes in market size, prices and duty regimes, consumer uptrading and downtrading, consumer preferences and other changes in product mix, based on long-term market trends, market data, anticipated regulatory developments, and management experience and expectations. We consider that pricing, market size, market shares and cost inflation are the key assumptions used in our plans.

Growth rates and discount rates used

The compound annual growth rates implicit in these value in use calculations are shown below.

%	2024			2023		
	Pre-tax discount rate	Initial growth rate	Long-term growth rate	Pre-tax discount rate	Initial growth rate	Long-term growth rate
Europe	9.9	4.1	0.2	10.4	4.5	1.0
Americas	8.7	6.5	1.9	8.9	5.8	2.1
AAACE	13.3	2.0	1.9	12.5	4.3	2.2
Distribution	12.1	4.1	1.6	12.3	5.0	1.6

The calculation to determine the value in use involves a discounted future cash flow forecast model. Nominal cash flows are used in the calculation which will themselves already factor in the effects of inflation. The cash flows are sourced from the Group business plan which considers and factors in the risk of variability of future business performance and hence cash flow variation. A nominal discount rate is used within the model based on the Group's weighted average cost of capital which is calculated using the Capital Asset Pricing Model. As risk has been applied within the undiscounted cash flows no adjustment is made to the discount rate for risk, except for the application of country risk premia over and above the Group's weighted average cost of capital where appropriate.

Country-specific discount rates are used based on the Group's weighted average cost of capital adjusted for country risk premium. The impairment review is undertaken at a CGUG level which involves the aggregation of the individual value in use amounts for the individual countries which constitute each CGUG. Our impairment projections are prepared under the basis set out in IAS 36 which can differ from our internal plans.

Nominal cash flows from the business plan period are used for years one, two and three, then extrapolated out to year five using the implicit growth rate, shown in the table above as the initial growth rate. In certain markets, the extrapolated cash flow growth rate can exceed the long-term growth rate based on the business plan being a better reflection of the anticipated initial growth. Where there are specific indications that the cash flow growth rates for years four and five are lower than those for the earlier years, the lower rates will be used. Estimated long-term weighted average compound growth rates are used beyond year five.

Long-term growth rates are determined as the lower of:

- the nominal GDP growth rates for the country of operation;
- the extrapolation of the initial growth rates as estimated by management for years one to five; and
- the management long-term expectations of growth for a specific market.

Long-term growth rates are based on management's long-term expectations, taking account of industry-specific factors such as the nature of our products, the role of excise in government fiscal policy, and relatively stable and predictable long-term macro trends in the tobacco industry. Year-on-year variations in initial growth rates may result in consequential changes to estimated long-term rates.

Europe's long-term growth rate reduced by 0.8%. This is primarily a reflection of a reduction in the long-term growth outlook for the UK market.

Americas was broadly in line with the prior year growth assumptions for the initial and long-term growth rate. The key change was a 0.7% increase in the initial growth rate driven by improved expectations for product growth, particularly related to NGP.

AAACE had a 2.3% reduction in the initial growth rate primarily driven by the lower expectation for the Australia market with other reductions related to Morocco and Kuwait.

The Distribution initial growth rate reduced by 0.9% compared to prior year reflecting the fact that significant growth has now been delivered in the current financial year.

Goodwill and intangible asset impairment review conclusion

Our impairment testing confirms there are sufficient cash flows to support the current carrying values of the goodwill held at 30 September 2024. Any reasonable movement in the assumptions used in the impairment tests would not result in an impairment. The complexity of the estimation process and issues related to the assumptions, risks and uncertainties inherent in the application of the Group's accounting estimates in relation to intangible assets can affect the amounts reported in the financial statements, especially the estimates of the expected useful economic lives and the carrying values of those assets. If business conditions significantly change it is possible that materially different amounts could be reported in the Group's financial statements in future periods. There are uncertainties associated with estimating the valuation of the recoverable amount.

At the present time the recoverable amount is significantly in excess of the carrying value of goodwill and other intangible assets. However, given the uncertainties mentioned above this could change in the future.

NOTES TO THE FINANCIAL STATEMENTS *continued*

Consideration of the impact of climate change

The Group has completed an assessment of the impact of climate change which includes how it will vary future costs and therefore cash flows. The review has concluded that there are impacts on future cash flows as a result of climate change, with the most significant being relating to NTM and leaf costs due to increases in the operating costs of suppliers and raw materials. We have factored the additional costs to the Group relating to forecast climate costs into our discounted cash flow forecasts used for impairment testing valuation purposes. The modelled impact for the Group was £504 million (2023: £338 million). This concluded that there continues to be sufficient headroom. There is therefore no impairment recognised as result of incremental climate change costs. However, the Group will continue to review the climate change impact going forward and any future changes in impact assessment could potentially result in changes to the impairment assessment.

Other intangible assets

Other intangible assets are considered for impairment risk. The carrying values of brand intangibles are reviewed against expected future cash flows of associated products. Impairment will only be recognised where there is evidence that the carrying value of the brand cannot be recovered through those cash flows. Included within these reviews is a test to determine the recoverability of the Davidoff indefinite life brand intangible asset. The carrying value of this asset as at 30 September 2024 was £452 million (2023: £469 million). Recoverability of Davidoff has been measured against the net brand contribution which confirms that the carrying value of the brand will be recovered within a two-year period. No impairments (2023: £nil) have been recognised for brand intangibles.

Intellectual property and product development intangible assets have also been reviewed to identify potential impairment triggers. No such impairment triggers were noted in the year ended 30 September 2024 and hence no impairment charge has been incurred (2023: £nil).

No impairment charge (2023: £nil) was incurred in the year relating to software.

13. PROPERTY, PLANT AND EQUIPMENT

	2024			
£ million	Property	Plant and equipment	Fixtures and motor vehicles	Total
Cost				
At 1 October 2023	756	2,065	484	3,305
Additions	10	127	41	178
Acquisitions	–	1	–	1
Disposals	(24)	(69)	(48)	(141)
Hyperinflation adjustment (note 1)	1	10	1	12
Reclassifications	18	(5)	(13)	–
Exchange movements	(25)	(81)	(15)	(121)
At 30 September 2024	736	2,048	450	3,234
Depreciation and impairment				
At 1 October 2023	177	1,203	308	1,688
Depreciation charge for the year	16	102	36	154
Impairment	(3)	2	–	(1)
Disposals	(12)	(47)	(46)	(105)
Reclassifications	–	4	(4)	–
Exchange movements	(10)	(42)	(11)	(63)
At 30 September 2024	168	1,222	283	1,673
Net book value				
At 30 September 2024	568	826	167	1,561

	2023			
£ million	Property	Plant and equipment	Fixtures and motor vehicles	Total
Cost				
At 1 October 2022	806	2,080	455	3,341
Additions	3	130	58	191
Acquisitions	–	5	9	14
Disposals	(22)	(74)	(24)	(120)
Hyperinflation adjustment (note 1)	–	5	–	5
Exchange movements	(31)	(81)	(14)	(126)
At 30 September 2023	756	2,065	484	3,305
Depreciation and impairment				
At 1 October 2022	181	1,200	301	1,682
Depreciation charge for the year	17	98	32	147
Impairment	–	6	–	6
Disposals	(11)	(60)	(15)	(86)
Exchange movements	(10)	(41)	(10)	(61)
At 30 September 2023	177	1,203	308	1,688
Net book value				
At 30 September 2023	579	862	176	1,617
Assets under construction included above:				
At 30 September 2024				122
At 30 September 2023				107

NOTES TO THE FINANCIAL STATEMENTS *continued*

14. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The movements in right of use assets in the year were as follows:

£ million	2024			
	Property	Plant and equipment	Fixtures and motor vehicles	Total
Net book value				
At 1 October 2023	256	2	68	326
Additions and modifications	82	4	69	155
Terminations	(4)	(1)	(5)	(10)
Depreciation and impairment	(57)	(3)	(35)	(95)
Exchange movements	(10)	–	(4)	(14)
At 30 September 2024	267	2	93	362

The movements in lease liabilities in the year were as follows:

£ million	Lease Liabilities
At 1 October 2023	349
Cash flow	(107)
Accretion of interest	14
New leases, terminations and modifications	144
Exchange movements	(14)
At 30 September 2024	386

The maturity profile and the future minimum lease payments of the carrying amount of the Group's lease liabilities and the contractual cash flows as at 30 September 2024 are disclosed in Note 21.

The following are the amounts recognised in the consolidated income statement:

£ million	2024	2023
Expenses relating to short-term leases	10	4
Expenses relating to low value asset leases	2	1
Depreciation and impairment expense of right of use assets	95	85
Interest on lease liabilities	14	10

The movements in right of use assets in the year ending 30 September 2023 were as follows:

£ million	2023			
	Property	Plant and equipment	Fixtures and motor vehicles	Total
Net book value				
At 1 October 2022	194	3	31	228
Additions and modifications	74	3	35	112
Acquisitions	50	–	34	84
Terminations	(3)	–	(2)	(5)
Depreciation	(53)	(4)	(28)	(85)
Exchange movements	(6)	–	(2)	(8)
At 30 September 2023	256	2	68	326

The movements in lease liabilities in the year ending 30 September 2023 were as follows:

£ million	Lease Liabilities
At 1 October 2022	248
Cash flow	(92)
Accretion of interest	10
New leases, terminations and modifications	106
Acquisitions	84
Exchange movements	(7)
At 30 September 2023	349

The maturity profile and the future minimum lease payments of the carrying amount of the Group's lease liabilities and the contractual cash flows as at 30 September 2023 are disclosed in Note 21.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The principal joint venture during the year was Global Horizon Ventures Limited. Summarised financial information for the Group's joint ventures, which are accounted for using the equity method, is shown below:

£ million	2024		
	Global Horizon Ventures	Others	Total
Revenue	25	40	65
Profit after tax	17	3	20
Non-current assets	–	8	8
Current assets	60	62	122
Total assets	60	70	130
Current liabilities	(11)	(56)	(67)
Non-current liabilities	–	(13)	(13)
Total liabilities	(11)	(69)	(80)
Net assets	49	1	50

£ million	2023		
	Global Horizon Ventures	Others	Total
Revenue	19	28	47
Profit after tax	13	4	17
Non-current assets	–	7	7
Current assets	56	49	105
Total assets	56	56	112
Current liabilities	(7)	(41)	(48)
Non-current liabilities	–	(14)	(14)
Total liabilities	(7)	(55)	(62)
Net assets	49	1	50

Transactions and balances with joint ventures

£ million	2024	2023
Purchases from	9	4
Accounts payable to	(4)	(2)

NOTES TO THE FINANCIAL STATEMENTS *continued*

Movement on investments accounted for using the equity method

£ million	2024	2023
At 1 October	55	56
Share of profit for the year from joint ventures	9	7
Share of profit for the year from associates	1	2
Impairment of investment in associates	–	(2)
Dividends	(9)	(7)
Foreign exchange losses	–	(1)
At 30 September	56	55

16. INVENTORIES

£ million	2024	2023
Raw materials	960	1,159
Work in progress	84	81
Finished inventories	2,887	3,106
Other inventories	149	176
	4,080	4,522

Other inventories mainly comprise duty-paid tax stamps.

Within finished inventories of £2,887 million (2023: £3,106 million) there is excise duty of £1,118 million (2023: £1,192 million).

It is generally recognised industry practice to classify leaf tobacco inventory as a current asset, although part of such inventory, because of the duration of the processing cycle, ordinarily would not be consumed within one year. We estimate that around £204 million (2023: £337 million) of leaf tobacco held within raw materials will not be utilised within a year of the balance sheet date.

17. TRADE AND OTHER RECEIVABLES

£ million	2024		2023	
	Current	Non-current	Current	Non-current
Trade receivables	2,395	1	2,211	3
Less: loss allowance	(64)	(1)	(63)	(3)
Net trade receivables	2,331	–	2,148	–
Other receivables	156	37	149	26
Prepayments	158	81	193	37
	2,645	118	2,490	63

Trade receivables may be analysed as follows:

£ million	2024		2023	
	Current	Non-current	Current	Non-current
Within credit terms	2,194	–	1,996	–
Past due by less than 3 months	111	–	121	–
Past due by more than 3 months	26	–	31	–
Amounts that are impaired	64	1	63	3
	2,395	1	2,211	3

£ million	2024	2023
At 1 October	66	79
Net decrease in provision	(1)	(13)
At 30 September	65	66

Trade receivables are reviewed by their risk profiles and loss patterns to assess credit risk. Historical and forward-looking information is considered to determine the appropriate expected credit loss allowance. Provision levels are calculated on the residual credit risk after consideration of any credit protection which is used by the Group. Expected credit losses (ECLs) are applied to net trade receivables which are measured reflecting lifetime ECLs using the simplified approach.

18. CASH AND CASH EQUIVALENTS

£ million	2024	2023
Cash at bank and in hand	607	683
Short-term deposits and other liquid assets	471	662
	1,078	1,345

£217 million (2023: £135 million) of total cash and cash equivalents is held in countries in which prior approval is required to transfer the funds abroad. Nevertheless, if the Group complies with these requirements such liquid funds are at its disposition within a reasonable period of time, which in all cases is three months or less from the date the transfer is requested.

19. TRADE AND OTHER PAYABLES

£ million	2024		2023	
	Current	Non-current	Current	Non-current
Trade payables	1,499	–	1,507	–
Duties payable	5,156	–	5,297	–
Other taxes and social security contributions	1,381	–	1,375	–
Other payables	623	–	526	–
Accruals	838	86	874	27
	9,497	86	9,579	27

20. BORROWINGS

The Group's borrowings, held at amortised cost, are as follows:

£ million	2024	2023
Current borrowings		
Bank loans and overdrafts	34	49
Capital market issuance:		
European commercial paper (ECP)	21	–
£600m 8.125% notes due March 2024	–	627
US\$ 1,000m 3.125% notes due July 2024	–	823
€500m 1.375% notes due January 2025	421	–
US\$ 950m 4.25% notes due July 2025	715	–
Total current borrowings	1,191	1,499
Non-current borrowings		
Bank loans	–	2
Capital market issuance:		
€500m 1.375% notes due January 2025	–	437
US\$ 1,500m 4.25% notes due July 2025	–	1,236
€650m 3.375% notes due February 2026	553	574
US\$ 750m 3.5% notes due July 2026	563	617
£500m 5.5% notes due September 2026	500	500
€750m 2.125% notes due February 2027	634	657
US\$ 1,000m 6.125% notes due July 2027	752	822
US\$ 1,000m 3.875% notes due July 2029	751	822
US\$ 1,250m 5.5% notes due February 2030	944	–
€1,050m 5.25% notes due February 2031	898	838
£500m 4.875% notes due June 2032	505	505
€1,000m 1.75% notes due March 2033	840	872
US\$ 750m 5.875% notes due July 2034	566	–
Total non-current borrowings	7,506	7,882
Total borrowings	8,697	9,381
Analysed as:		
Capital market issuance	8,663	9,330
Bank loans and overdrafts	34	51

NOTES TO THE FINANCIAL STATEMENTS *continued*

Current and non-current borrowings include interest payable of £10 million (2023: £33 million) and £102 million (2023: £96 million) respectively as at the balance sheet date.

Interest payable on capital market issuances are at fixed rates of interest and interest payable on bank loans and overdrafts are at floating rates of interest.

On 15 March 2024, £600 million 8.125% notes were repaid. On 5 April 2024, €100 million (£86 million equivalent) 5.25% notes were issued, supplementary to the 15 February 2023 €600 million, and 12 September 2023 €350 million combined issues, listed as €1,050 million 5.25% notes due February 2031 in the above table. On 1 July 2024, US\$ 1,250 million (£984 million equivalent) 5.5% notes were issued. On 1 July 2024, US\$ 750 million (£591 million equivalent) 5.875% notes were issued. On 11 July 2024, a partial repayment of the US\$ 1,500 million 4.25% notes was made; US\$ 550 million (£425 million equivalent) was repaid with the remaining US\$ 950 million due July 2025. On 26 July 2024, US\$ 1,000 million (£777 million equivalent) 3.125% notes were repaid.

All borrowings are unsecured and the Group has not defaulted on any borrowings during the year (2023: no defaults).

The maturity profile of the Group's bonds and the contractual cash flows as at September 2024 are disclosed in note 21.

Fair value of borrowings

The fair value of borrowings as at 30 September 2024 is estimated to be £8,567 million (2023: £8,669 million). £8,533 million (2023: £8,617 million) relates to capital market issuance and has been determined by reference to market prices as at the balance sheet date. A comparison of the carrying amount and fair value of capital market issuance by currency is provided below. The fair value of all other borrowings is considered to equal their carrying amount.

£ million	2024		2023	
	Balance sheet amount	Fair value	Balance sheet amount	Fair value
GBP	1,006	985	1,632	1,524
EUR	3,367	3,245	3,378	2,996
USD	4,290	4,303	4,320	4,097
Total capital market issuance	8,663	8,533	9,330	8,617

Undrawn revolving credit facilities

At 30 September the Group had the following undrawn committed facilities:

£ million	2024	2023
Amounts maturing:		
In less than one year	853	550
Between one and two years	153	159
Between two and five years	2,608	2,866
	3,614	3,575

During the year the maturity of €3,125 million of the Group's syndicated multicurrency facility of €3,493 million (2023: €3,493 million) was extended to 30 September 2027. One existing syndicate member's participation of €184 million has a maturity date of 30 September 2025. At 30 September another syndicate member's participation of €184 million had a maturity date of 30 March 2026; in October 2024 this participation was sold to a new financial institution, who therefore became a syndicate member, and the maturity date was extended to 30 September 2027.

During the year six new bilateral facilities for a total £700 million were arranged, all maturing in September 2025.

21. FINANCIAL RISK FACTORS

Financial risk management

Overview

In the normal course of business, the Group is exposed to financial risks including, but not limited to, market, credit and liquidity risk. This note explains the Group's exposure to these risks, how they are measured and assessed, and summarises the policies and processes used to manage them, including those related to the management of capital.

The Group operates a centralised treasury function which is responsible for the management of the financial risks of the Group, together with its financing and liquidity requirements. Financial risks comprise, but are not limited to, exposures to funding and liquidity, interest rate, foreign exchange and counterparty credit risk. The treasury function is also responsible for the financial risk management of the Group's global defined benefit pension schemes and management of Group-wide insurance programmes. The treasury function does not operate as a profit centre, nor does it enter into speculative transactions.

The Group's treasury activities are overseen by the Treasury Committee, which meets four times per year and comprises the Chief Financial Officer, the Director of Treasury, the Group Finance Director, the Group General Counsel, the Chief Strategy and Development Officer and three Group Regional Finance Directors. The Treasury Committee operates in accordance with the terms of reference set out by the Board and a policy (the Treasury Operations Policy) which sets out the expectations and boundaries to assist in the effective oversight of treasury activities.

The Board reviews and approves all major treasury decisions.

The Group's management of financial risks covers the following:

(A) Market risk

Price risk

The Group is not exposed to equity securities price risk other than assets held by its pension funds disclosed in note 24. The Group is exposed to commodity price risk in that there may be fluctuations in the price of tobacco leaf. As with other agricultural commodities, the price of tobacco leaf tends to be cyclical as supply and demand considerations influence tobacco plantings in those countries where tobacco is grown. Also, different regions may experience variations in weather patterns that may affect crop quality or supply and so lead to changes in price. The Group seeks to reduce this price risk by sourcing tobacco leaf from a number of different countries and counterparties and by varying the levels of tobacco leaf held. Currently, these techniques reduce the expected exposure to this risk over the short to medium term to levels considered not material and accordingly, no sensitivity analysis has been presented.

Foreign exchange risk

The Group is exposed to movements in foreign exchange rates due to its commercial trading transactions and profits denominated in foreign currencies, as well as the translation of cash, borrowings and derivatives held in non-functional currencies.

The Group's financial results are principally exposed to fluctuations in euro and US dollar exchange rates. Management of the Group's foreign exchange transaction and translation risk is addressed below.

Transaction risk

The Group's material transaction exposures arise on costs denominated in currencies other than the functional currencies of subsidiaries, including the purchase of tobacco leaf, which is sourced from various countries but purchased principally in US dollars, and packaging materials which are sourced from various countries and purchased in a number of currencies. The Group is also exposed to transaction foreign exchange risk on the conversion of foreign subsidiary earnings into sterling to fund the external dividends to shareholders. This is managed by selling euros and US dollars monthly throughout the year. Other foreign currency flows are matched where possible and remaining foreign currency transaction exposures are not hedged.

Translation risk

The Group's currency mix of debt and related derivatives is held with consideration to the currency mix of its net assets and profits, which are primarily euros and US dollars. The Group issues debt in the most appropriate market or markets at the time of raising new finance and has a policy of using cross-currency swap derivative financial instruments to change the currency of debt as required. Borrowings denominated in, or swapped into, foreign currencies to match the Group's investments in overseas subsidiaries are treated as a hedge against the net investment where appropriate.

Foreign exchange sensitivity analysis

The Group's sensitivity to foreign exchange rate movements, which impacts the translation of monetary items held by subsidiary companies in currencies other than their functional currencies, is illustrated on an indicative basis below. The sensitivity analysis has been prepared on the basis that net debt and the proportion of financial instruments in foreign currencies remain constant, and that there is no change to the net investment hedge designations in place at 30 September 2024. The sensitivity analysis does not reflect any change to revenue or non-finance costs that may result from changing exchange rates, and ignores any taxation implications and offsetting effects of movements in the fair value of derivative financial instruments.

£ million	2024	2023
	Increase/(decrease) in income	Increase/(decrease) in income
Income statement impact of non-functional currency foreign exchange exposures:		
10% appreciation of sterling against euro (2023: 10%)	87	33
10% appreciation of sterling against US dollar (2023: 10%)	(17)	(9)
10% depreciation of sterling against euro (2023: 10%)	(106)	(41)
10% depreciation of sterling against US dollar (2023: 10%)	20	11

Movements in equity in the table below relate to intercompany loans treated as quasi-equity under IAS 21 and hedging instruments designated as net investment hedges of the Group's euro and US dollar denominated assets.

£ million	2024	2023
	Change in equity	Change in equity
Equity impact of non-functional currency foreign exchange exposures:		
10% appreciation of sterling against euro (2023: 10%)	928	1,035
10% appreciation of sterling against US dollar (2023: 10%)	272	205
10% depreciation of sterling against euro (2023: 10%)	(1,134)	(1,265)
10% depreciation of sterling against US dollar (2023: 10%)	(332)	(250)

At 30 September 2024, after the effect of derivative financial instruments, approximately 102% of the Group's net debt was denominated in euro and non US dollar currencies (2023: 111%) and (2)% in US dollars (2023: (11)%).

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Interest rate risk

The Group's interest rate risk arises from its borrowings net of cash and cash equivalents, with the primary exposures arising from fluctuations in euro and US dollar interest rates. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group manages its exposure to interest rate risk on its borrowings by entering into derivative financial instruments, interest rate swaps, to achieve an appropriate mix of fixed and floating interest rate debt in accordance with the Treasury Operations Policy and Treasury Committee discussions.

As at 30 September 2024, after adjusting for the effect of derivative financial instruments detailed in note 22, approximately 109% (2023: 107%) of reported net debt was at fixed rates of interest and (9)% (2023: (7)%) was at floating rates of interest. After adjusting for cash held in subsidiary bank accounts and cash in transit, accrued interest, the mark to market of the derivative portfolio, finance leases, and the trade receivables that were sold to a financial institution under a non-recourse factoring arrangement, approximately 97% (2023: 94%) of debt was at fixed rates of interest and 3% (2023: 6%) was at floating rates of interest.

Interest rate sensitivity analysis

The Group's sensitivity to interest rates on its euro and US dollar monetary items, which are primarily external borrowings, cash and cash equivalents, is illustrated on an indicative basis below. The impact in the Group's income statement reflects the effect on net finance costs in respect of the Group's net debt and the fixed to floating rate debt ratio prevailing at 30 September 2024, ignoring any taxation implications and offsetting effects of movements in the fair value of derivative financial instruments.

The sensitivity analysis has been prepared on the basis that net debt and the derivatives portfolio remain constant and that there is no net impact on other comprehensive income.

	2024	2023
£ million	Change in income	Change in income
Income statement impact of interest rate movements:		
+/- 1% increase in euro interest rates (2023: 1%)	1	12
+/- 1% increase in US dollar interest rates (2023: 1%)	(2)	(9)

(B) Credit risk

IFRS 9 requires an expected credit loss (ECL) model to be applied to financial assets. The expected credit loss model requires the Group to account for expected losses as a result of credit risk on initial recognition of financial assets and to recognise changes in those expected credit losses at each reporting date. Allowances are measured at an amount equal to the lifetime expected credit losses where the credit risk on the receivables increases significantly after initial recognition. The Group is primarily exposed to credit risk arising from the extension of credit to its customers, on cash deposits and derivatives. The maximum aggregate credit risk to these sources was £3,947 million at 30 September 2024 (2023: £4,507 million).

Trade and other receivables

Policies are in place to manage the risk associated with the extension of credit to third parties to ensure that commercial intent is balanced effectively with credit risk management. Subsidiaries have policies in place that require appropriate credit checks on customers and credit is extended with consideration to financial risk and creditworthiness. If a customer requires credit beyond an acceptable limit, security may be put in place to minimise the financial impact in the event of a payment default. Instruments that may typically be used as security include non-recourse receivables factoring and bank guarantees. At 30 September 2024 the level of trade receivables that were sold to a financial institution under a non-recourse factoring arrangement, and subsequently derecognised, totalled £570 million (2023: £570 million). The total value of trade receivables reclassified as fair value was £53 million at 30 September 2024 (2023: £22 million). There was no valuation difference between amortised cost and fair value. Analysis of trade and other receivables is provided in note 17.

Financial instruments

In order to manage its credit risk to any one counterparty, the Group places cash deposits and enters into derivative financial instruments with a diversified group of financial institutions carrying suitable credit ratings in line with the Treasury Operations Policy. Utilisation of counterparty credit limits is regularly monitored by treasury and ISDA agreements are in place to permit the net settlement of assets and liabilities in certain circumstances.

The table below summarises the Group's largest exposures to financial counterparties as at 30 September 2024. At the balance sheet date management does not expect these counterparties to default on their current obligations.

	2024	2023
Counterparty exposure	Maximum exposure to credit risk £ million	Maximum exposure to credit risk £ million
Highest	253	311
2nd highest	134	104
3rd highest	50	84
4th highest	27	83
5th highest	10	80

These exposures are held with counterparties with investment grade credit ratings or in money market funds with a AAA rating.

(C) Liquidity risk

The Group is exposed to liquidity risk, which represents the risk of having insufficient funds to meet its financing needs in any particular location when needed. To manage this risk the Group has a policy of actively maintaining a mixture of short, medium and long-term committed facilities that are structured to ensure that the Group has sufficient available funds to meet the forecast requirements of the Group over the short to medium term. To prevent over-reliance on individual sources of liquidity, funding is provided across a range of instruments including debt capital market issuance, bank term loans, bank revolving credit facilities and European commercial paper.

The Group primarily borrows centrally in order to meet forecast funding requirements, and the treasury function is in regular dialogue with subsidiary companies to ensure their liquidity needs are met. Subsidiary companies are funded by a combination of share capital and retained earnings, intercompany loans, and in very limited cases through external local borrowings. Cash pooling processes are used to centralise surplus cash held by subsidiaries where possible in order to minimise external borrowing requirements and interest costs. Treasury invests surplus cash in bank deposits and money market funds and uses foreign exchange contracts to manage short term liquidity requirements in line with short-term cash flow forecasts. As at 30 September 2024, the Group held liquid assets of £1,078 million (2023: £1,345 million).

The table below summarises the Group's non-derivative financial liabilities by maturity based on their contractual cash flows as at 30 September 2024. The amounts disclosed are undiscounted cash flows calculated using spot rates of exchange prevailing at the relevant balance sheet date. Contractual cash flows in respect of the Group's derivative financial instruments are detailed in note 22.

	2024					
£ million	Balance sheet amount	Contractual cash flows total	<1 year	Between 1 and 2 years	Between 2 and 5 years	> 5 years
Non-derivative financial liabilities:						
Bank loans	34	34	34	-	-	-
Capital market issuance	8,663	10,218	1,497	1,911	2,752	4,058
Trade payables	1,499	1,499	1,499	-	-	-
Lease liabilities	386	435	96	82	144	113
Total non-derivative financial liabilities	10,582	12,186	3,126	1,993	2,896	4,171

	2023					
£ million	Balance sheet amount	Contractual cash flows total	<1 year	Between 1 and 2 years	Between 2 and 5 years	> 5 years
Non-derivative financial liabilities:						
Bank loans	51	51	49	2	-	-
Capital market issuance	9,330	10,663	1,767	1,951	3,651	3,294
Trade payables	1,507	1,507	1,507	-	-	-
Lease liabilities	349	406	82	70	114	140
Total non-derivative financial liabilities	11,237	12,627	3,405	2,023	3,765	3,434

Capital management

The Group defines capital as adjusted net debt and equity and manages its capital structure through an appropriate balance of debt and equity in order to drive an efficient mix for the Group. Besides the minimum capitalisation rules that may apply to subsidiaries in certain countries, the Group's only externally imposed capital requirements are interest cover and gearing covenants contained within its core external bank debt facilities, with which the Group was fully compliant during the current and prior periods and expects to be so going forward. Management have assessed that the likelihood of a future covenant breach is remote.

The Group continues to manage its capital structure to maintain investment grade credit ratings which it monitors by reference to a number of key financial ratios, including ongoing consideration of the return of capital to shareholders via regular dividend payments and share buybacks and in on-going discussions with the relevant rating agencies.

As at 30 September 2024 the Group was rated Baa3/positive outlook by Moody's Investor Service Ltd, BBB/A-2/stable outlook by Standard and Poor's Credit Market Services Europe Limited and BBB/F2/stable outlook by Fitch Ratings Limited.

The Group regards its total capital as follows.

£ million	2024	2023
Adjusted net debt	7,740	8,026
Equity attributable to the owners of the parent	5,442	6,021
Total capital	13,182	14,047

Hedge accounting

The Group has investments in foreign operations which are consolidated in its financial statements and whose functional currencies are euros or US dollars. Where it is practicable and cost effective to do so, the foreign exchange rate exposures arising from these investments are hedged through the use of cross-currency swaps, foreign exchange swaps and foreign currency denominated debt.

NOTES TO THE FINANCIAL STATEMENTS *continued*

The Group only designates the undiscounted spot element of the cross-currency swaps, foreign exchange swaps and foreign currency debt as hedging instruments. Changes in the fair value of the cross-currency swaps and foreign exchange swaps attributable to changes in interest rates and the effect of discounting are recognised directly in profit or loss within the "Net finance costs" line. These amounts are, therefore, not included in the hedge effectiveness assessment.

Net investment gains and losses are reported in exchange movements within other comprehensive income and the hedging instrument foreign currency gains and losses deferred to the foreign currency revaluation reserve are detailed in the statement of changes in equity.

The Group establishes the hedging ratio by matching the notional balance of the hedging instruments with an equal notional balance of the net assets of the foreign operation. Given that only the undiscounted spot element of hedging instruments is designated in the hedging relationship, no ineffectiveness is expected unless the notional balance of the designated hedging instruments exceeds the total balance of the foreign operation's net assets during the reporting period. The foreign currency risk component is determined as the change in the carrying amount of designated net assets of the foreign operation arising solely from changes in spot foreign currency exchange rates.

All net investment hedges were fully effective at 30 September 2024.

The following table sets out the maturity profile of the hedging instruments used in the Group's net investment hedging strategies:

2024					
£ million	Total notional balance	Maturity			
		<1 year	Between 1 and 2 years	Between 2 and 5 years	> 5 years
Bonds	(4,595)	(438)	(1,103)	(2,120)	(934)
Cross-currency swaps	(5,501)	(1,715)	(1,099)	(1,581)	(1,106)
	(10,096)	(2,153)	(2,202)	(3,701)	(2,040)

2023					
£ million	Total notional balance	Maturity			
		<1 year	Between 1 and 2 years	Between 2 and 5 years	> 5 years
Bonds	(3,897)	–	(433)	(2,645)	(819)
Cross-currency swaps	(5,986)	(1,447)	(1,214)	(1,971)	(1,354)
Foreign exchange swaps	(541)	(541)	–	–	–
	(10,424)	(1,988)	(1,647)	(4,616)	(2,173)

The following table contains details of the hedging instruments and hedged items used in the Group's net investment hedging strategies:

2024				
£ million	Notional balance	Carrying amount		Changes in fair value used for calculating hedge in-effectiveness
		Assets	Liabilities	
Hedging instrument:				
Bonds	4,595	–	4,584	Borrowings 321
Cross-currency swaps	5,501	118	76	Derivative financial instruments 213
Foreign exchange swaps	–	–	–	Derivative financial instruments 6
Hedged item:				
Investment in a foreign operation	n/a	10,096	–	540

2023				
£ million	Notional balance	Carrying amount		Changes in fair value used for calculating hedge in-effectiveness
		Assets	Liabilities	
Hedging instrument:				
Bonds	3,897	–	3,929	Borrowings 338
Cross-currency swaps	5,986	–	249	Derivative financial instruments 75
Foreign exchange swaps	541	1	–	Derivative financial instruments 14
Hedged item:				
Investment in a foreign operation	n/a	10,424	–	427

Reconciliation of changes in the value of net investment hedges:

2024					
£ million	At the beginning of the year	Income statement	Other comprehensive income	Designations/(de-designations)	At the end of the year
Derivatives in net investment hedges of foreign operations	(248)	71	219	–	42
Bonds in net investment hedges of foreign operations	(3,929)	42	321	(1,018)	(4,584)
Total	(4,177)	113	540	(1,018)	(4,542)

2023					
£ million	At the beginning of the year	Income statement	Other comprehensive income	Designations/(de-designations)	At the end of the year
Derivatives in net investment hedges of foreign operations	(338)	1	89	–	(248)
Bonds in net investment hedges of foreign operations	(5,414)	(3)	338	1,150	(3,929)
Total	(5,752)	(2)	427	1,150	(4,177)

The Group also treats certain permanent intragroup loans that meet relevant qualifying criteria under IAS 21 as part of its net investment in foreign operations where appropriate. Intragroup loans with a notional value of €3,714 million (£3,099 million equivalent) (2023: €3,714 million (£3,217 million equivalent)) were treated as part of the Group's net investment in foreign operations at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS *continued*

Fair value estimation and hierarchy

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 from a reputable financial data provider and valuations are validated by reference to counterparty valuations where appropriate. Some of the Group'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 £12 million (2023: £2 million) and would have been a £15 million (2023: £5 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.

Netting arrangements of financial instruments

The following tables set out the Group's financial assets and financial liabilities that are subject to netting and set-off arrangements.

2024				
£ million	Gross financial assets/ (liabilities)	Net financial assets/ (liabilities) per balance sheet	Related amounts not set-off in the balance sheet	Net
Assets				
Derivative financial instruments	474	474	(462)	12
Liabilities				
Derivative financial instruments	(809)	(809)	462	(347)

2023				
£ million	Gross financial assets/ (liabilities)	Net financial assets/ (liabilities) per balance sheet	Related amounts not set-off in the balance sheet	Net
Assets				
Derivative financial instruments	950	950	(817)	133
Liabilities				
Derivative financial instruments	(1,003)	(1,003)	817	(186)

The table below sets out the Group's accounting classification of each class of financial assets and liabilities:

2024						
£ million	Fair value through income statement	Fair value through other comprehensive income	Assets and liabilities at amortised cost	Total	Current	Non-Current
Trade and other receivables	–	–	2,524	2,524	2,487	37
Cash and cash equivalents	–	–	1,078	1,078	1,078	–
Derivatives	356	118	–	474	144	330
Total financial assets	356	118	3,602	4,076	3,709	367
Borrowings	–	–	(8,697)	(8,697)	(1,191)	(7,506)
Trade and other payables	–	–	(8,659)	(8,659)	(8,659)	–
Derivatives	(733)	(76)	–	(809)	(187)	(622)
Lease liabilities	–	–	(386)	(386)	(86)	(300)
Total financial liabilities	(733)	(76)	(17,742)	(18,551)	(10,123)	(8,428)
Total net financial assets/(liabilities)	(377)	42	(14,140)	(14,475)	(6,414)	(8,061)

2023						
£ million	Fair value through income statement	Fair value through other comprehensive income	Assets and liabilities at amortised cost	Total	Current	Non-current
Trade and other receivables	–	–	2,323	2,323	2,297	26
Cash and cash equivalents	–	–	1,345	1,345	1,345	–
Derivatives	949	1	–	950	126	824
Total financial assets	949	1	3,668	4,618	3,768	850
Borrowings	–	–	(9,381)	(9,381)	(1,499)	(7,882)
Trade and other payables	–	–	(8,705)	(8,705)	(8,705)	–
Derivatives	(754)	(249)	–	(1,003)	(174)	(829)
Lease liabilities	–	–	(349)	(349)	(81)	(268)
Total financial liabilities	(754)	(249)	(18,435)	(19,438)	(10,459)	(8,979)
Total net financial assets/(liabilities)	195	(248)	(14,767)	(14,820)	(6,691)	(8,129)

Derivatives classified as fair value through other comprehensive income relate to cross-currency swaps and foreign exchange swaps designated as hedges of foreign currency denominated net investments. The Group only designates the undiscounted foreign exchange spot element of these derivative instruments and the changes in fair value related to this element are posted to other comprehensive income. Changes in the fair value of these derivative instruments attributable to changes in interest rates and the effect of discounting are recognised in the income statement. The Group also designates certain external borrowings as hedges of foreign currency denominated net investments and the foreign exchange revaluation of those external borrowings is recognised in other comprehensive income. The carrying value at 30 September 2024 of those external borrowings included in the above table is £4,639 million (2023: £3,929 million). All of the Group's net investment hedges remain effective.

22. DERIVATIVE FINANCIAL INSTRUMENTS

The Group's derivative financial instruments held at fair value, are as follows.

2024				2023		
£ million	Assets	Liabilities	Net fair value	Assets	Liabilities	Net fair value
Current derivative financial instruments:						
Interest rate swaps	65	(54)	11	30	(66)	(36)
Foreign exchange contracts	1	(4)	(3)	12	(5)	7
Cross-currency swaps	78	(129)	(51)	84	(103)	(19)
Total current derivatives	144	(187)	(43)	126	(174)	(48)
Non-current derivative financial instruments:						
Interest rate swaps	240	(365)	(125)	745	(652)	93
Cross-currency swaps	90	(257)	(167)	79	(177)	(98)
Total non-current derivatives	330	(622)	(292)	824	(829)	(5)
Total carrying value of derivative financial instruments	474	(809)	(335)	950	(1,003)	(53)
Analysed as:						
Interest rate swaps	305	(419)	(114)	775	(718)	57
Foreign exchange contracts	1	(4)	(3)	12	(5)	7
Cross-currency swaps	168	(386)	(218)	163	(280)	(117)
Total carrying value of derivative financial instruments	474	(809)	(335)	950	(1,003)	(53)

The classification of these derivative assets and liabilities under the IFRS 7 fair value hierarchy is provided in note 21.

NOTES TO THE FINANCIAL STATEMENTS *continued*

Maturity of obligations under derivative financial instruments

Derivative financial instruments have been classified in the balance sheet as current or non-current on an undiscounted contractual basis based on spot rates as at the balance sheet date. For the purposes of the above and following analysis, maturity dates have been based on the likelihood of any early termination options being exercised with consideration to counterparty expectations and market conditions prevailing as at 30 September 2024.

The table below summarises the Group's derivative financial instruments by maturity based on their remaining contractual cash flows as at 30 September 2024. The amounts disclosed are the undiscounted cash flows calculated using interest rates and spot rates of exchange prevailing at the relevant balance sheet date. Contractual cash flows in respect of the Group's non-derivative financial instruments are detailed in note 21.

2024						
£ million	Balance sheet amount	Contractual cash flows total	<1 year	Between 1 and 2 years	Between 2 and 5 years	>5 years
Net settled derivatives	(114)	194	10	1	117	66
Gross settled derivatives	(221)	–	–	–	–	–
• receipts	–	20,719	6,490	2,730	5,762	5,737
• payments	–	(20,770)	(6,497)	(2,719)	(5,772)	(5,782)
	(335)	143	3	12	107	21
2023						
£ million	Balance sheet amount	Contractual cash flows total	<1 year	Between 1 and 2 years	Between 2 and 5 years	>5 years
Net settled derivatives	57	200	(3)	34	143	26
Gross settled derivatives	(110)	–	–	–	–	–
• receipts	–	17,822	5,429	4,010	5,283	3,100
• payments	–	(17,675)	(5,374)	(3,941)	(5,247)	(3,113)
	(53)	347	52	103	179	13

Derivatives as hedging instruments

As outlined in note 21, the Group hedges its underlying interest rate exposure and foreign currency translation exposures in an efficient, commercial and structured manner, primarily using interest rate swaps and cross-currency swaps. Foreign exchange contracts are used to manage the Group's short term liquidity requirements in line with short term cash flow forecasts as appropriate.

The Group does not apply cash flow or fair value hedge accounting, as permitted under IFRS 9, which results in fair value gains and losses attributable to derivative financial instruments being recognised in net finance costs unless they are designated as hedges of a net investment in foreign operations, in which case they are recognised in other comprehensive income.

Interest rate swaps

To manage interest rate risk on its borrowings, the Group issues debt in the market or markets that are most appropriate at the time of raising new finance with regard to currency, interest denomination or duration, and then uses interest rate swaps to re-base the debt into the appropriate proportions of fixed and floating interest rates. Interest rate swaps are also transacted to manage and re-profile the Group's interest rate risk over the short, medium and long term in accordance with the Treasury Operations Policy as approved by the Treasury Committee. Fair value movements are recognised in net finance costs in the relevant reporting period.

As at 30 September 2024, the notional amount of interest rate swaps outstanding that were entered into to convert fixed rate borrowings into floating rates of interest at the time of raising new finance was £6,349 million equivalent (2023: £8,111 million equivalent) with a fair value of £339 million liability (2023: £714 million liability). The fixed interest rates vary from 1.3% to 5.4% (2023: 1.3% to 7.9%), and the floating rates are based on EURIBOR, SONIA and SOFR.

As at 30 September 2024, the notional amount of interest rate swaps outstanding that were entered into to convert the Group's debt into the appropriate proportion of fixed and floating rates to manage and re-profile the Group's interest rate risk was £12,119 million equivalent (2023: £11,622 million equivalent) with a fair value of £225 million asset (2023: £771 million asset). The fixed interest rates vary from 3.1% receivable to 4.0% payable (2023: 3.1% receivable to 4.0% payable), and the floating receivable rates reference EURIBOR and SOFR. This includes forward starting interest rate swaps with a total notional amount of £4,719 million equivalent (2023: £4,055 million equivalent) with tenors between 1 and 10 years, starting between October 2024 and May 2032.

Cross-currency swaps

The Group enters into cross-currency swaps to convert the currency of debt into the appropriate currency with consideration to the underlying assets of the Group as appropriate. Fair value movements are recognised in net finance costs in the relevant reporting period unless the swaps are designated as hedges of a net investment in foreign operations, in which case the fair value movement attributable to changes in foreign exchange rates are recognised in other comprehensive income.

As at 30 September 2024, the notional amount of cross-currency swaps entered into to convert sterling debt into the desired currency was £1,000 million (2023: £1,600 million) and the fair value of these swaps was £76 million net liability (2023: £111 million net liability); the notional amount of cross-currency swaps entered into to convert US dollar debt into the desired currency was US\$ 6,950 million (2023: US\$ 5,250 million) and the fair value of these swaps was £142 million net liability (2023: £6 million net liability). This includes forward starting cross-currency swaps with a total notional amount of US\$ 1,250 million equivalent (2023: no forward starting cross-currency swaps) with tenors of 4.5 years, starting in July 2025.

Foreign exchange contracts

The Group enters into foreign exchange contracts to manage short-term liquidity requirements in line with cash flow forecasts. As at 30 September 2024, the notional amount of these contracts was £842 million equivalent (2023: £2,020 million equivalent) and the fair value of these contracts was a net liability of £3 million (2023: £7 million net asset).

Hedges of net investments in foreign operations

As at 30 September 2024, cross-currency swaps with a notional amount of €6,593 million (2023: €6,910 million) were designated as hedges of net investments in foreign operations. During the year, foreign exchange translation gains amounting to £213 million (2023: £75 million gains) were recognised within exchange movements in other comprehensive income in respect of cross-currency swaps designated as hedges of a net investment in foreign operations. No hedging ineffectiveness occurred during the year (2023: £nil).

As at 30 September 2024, foreign exchange swaps with a notional amount of £nil (2023: €624 million) were designated as hedges of net investments in foreign operations. During the year, foreign exchange translation gains amounting to £6 million (2023: £14 million gains) were recognised within exchange movements in other comprehensive income in respect of foreign exchange swaps that had been designated as hedges of a net investment in foreign operations. No hedging ineffectiveness occurred during the year (2023: £nil).

The movements in other comprehensive income due to net investment hedging in the period were as follows:

£ million	2024	2023
Foreign exchange gains on borrowings	321	338
Foreign exchange gains on derivative financial instruments	219	89
	540	427

23. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax relates to the following:

£ million	Consolidated income statement 2024	Consolidated income statement 2023	Consolidated balance sheet 2024	Consolidated balance sheet 2023
Temporary differences on depreciation and amortisation	(53)	164	(711)	(716)
Retirement benefits	(5)	(9)	48	30
Tax credits and losses	393	6	579	282
Accruals, provisions and other temporary differences	(48)	(3)	193	186
Deferred tax benefit	287	158		
Net deferred tax assets/(liabilities)			109	(218)

Reflected in the consolidated balance sheet as follows

£ million	2024	2023
Deferred tax assets	889	653
Deferred tax liabilities	(780)	(871)
	109	(218)

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Reconciliation of net deferred tax liabilities

£ million	2024	2023
At 1 October	(218)	(522)
Credited to the income statement	287	158
Credited to other comprehensive income	36	134
Credited to equity	2	1
Acquisitions	–	(15)
Exchange movements	2	22
Other movements	(16)	4
As at 30 September	109	(218)

Unrecognised deferred tax assets

£ million	Gross 2024	Net 2024	Gross 2023	Net 2023
Tax losses	245	64	235	62
Tax credits	806	282	15	15
Other temporary differences	77	22	84	24
	1,128	368	334	101

Analysis of unrecognised deferred tax assets by expiry date

£ million	Gross 2024	Net 2024	Gross 2023	Net 2023
Tax losses expiring:				
No expiry	245	64	235	62
	245	64	235	62
Tax credits expiring:				
Within 1 year	–	–	15	15
No expiry	806	282	–	–
	806	282	15	15
Other temporary differences expiring:				
No expiry	77	22	84	24
	77	22	84	24

In December 2021, the OECD issued model rules for a new global minimum tax framework (Pillar Two), applicable for multinational enterprise groups with global revenue over €750 million. The legislation implementing the rules in the UK was substantively enacted on 20 June 2023 and will apply to the Group from the financial year ending 30 September 2025 onwards. The Group has applied the mandatory exception under IAS 12 in relation to the accounting for deferred tax assets and liabilities arising from the implementation of the Pillar Two model rules.

Based on the assessments carried out so far, although additional tax liabilities are expected to be incurred, the Group does not expect any significant exposure to Pillar Two income taxes in those jurisdictions where the minimum tax requirement is not met, based predominantly on the data for the year ended 30 September 2023. The Group is continuing to review this legislation and monitors the status of implementation of the model rules outside of the UK to assess the potential impact.

Included within net deferred tax liabilities are deferred tax assets recognised of £213 million (2023: £257 million) for tax credits arising in the Group's Spanish business. These tax credits have no time expiry. Utilisation of these tax credits is restricted to 50% of the Spanish business' taxable profits arising in any given year; those tax law restrictions extend the period over which the deferred tax assets would otherwise be recovered. The Group considers there to be forecast future taxable profits which support the recognition of these long term deferred tax assets. The period over which these deferred tax assets are utilised is sensitive to forecasting assumptions about future growth rates (which may be influenced by the future effects of climate change) and regulatory changes. Any material effects of climate change in the long term could extend the period over which the deferred tax asset will be recovered but as the tax credits do not expire, the Group considers there is positive evidence that sufficient future taxable profits would still be available. Based on a range of forecast scenarios modelling sensitivities (including the future effects of climate change) these deferred tax assets are expected to be utilised over a period of 16 years.

Included within net deferred tax liabilities are deferred tax assets recognised for retirement benefits of £98 million (2023: £88 million) arising in the Group's German business. These deferred tax assets are expected to be recovered both by way of utilisation against the reversal of deferred tax liabilities of £49 million (2023: £40 million) arising in the Group's German business and by way of utilisation against future taxable profits. The Group considers there to be forecast future taxable profits which support the recognition of these long term deferred tax assets. Based on a range of forecast scenarios modelling sensitivities these deferred tax assets are expected to be recovered over a period of 20–40 years corresponding to the life of the pension scheme. The period over which these deferred tax assets are utilised is sensitive to forecasting assumptions about future growth rates of the underlying business (which may be influenced by the future effects of climate change) and regulatory changes.

Included within net deferred tax liabilities are deferred tax assets recognised for intangibles of £179 million (2023: £199 million) arising in the Group's Dutch business. These deferred tax assets are expected to be recovered by way of utilisation against future taxable profits. The Group considers there to be forecast future taxable profits which support the recognition of these long term deferred tax assets. The period over which these deferred tax assets are utilised is sensitive to forecasting assumptions about future growth rates (which may be influenced by the future effects of climate change) and regulatory changes. These deferred tax assets are expected to be recovered over a period of 15 years corresponding to the life of the intangibles.

Included within net deferred tax liabilities are deferred tax assets recognised of £293 million (2023: £0 million) in relation to tax credits brought forward within the Group's Maltese treasury centre, recognised as a result of clarifying tax guidance issued by the tax authorities during FY24 and the resulting intention to utilise these brought forward tax credits against taxable income arising from long-term loans of a fixed term tenure, which were refinanced during the financial year. The period over which these deferred tax assets are utilised is sensitive to forecasting assumptions about future growth rates of the underlying business (which may be influenced by the future effects of climate change) and regulatory changes. The Group considers there is positive evidence that sufficient future taxable profits would still be available. Based on a range of forecast scenarios modelling sensitivities these deferred tax assets are expected to be utilised over a period of 5–10 years. Tax losses arising within the Maltese group in periods prior to the formation of tax fiscal units, are kept in abeyance and therefore unavailable for utilisation within the fiscal unit and no deferred tax asset has been recognised thereon, but amounts are included within unrecognised deferred tax.

We have reviewed the recoverability of deferred tax assets in overseas territories in the light of forecast business performance. In 2024 we have recognised deferred tax assets of £3 million that were previously unrecognised (2023: recognised deferred tax assets of £6 million that were previously unrecognised) on the basis that it is more likely than not that these are recoverable.

A deferred tax liability of £46 million (2023: £43 million) is recognised in respect of taxation expected to arise on the future distribution of unremitted earnings totalling £2.17 billion (2023: £2 billion).

The temporary differences associated with investments in the Group's subsidiaries, associates and joint ventures for which a deferred tax liability has not been recognised in the periods presented, aggregate to £1,472 million (2023: £1,477 million) for which a deferred tax liability of £37 million (2023: £38 million) has not been recognised. No liability has been recognised because the Group is in a position to control the timing of the reversal of those temporary differences and it is probable that such differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS *continued*

24. RETIREMENT BENEFIT SCHEMES

The Group operates a number of retirement benefit schemes for its employees, including both defined benefit and defined contribution schemes. The Group's three principal schemes are defined benefit schemes and are operated by Imperial Tobacco Limited (ITL) in the UK, Reemtsma Cigarettenfabriken GmbH in Germany and ITG Brands in the USA; these schemes represent 66%, 16% and 7% of the Group's total defined benefit obligations (2023: 64%, 15% and 9%) and 0%, 41% and 11% of the current service cost (2023: 22%, 32% and 8%) respectively.

Imperial Tobacco Pension Fund

The UK scheme, the Imperial Tobacco Pension Fund ("ITPF"), was closed to future accrual on 30 September 2023. All active members are now enrolled into the defined contribution scheme as of 1 October 2023 alongside all new employees that have joined since 1 October 2010. Former active members of the defined benefit section of the ITPF are now deferred members who are able to draw their pension in the same way as an existing deferred member and are in receipt of annual inflationary increases as existing deferred members. The impact of the closure to future accrual was reported in the 2023 consolidated income statement. A further cost of £5.6 million is reported in the 2024 consolidated income statement due to a legal ruling in the year which has become applicable to ITL. The ruling required some elements of the compensation paid in 2023 to be subject to income tax and national insurance which ITL agreed to cover for impacted members if such a ruling were made. The ITPF defined benefit obligation comprises 78% in respect of pensioners and dependants, 22% in respect of deferred members and has a weighted average maturity of 12 years.

The ITPF operates under trust law and is managed and administered by the Trustees on behalf of the members in accordance with the terms of the Trust Deed and Rules and relevant legislation. The ITPF assets are held by the trust.

The main risk for the company in respect of the ITPF is that additional contributions are required if the assets are not expected to be sufficient to pay for the benefits. The investment portfolio is subject to a range of risks typical of the asset classes held, such as liquidity to manage the Liability Driven Investment (LDI) portfolio, credit exposure within investment funds and exposure to the property market. The ITPF holds a buy-in policy with Standard Life as an asset; this covers around 61% of the pensioner defined benefit obligation. The buy-in eliminates investment return, longevity, inflation and funding risks in respect of those benefits covered. The ITPF also has access to a loan facility to provide short-term liquidity to support the LDI portfolio in the event of significant changes in government bond yields.

The main uncertainties affecting the level of benefits payable under the ITPF are future inflation levels, as these impact increases to pensions, and the actual longevity of the membership.

The contributions paid to the ITPF are set by the ITPF Scheme Actuary every three years. The Scheme Actuary is an external consultant, appointed by the Trustees. Principal factors that the Scheme Actuary will have regard to include the covenant offered by the company, the level of risk in the ITPF, the expected return on assets, the results of the funding assessment on the Technical Provisions basis and the expected cost of securing benefits if the ITPF were to be wound up.

The latest valuation agreed at 31 March 2022 reported a 118% funding ratio on the Technical Provisions basis. ITL and the Trustee agreed to maintain the existing dynamic contribution schedule, which means ITL's annual contributions will reduce or increase depending on the ITPF valuation going forward. The level of ITL's annual contribution to the ITPF was nil for the year to 31 March 2024, although £8.4 million was paid into an escrow account over this period. ITL does not expect to pay any contributions to the ITPF or the escrow account for the year to 31 March 2025. Further contributions were agreed to be paid by ITL in the event of a downgrade of the Group's credit rating to non-investment grade by either Standard & Poor's or Moody's, if a funding deficit were to exist. In addition, a surety guarantee with a total value of £120 million and a parental guarantee from Imperial Brands PLC remains in place. In certain circumstances, surplus funds in the defined benefit section of the ITPF may be used to finance defined contribution section contributions on ITL's behalf with company contributions reduced accordingly.

The IAS 19 measurement of the defined benefit obligation is sensitive to the assumptions made about future inflation as well as the assumptions made about life expectancy. It is also sensitive to the discount rate, which depends on market yields on sterling denominated AA corporate bonds. The main differences between the Technical Provisions and IAS 19 assumptions are a more prudent longevity assumption for Technical Provisions and a different approach to setting the discount rate. A consequence of the ITPF's investment strategy, with a proportion of the assets invested in return-seeking assets, is that the difference between the market value of the assets and the IAS 19 defined benefit obligation may be relatively volatile.

The ITPF has a pension surplus on the IAS 19 measure and, in line with IFRIC 14, recognition of the net asset on the fund is only appropriate where it can be recovered. The ITPF trust deed gives the company an ability to receive a refund of surplus assets assuming the full settlement of liabilities in the event of a wind-up. Furthermore, in the ordinary course of business the Trustee has no rights to unilaterally wind up the ITPF or otherwise augment the benefits due to the ITPF's members. Based on these circumstances, any net surplus in the ITPF is recognised in full.

The Reemtsma Cigarettenfabriken Pension Plan

The German scheme, the Reemtsma Cigarettenfabriken Pension Plan (RCPP), is primarily a career average pension plan, though a small group of members have final salary benefits. The RCPP defined benefit obligation comprises 52% in respect of pensioners and dependants, 23% in respect of deferred members and 25% in respect of active members and has a weighted average maturity of 16 years. The RCPP was closed to new members from 1 January 2020, but existing active members at that date continue to accrue benefits.

The RCPP is unfunded and the company pays benefits as they arise. The RCPP obligations arise under a works council agreement and are subject to standard German legal requirements around such matters as the benefits to be provided to employees who leave service, and pension increases in payment. Over the next year Reemtsma Cigarettenfabriken GmbH expects to pay £24 million (2023: £24 million) in respect of benefits.

The main uncertainties affecting the level of benefits payable under the RCPP are future inflation levels, as these impact increases to pensions, and the actual longevity of the membership.

The IAS 19 measurement of the defined benefit obligation and the current service cost are sensitive to the assumptions made about the above variables, as well as the discount rate, which depends on market yields on euro denominated AA corporate bonds.

ITG scheme

The main US pension scheme, the ITG Scheme held by ITG Brands, is a defined benefit pension plan that is closed to new entrants. The ITG Scheme defined benefit obligation comprises 79% in respect of pensioners and dependants, 3% in respect of deferred members and 18% in respect of active members and has a weighted average maturity of nine years.

ITG Brands transacted a partial buy-out of some of the pensioner and dependant population during 2024. The buy-out resulted in a 2024 income statement credit of £4.8 million

The ITG Scheme is funded and benefits are paid from the ITG Scheme assets. Contributions to the plan are determined based on US regulatory requirements. ITG Brands made no contributions this year and is not expected to make any contributions in the next year.

Annual benefits in payment are assumed not to increase from current levels. The main uncertainty affecting the level of benefits payable under the plan is the actual longevity of the membership. Other key uncertainties impacting the plan include investment risk and potential past service benefit changes from future union negotiations.

The IAS 19 measurement of the defined benefit obligation and the service cost are sensitive to the assumptions made about the above variables, as well as the discount rate, which depends on market yields on US dollar denominated AA corporate bonds.

Other plans

Other plans of the Group include various pension plans, other post-employment and long-term employee benefit plans in several countries of operation. Some of the plans are funded, with assets backing the obligations held in separate legal vehicles such as trusts, whilst others are operated on an unfunded basis. The benefits provided, the approach to funding and the legal basis of the plans reflect their local territories. IAS 19 requires that the discount rate for calculating the defined benefit obligation and service cost is set according to the level of relevant market yields on corporate bonds where the market is considered "deep", or government bonds where it is not.

For the year ended 30 September 2024 the Group included one new scheme in the IAS 19 position.

In Ireland, the Company and Trustees agreed to offer a lump sum to deferred members of the plan which was completed in 2024. In the US, the Company also agreed a partial pensioner buy-out with our smaller defined benefit plan alongside the ITG Scheme and also agreed changes to our post retirement medical plan with the unionised population.

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The results of the most recent available actuarial valuations for the various plans have been updated to 30 September 2024 in order to determine the amounts to be included in the Group's consolidated financial statements. The aggregate IAS 19 position is as follows:

Defined benefit plans

£ million	2024			2023		
	DBO	Assets	Total	DBO	Assets	Total
At 1 October	(3,370)	2,977	(393)	(3,609)	3,541	(68)
Consolidated income statement expense:						
Current service cost	(18)	–	(18)	(25)	–	(25)
Settlements gains/(losses)	109	(107)	2	2	(6)	(4)
Past service income	12	–	12	9	–	9
Cost of termination benefits	(2)	–	(2)	(5)	–	(5)
Net interest (expense)/income on net defined benefit (liability)/asset	(171)	160	(11)	(165)	178	13
Administration costs paid from plan assets	–	(5)	(5)	–	(5)	(5)
Cost recognised in the income statement			(22)			(17)
Remeasurements:						
Actuarial gain/(loss) due to liability experience	13	–	13	(132)	–	(132)
Actuarial (loss)/gain due to financial assumption changes	(161)	–	(161)	234	–	234
Actuarial gain due to demographic assumption changes	1	–	1	–	–	–
Return on plan assets excluding amounts included in net interest income/(expense) above	–	44	44	–	(478)	(478)
Remeasurement effects recognised in other comprehensive income			(103)			(376)
Cash:						
Employer contributions	–	55	55	–	59	59
Benefits paid directly by the Company	247	(247)	–	265	(265)	–
Net cash			55			59
Changes to immaterial benefit plans categorised as an IAS 19 obligation recognised in the prior year	(11)	–	(11)	(8)	–	(8)
Exchange movements	64	(33)	31	64	(47)	17
Total other			20			9
At 30 September	(3,287)	2,844	(443)	(3,370)	2,977	(393)

Retirement benefit scheme costs charged to operating profit

£ million	2024	2023
Defined benefit expense in operating profit	11	30
Defined contribution expense in operating profit	23	16
Total retirement benefit scheme cost in operating profit	34	46

Split as follows in the consolidated income statement:

£ million	2024	2023
Cost of sales	12	15
Distribution, advertising and selling costs	13	20
Administrative and other expenses	9	11
Total retirement benefit scheme costs in operating profit	34	46

Assets and liabilities recognised in the consolidated balance sheet

£ million	2024	2023
Retirement benefit assets	376	414
Retirement benefit liabilities	(819)	(807)
Net retirement benefit liability	(443)	(393)

Key figures and assumptions used for major plans

£ million unless otherwise indicated	2024			2023		
	ITPF	RCPPI	ITG Scheme	ITPF	RCPPI	ITG Scheme
Defined benefit obligation (DBO)	2,157	524	235	2,142	496	311
Fair value of scheme assets	(2,459)	–	(264)	(2,481)	–	(337)
Net defined benefit (asset)/liability	(302)	524	(29)	(339)	496	(26)
Current service cost	–	7	2	6	8	2
Employer contributions	–	23	–	–	23	–
Principal actuarial assumptions used (% per annum)						
Discount rate	5.1	3.4	4.8	5.6	4.2	5.7
Future salary increases	n/a	3.1	n/a	n/a	3.5	n/a
Future pension increases	3.2	2.0	n/a	3.4	2.4	n/a
Inflation	3.1	2.0	2.3	3.4	2.4	2.3

	2024			2023		
	ITPF		RCPPI	ITG Scheme		
	Male	Female	Male	Female	Male	Female
Life expectancy at age 65 years:						
Member currently aged 65	21.2	22.6	20.9	24.3	19.8	21.9
Member currently aged 50	22.0	23.9	22.9	25.9	21.0	23.0

	2024			2023		
	ITPF		RCPPI	ITG Scheme		
	Male	Female	Male	Female	Male	Female
Life expectancy at age 65 years:						
Member currently aged 65	21.2	22.5	20.8	24.2	19.7	21.7
Member currently aged 50	21.9	23.8	22.8	25.8	20.8	22.8

Assumptions regarding future mortality experience are set based on advice that uses published statistics and experience in each territory. In particular for the ITPF, SAPS S3 (2023: SAPS S3) tables are used with various adjustments for different groups of members, reflecting observed experience. The largest group of members uses the SAPS S3 All Pensioner Male Amounts Middle table with a 105% multiplier. An allowance for improvements in longevity is made using the 2021 (2023: 2021) CMI improvement rates with a long-term trend of 1.25% per annum.

Sensitivity analysis for key assumptions at the end of the year

Sensitivity analysis is illustrative only and is provided to demonstrate the degree of sensitivity of results to key assumptions. Generally, estimates are made by re-performing calculations with one assumption modified and all others held constant.

% increase in DBO	2024			2023		
	ITPF	RCPPI	ITG Scheme	ITPF	RCPPI	ITG Scheme
Discount rate: 0.5% decrease	5.7	8.1	4.9	5.6	8.1	4.5
Rate of inflation: 0.5% decrease	(4.3)	(5.6)	n/a	(4.2)	(5.7)	n/a
One-year increase in longevity for a member currently age 65, corresponding changes at other ages	3.6	4.1	4.2	3.5	4.2	4.4

The sensitivity to the inflation assumption change includes corresponding changes to the future salary increases and future pension increases assumptions, but is assumed to be independent of any change to discount rate.

We estimate that a 0.5% decrease in the discount rate at the start of the year would have increased the consolidated income statement pension expense by approximately £8 million (2023: £12 million).

NOTES TO THE FINANCIAL STATEMENTS
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An approximate split of the major categories of ITPF scheme assets is as follows:

	2024		2023	
	Fair value	Percentage of ITPF scheme assets	Fair value	Percentage of ITPF scheme assets
£ million unless otherwise indicated				
Bonds - index linked government / LDI funds	487	19.8	351	14.1
Property including ground leases	446	18.1	488	19.7
Secured finance and private debt funds	463	18.8	620	25.0
Insurance contract (buy-in policy)	1,035	42.1	1,044	42.1
Other - including cash and short-term loan drawings	28	1.1	(22)	(0.9)
	2,459	100.0	2,481	100.0

The primary investment objective is to invest the ITPF’s assets in an appropriate and secure manner such that members' benefit entitlements can be paid as they fall due.

The majority of the assets are non-quoted. The ITPF holds £nil of self-invested assets (2023: £nil).

An approximate split of the major categories of ITG Scheme assets is as follows:

	2024		2023	
	Fair value	Percentage of ITG Scheme assets	Fair value	Percentage of ITG Scheme assets
£ million unless otherwise indicated				
Bonds - government, corporate and other	122	46.2	203	60.2
Other - including derivatives, commodities and cash	142	53.8	134	39.8
	264	100.0	337	100.0

The majority of the assets are non-quoted.

25. PROVISIONS

	2024			
	Restructuring	Employment related claims	Other	Total
£ million				
At 1 October 2023	180	144	90	414
Additional provisions charged to the consolidated income statement	–	14	34	48
Amounts used	(46)	(36)	(22)	(104)
Unused amounts reversed	–	(3)	(30)	(33)
Exchange movements	(4)	(7)	(3)	(14)
At 30 September 2024	130	112	69	311

Analysed as:

	2024	2023
£ million		
Current	89	148
Non-current	222	266
	311	414

Restructuring provisions relate mainly to the 2021 Strategic Review Programme and Cost Optimisation programmes (see note 6).

The restructuring provision is split between the 2021 Strategic Review Programme of £63 million (2023: £88 million) and other programmes of £67 million (2023: £92 million).

Employment-related claims provisions include £23 million (2023: £31 million) relating to local employment requirements including holiday pay and £25 million (2023: £28 million) of distribution requirements relating to employment and duty. An amount of £64 million (2023: £85 million) has been provided for employment-related claims arising from a number of legacy legal disputes. Although the Company continues to appeal a number of these claims, in the current year the Group has resolved to engage with certain counterparties where a valid claim has been established. There are uncertainties relating to the estimation and quantification of this provision and amounts may change in the future, but this provision is expected to be utilised within the next two years.

Other provisions include £29 million (2023: £38 million) relating to various local tax or duty requirements, £8 million (2023: £9 million) of market exit provisions and £12 million for factory closure provisions (2023: £30 million).

The provisions are spread throughout the Group and payment will be dependent on local statutory requirements.

Most of the provisions will also be utilised within the next two years, though certain employee-related and restructuring provisions may be required to be held for a period of up to 10 years where they relate to requirements to provide benefits for defined periods of time after an employee leaves employment.

26. SHARE CAPITAL

	2024		2023	
	Ordinary shares 10p each		Ordinary shares 10p each	
	Number	£ million	Number	£ million
Authorised, issued and fully paid:				
1 October	968,590,194	97	1,020,697,237	103
Shares cancelled	(54,087,312)	(6)	(52,107,043)	(6)
30 September	914,502,882	91	968,590,194	97

On 5 October 2023, the Board approved a £1,100 million share buyback programme in order to return capital to shareholders. The first tranche purchased 30,317,505 shares for a cost of £550 million. Upon completion of the purchase, these shares were cancelled and transferred to the capital redemption reserve. For the second tranche of the programme, the Group has entered into an irrevocable and non-discretionary arrangement to buy back shares up to £550 million. The second tranche commenced on 11 March 2024 and in the period to 30 September 2024 54,087,312 shares have been bought back and cancelled at a cost of £1,020 million. The stamp duty and other tax costs were £12 million and the fees charged for the share repurchase were £1 million. Upon completion of the purchase, these shares were cancelled and transferred to the capital redemption reserve. As at 30 September 2024, the Group has recognised a liability of £90 million for the remaining shares to be purchased.

For the year ended 30 September 2024 the amounts recognised in the share premium and capital redemption reserves were £5,833 million (2023: £5,833 million) and £16 million (2023: £10 million) respectively.

27. SHARE SCHEMES

The Group operates four types of share-based incentive programmes, designed to incentivise staff and to encourage them to build a stake in the Group.

Share Matching Scheme

Awards are made to eligible employees who are invited to invest a proportion of their eligible bonus in shares for a period of three years, after which matching shares are awarded on a 1:1 ratio, plus dividend equivalents.

Long-Term Incentive Plan (LTIP)

Awards of shares under the LTIP are made to the Executive Directors and senior executives at the discretion of the Remuneration Committee. They vest three years after grant and are subject to performance criteria. Dividend equivalents accrue on vested shares.

Sharesave Plan

Options are granted to eligible employees who participate in a designated savings scheme for a three-year period.

Discretionary Share Awards Plan (DSAP)

Under the DSAP, one-off conditional awards are made to individuals to recognise exceptional contributions within the business. Awards, which are not subject to performance conditions and under which vested shares do not attract dividend roll-up, will normally vest on the third anniversary of the date of grant subject to the participant's continued employment. The limit of an award under the DSAP is capped at 25% of the participant's salary at the date of grant. Shares used to settle awards under the DSAP will be market purchased.

Further details of the schemes including additional criteria applying to Directors and some senior executives are set out in the Directors' Remuneration Report.

NOTES TO THE FINANCIAL STATEMENTS *continued*

Analysis of charge to the consolidated income statement

£ million	2024	2023
Share Matching Scheme	2	2
Long-Term Incentive Plan	28	27
Sharesave Plan	1	1
Discretionary Share Awards Plan	1	1
	32	31

The awards are predominantly equity settled. The balance sheet liability in respect of cash-settled schemes at 30 September 2024 was £3.5 million (2023: £3.4 million).

Reconciliation of movements in awards/options

	2024				
	Share Matching Scheme awards	LTIP awards	Sharesave options	DSAP awards	Sharesave weighted average exercise price £
Thousands of shares unless otherwise indicated					
Outstanding at 1 October 2023	453	8,502	1,686	173	13.72
Granted	172	4,341	445	73	15.96
Cancelled/forfeited/lapsed	(20)	(1,608)	(138)	(11)	13.61
Exercised	(234)	(2,670)	(453)	(24)	13.10
Outstanding at 30 September 2024	371	8,565	1,540	211	14.78
Exercisable at 30 September 2024	–	–	42	–	13.09

	2023				
	Share Matching Scheme awards	LTIP awards	Sharesave options	DSAP awards	Sharesave weighted average exercise price £
Thousands of shares unless otherwise indicated					
Outstanding at 1 October 2022	486	8,120	1,934	120	13.21
Granted	161	3,853	862	67	13.24
Cancelled/forfeited/lapsed	(18)	(2,402)	(90)	(11)	12.63
Exercised	(176)	(1,069)	(1,020)	(3)	12.38
Outstanding at 30 September 2023	453	8,502	1,686	173	13.72
Exercisable at 30 September 2023	–	–	264	–	12.37

The weighted average Imperial Brands PLC share price at the date of exercise of awards and options was £20.06 (2023: £18.28). The weighted average fair value of Sharesave options granted during the year was £3.40 (2023: £3.26).

Summary of awards/options outstanding at 30 September 2024

	Number of awards/options outstanding	Vesting period remaining in months	Exercise price of options outstanding £
Thousands of shares unless otherwise indicated			
Share Matching Scheme			
2022	128	5	n/a
2023	122	17	n/a
2024	121	29	n/a
Total awards outstanding	371		
Long-Term Incentive Plan			
2022	2,313	5	n/a
2023	2,675	17	n/a
2024	3,577	29	n/a
Total awards outstanding	8,565		
Sharesave Plan			
2021	42	–	13.09
2022	244	10	14.56
2023	815	22	14.29
2024	439	34	15.96
Total options outstanding	1,540		
Discretionary Share Awards Plan			
2022	74	5	n/a
2023	65	18	n/a
2024	72	29	n/a
Total options outstanding	211		

The vesting period is the period between the grant of awards or options and the earliest date on which they are exercisable. The vesting period remaining and the exercise price of options outstanding are weighted averages. Participants in the Sharesave Plan have six months from the maturity date to exercise their options. Participants in the LTIP generally have seven years from the end of the vesting period to exercise their options. The exercise price of the options is fixed over the life of each option.

Pricing

For the purposes of valuing options to calculate the share-based payment charge, the Black-Scholes option pricing model has been used for the Share Matching Scheme, Sharesave Plan, Discretionary Share Awards Plan and one Long-Term Incentive Plan with no market conditions. A summary of the assumptions used in the Black-Scholes model for 2024 and 2023 is as follows:

	2024		
	Share Matching Scheme	Sharesave	DSAP
Risk-free interest rate %	4.2	4.3	4.2
Volatility (based on 3-year history) %	25.0	24.1	25.0
Expected lives of options granted years	3.0	3.0	3.0
Dividend yield %	7.6	7.6	7.6
Fair value £	14.56	3.40	14.55
Share price used to determine exercise price £	18.31	19.80	18.31
Exercise price £	n/a	15.96	n/a

NOTES TO THE FINANCIAL STATEMENTS *continued*

	2023		
	Share Matching Scheme	Sharesave	DSAP
Risk-free interest rate %	4.0	4.4	4.1
Volatility (based on 3-year history) %	33.1	27.7	33.2
Expected lives of options granted years	3.0	3.0	3.0
Dividend yield %	8.2	8.2	8.2
Fair value £	16.04	3.30	14.72
Share price used to determine exercise price £	20.53	17.88	18.84
Exercise price £	n/a	14.29	n/a

Market conditions were incorporated into the Monte Carlo method used in determining the fair value of LTIP awards at grant date. Assumptions in 2024 and 2023 are given in the following table:

%	2024	2023
Future Imperial Brands share price volatility	18.1	23.3
Future Imperial Brands dividend yield	-	-
Share price volatility of the tobacco and alcohol comparator group	15.4-23.1	15.9-63.5
Correlation between Imperial Tobacco and the alcohol and tobacco comparator group	18.9	21.4

Employee Share Ownership Trusts

The Imperial Tobacco Group PLC Employee and Executive Benefit Trust and the Imperial Tobacco Group PLC 2001 Employee Benefit Trust (the Trusts) have been established to acquire ordinary shares in the Company to satisfy rights to shares arising on the exercise and vesting of options and awards. The purchase of shares by the Trusts has been financed by a gift of £19.2 million and an interest free loan of £147.5 million. In addition the Group has gifted treasury shares to the Trusts. None of the Trusts' shares has been allocated to employees or Executive Directors as at 30 September 2024. All finance costs and administration expenses connected with the Trusts are charged to the consolidated income statement as they accrue. The Trusts have waived their rights to dividends and the shares held by the Trusts are excluded from the calculation of basic earnings per share.

Shares held by Employee Share Ownership Trusts

Millions of shares	2024	2023
At 1 October	1.6	3.7
Gift of shares from Treasury	2.0	-
Distribution of shares held by Employee Share Ownership Trusts	(3.3)	(2.1)
At 30 September	0.3	1.6

The shares in the Trusts are accounted for on a first in first out basis and comprise nil shares acquired in the open market (2023: nil) and 0.3 million (2023: 1.6 million) treasury shares gifted to the Trusts by the Group. 2.0 million shares (2023: no shares) were gifted to the Trusts in the financial year 2024.

28. TREASURY SHARES

Subject to authorisation by special resolution, the Group may purchase its own shares in accordance with the Companies Act. Any shares which have been bought back may be held as treasury shares or, if not so held, must be cancelled immediately upon completion of the purchase, thereby reducing the amount of Group's issued share capital. Shares held in treasury do not qualify for dividends. Shares purchased under the share buyback programme initiated on 5 October 2023 were cancelled immediately on completion of the purchase. During the financial year 2.0 million shares were gifted to Employee Share Ownership Trusts (2023: no movements).

	2024		2023	
	Millions of shares (number)	Value £	Millions of shares (number)	Value £
£ million unless otherwise indicated				
At 1 October	70.3	2,183	70.3	2,183
Gifted to Employee Share Ownership Trusts	(2.0)	-	-	-
At 30 September	68.3	2,183	70.3	2,183
Percentage of issued share capital	7.5	n/a	7.3	n/a

29. COMMITMENTS

Capital commitments

£ million	2024	2023
Contracted but not provided for:		
Property, plant and equipment and software	207	97

30. CONTINGENT LIABILITIES

The following summary includes updates to matters that have developed since the 2023 Annual Report and Accounts.

USA state settlement agreements

In November 1998, the major United States cigarette manufacturers, including Reynolds and Philip Morris, entered into the Master Settlement Agreement ("MSA") with 52 US states and territories and possessions. These cigarette manufacturers previously settled four other cases, brought by Mississippi, Florida, Texas and Minnesota, by separate agreements with each state (collectively with the MSA, the "State Settlement Agreements", with Mississippi, Florida, Texas and Minnesota known collectively as the "Previously Settled States"). ITG Brands (ITGB) is a party to the MSA and to the Mississippi, Minnesota, and Texas State Settlement Agreements.

In connection with its 12 June 2015 acquisition of four cigarette brands (Winston, Salem, Kool and Maverick, referred to as the "Acquired Brands") from Reynolds and Lorillard, ITGB has been involved in litigation and other disputes with the Previously Settled States, Philip Morris, and Reynolds in their state courts.

Delaware

ITGB is involved in litigation with Reynolds in the Delaware court that has jurisdiction over disputes under the Asset Purchase Agreement (APA) for the Acquired Brands. The current case in progress involves Reynolds' claim to indemnity for Florida settlement payments. The issue in this case is whether ITGB has satisfied its obligations to use "reasonable best efforts" to join the settlement with Florida under the APA and whether regardless of that "reasonable best efforts" requirement ITGB is required to indemnify Reynolds for amounts the Florida Court has required Reynolds to pay.

On 30 September 2022, the trial court granted summary judgment to Reynolds and denied summary judgment to ITGB. It held that the Florida court's determination that ITGB did not assume payments under the Florida settlement unless it agreed to do so was not binding on the Delaware courts under principles of issue preclusion. It further held that as a matter of law the contract provisions were unambiguous and no evidence was required, and that ITGB had assumed and was required to indemnify Reynolds for Florida settlement payments. The Court did not determine the amount of Reynolds' damages but left that question open for further proceedings.

On 2 October 2023 the Court issued an initial order on damages. The court rejected ITGB's claim that no damages could be assessed but declined to decide the amount of damages and other issues until after a trial. A trial was held on 8-9 July 2024 and a decision is now pending. After trial court proceedings on damages are completed, ITGB will have the right to appeal (including from the court's earlier determinations) to the Delaware Supreme Court.

Reynolds' claim for indemnification in Delaware is limited at most to the amounts it has been required to pay under the Florida determination described above, plus interest and attorney's fees. ITGB continues to deny that indemnity is appropriate and intends to appeal that determination. ITGB further contends that Reynolds' damages should be substantially reduced by the amount by which Reynolds' settlement payments have been reduced through operation of the "profit adjustment" by reason of ITGB not becoming a party to the Florida settlement as well as by reason of Reynolds' and third-parties' conduct. On 31 October 2023 Philip Morris USA moved to intervene in the damages determination on the theory that any profit adjustment gain belongs to Philip Morris, not ITGB or Reynolds. On 1 April 2024 the court denied intervention.

Amounts at issue range up to US\$ 250 million through 2023, plus future payments of up to US\$ 27 million annually going forward plus interest of approximately US\$ 68 million and attorney fees. Based on the current facts and circumstances it is currently unclear as to what level of damages will become payable in this case.

MSA Previously Settled States Reduction

The MSA contains a downward adjustment, called the Previously Settled States Reduction, which reduces aggregate payments made by Philip Morris, Reynolds, and ITGB by a specified percentage each year. The State of California, later joined by the remainder of the MSA states and by Philip Morris, challenged the application of that Reduction to ITGB for every year from 2016 forward, claiming that it cannot apply to ITGB since it is not making settlement payments to Florida, Minnesota, or Texas under their settlements. The Independent Auditor to the MSA, which initially addresses disputes related to payments, has rejected that challenge every year. It is possible that one of the parties making the challenge may seek to arbitrate the claim under the MSA. The PSS Reduction provides annual MSA payment reductions of c.US\$ 65 million.

Overall summary of liability position associated with USA state settlement agreements

The Group's legal advice is that it has a strong position on pending claims related to the Acquired Brands and the Group therefore considers that no provision is required for these matters.

NOTES TO THE FINANCIAL STATEMENTS
continued

Product liability investigations

The Group is currently involved in a number of legal cases in which claimants are seeking damages for alleged smoking and health related effects. In the opinion of the Group's lawyers, the Group has meritorious defences to these actions, all of which are being vigorously contested. Although it is not possible to predict the outcome of the pending litigation, the Directors believe that the pending actions will not have a material adverse effect upon the results of the operations, cash flow or financial condition of the Group. This assessment of the probability of economic outflows at the year-end is a judgement which has been taken by management. Consequently, the Group has not provided for any amounts in respect of these cases in the financial statements. There have been no material updates to matters in any product liability investigations in the period since the 2023 Annual Report and Accounts.

Competition authority investigations

Spain
On 12 April 2019 the Spanish National Commission on Markets and Competition (CNMC) announced penalties against Philip Morris Spain, Altadis, JT International Iberia and Logista. Altadis and Logista received fines of €11.4 million and €20.9 million, respectively, from the CNMC. According to the decision, Altadis and Logista are alleged to have infringed competition law by participating in an exchange of sales volume data between 2008 and February 2017. The CNMC considers that this conduct had the effect of restricting competition in the Spanish tobacco market. Both companies believe that the arguments made by the CNMC that define this conduct as anti-competitive are flawed. In June 2019, both Altadis and Logista commenced appeals to the CNMC's decision, and the fines imposed in the Spanish High Court where they believe they will be successful, a decision supported by external legal counsel. In September 2019 Altadis and, separately, Logista arranged bank guarantees for the full amount of the fines with the result that payment of the fines had been suspended pending the outcome of the appeals. Therefore, provision for these amounts is not considered appropriate.

In both the Altadis and Logista appeals, the parties have concluded their submissions to the Court and a judgment is awaited in 2024/2025

In parallel to the main proceedings against the CNMC decision, on 28 February 2023, the Supreme Court annulled the unannounced inspection carried out by the CNMC officials on Altadis' premises in February 2017 for lack of consent by Altadis. Therefore, all the documents and evidence seized by the CNMC during Altadis' inspection have to be returned to the company and should be struck out from the CNMC decision. It remains to be seen the impact of this Court decision on the main proceedings.

Other litigation

US Helms-Burton litigation

Imperial Brands PLC has been named as a defendant in a civil action in federal court in Miami, Florida under Title III of the Cuban Liberty and Democratic Solidarity Act of 1996 ("Helms-Burton") filed on 6 August 2020. Title III provides United States nationals with a cause of action and a claim for treble damages against persons who have "trafficked" in property expropriated by the Cuban government. Although the filed claim is for unquantified damages, we understand the claim could potentially reach approximately US\$ 365 million, based on the claimants' claim to own 90% of the property, which they value at US\$ 135 million (and then treble based on the claimants' interpretation of the legislation). The claim is based on allegations that Imperial, through Corporación Habanos S.A. (a joint venture between one of Imperial's now former subsidiaries and the Cuban government), has "trafficked" in a factory in Havana, Cuba that the Cuban government confiscated from the claimants' ancestor in the early 1960s, by using the factory to manufacture, market, sell, and distribute Habanos cigars.

At the time the claim was filed against Imperial and up until the conclusion of the Brexit "transition period" on 31 December 2020, Imperial was subject to an EU law known as the EU Blocking Statute (Regulation (EC) No. 2271/96), which conflicts with Helms-Burton, protected Imperial against the impact of Title III, and impacted how Imperial might respond to the threatened litigation. The EU Blocking Statute has been transposed into domestic law with only minimal changes. Accordingly, on 10 January 2021, Imperial submitted an application to the UK Department for International Trade for authorisation from the Secretary of State for International Trade to defend the action or, at a minimum, to file and litigate a motion to dismiss the action and this was granted on 8 February 2021.

Following a lengthy motion to dismiss proceedings, on 28 November 2023, a magistrate issued a recommended ruling, and recommended dismissal of the case in its entirety as against Imperial on three separate grounds. On 8 April 2024, the judge adopted the magistrate's recommendation that the case be dismissed for lack of personal jurisdiction and entered an order dismissing and closing the case.

The Claimants filed an appeal against the judge's dismissal of the claim on 7 May 2024. The claimants' appeal submissions were filed on 16 August 2024 and the Group response was submitted on 16 October 2024. The appellate court has not scheduled a hearing in the appeal, however it is likely that a hearing will be held in spring 2025. A decision on the appeal will follow the hearing. No provision has been made for potential liabilities related to this claim.

UK

In June 2020, the Group responded to a claimant law firm's allegation of human rights issues in the Malawian tobacco supply chain, which included allegations relating to child and forced labour. In December 2020, a claim was filed in the English High Court against Imperial Brands plc, Imperial Tobacco Limited and four of its subsidiaries (the Imperial Defendants) and two entities in the British American Tobacco (the BAT Defendants) group by a group of Malawian tobacco farm workers. The Imperial Defendants have acknowledged service and confirmed to the claimants that they intend to defend the claim in full.

The Imperial Defendants have not yet been required to file their defence. The deadline for the Imperial and BAT Defendants to do so has been postponed pending other case management actions and will be determined at a subsequent case management hearing after the completion of a matching exercise (which will seek to establish whether the claimants worked for farmers who grew tobacco purchased by either Defendant group). That hearing is not likely to take place before 2025. The claim is unquantified and given the early stage of the litigation a provision would not be appropriate.

31. NET DEBT

The movements in cash and cash equivalents, borrowings, and derivative financial instruments in the year were as follows:

£ million	Current borrowings	Lease liabilities	Non-current borrowings	Derivative financial instruments	Liabilities from financing activities	Cash and cash equivalents	Total
At 1 October 2023	(1,499)	(349)	(7,882)	(53)	(9,783)	1,345	(8,438)
Reallocation of current borrowings from non-current borrowings	(1,673)	–	1,673	–	–	–	–
Cash flow	1,760	107	(1,660)	34	241	(203)	38
Change in accrued interest	37	(14)	(21)	12	14	–	14
Change in fair values	–	–	–	(119)	(119)	–	(119)
New leases, terminations and modifications	–	(144)	–	–	(144)	–	(144)
Exchange movements	184	14	384	(209)	373	(64)	309
At 30 September 2024	(1,191)	(386)	(7,506)	(335)	(9,418)	1,078	(8,340)

£ million	Current borrowings	Lease liabilities	Non-current borrowings	Derivative financial instruments	Liabilities from financing activities	Cash and cash equivalents	Total
At 1 October 2022	(1,011)	(248)	(8,996)	(87)	(10,342)	1,850	(8,492)
Reallocation of current borrowings from non-current borrowings	(1,536)	–	1,536	–	–	–	–
Cash flow	891	92	(835)	64	212	(349)	(137)
Change in accrued interest	2	(10)	(24)	1	(31)	–	(31)
Change in fair values	–	–	–	139	139	–	139
New leases, terminations and modifications	–	(106)	–	–	(106)	–	(106)
Acquisitions	–	(84)	–	–	(84)	–	(84)
Exchange movements	155	7	437	(170)	429	(156)	273
At 30 September 2023	(1,499)	(349)	(7,882)	(53)	(9,783)	1,345	(8,438)

Average reported net debt during the year was £10,037 million (2023: £10,072 million).

Analysis by denomination currency

	2024				
£ million	GBP	EUR	USD	Other	Total
Cash and cash equivalents	356	179	129	414	1,078
Total borrowings	(1,014)	(3,383)	(4,291)	(9)	(8,697)
	(658)	(3,204)	(4,162)	405	(7,619)
Effect of cross-currency swaps	1,022	(5,532)	4,292	–	(218)
	364	(8,736)	130	405	(7,837)
Lease liabilities	(39)	(265)	(47)	(35)	(386)
Derivative financial instruments					(117)
Net debt					(8,340)

NOTES TO THE FINANCIAL STATEMENTS *continued*

£ million	2023				
	GBP	EUR	USD	Other	Total
Cash and cash equivalents	177	405	324	439	1,345
Total borrowings	(1,631)	(3,417)	(4,319)	(14)	(9,381)
	(1,454)	(3,012)	(3,995)	425	(8,036)
Effect of cross-currency swaps	1,576	(6,016)	4,323	–	(117)
	122	(9,028)	328	425	(8,153)
Lease liabilities	(43)	(247)	(26)	(33)	(349)
Derivative financial instruments					64
Net debt					(8,438)

32. RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET DEBT

£ million	2024	2023
Decrease in cash and cash equivalents	(203)	(349)
Cash flows relating to derivative financial instruments	34	64
Repayment of lease liabilities	107	92
Increase in borrowings	(3,848)	(1,462)
Repayment of borrowings	3,948	1,518
Change in net debt resulting from cash flows	38	(137)
Other non-cash movements including revaluation of derivative financial instruments	(105)	108
Lease liabilities	(144)	(190)
Exchange movements	309	273
Movement in net debt during the year	98	54
Opening net debt	(8,438)	(8,492)
Closing net debt	(8,340)	(8,438)

The increase in borrowings and repayment of borrowings reflect the cash flow movements relating to borrowings outstanding at the start and at the end of each financial year; cash flows relating to short-term borrowings drawn down and repaid within the year are not included in this analysis.

33. NON-CONTROLLING INTERESTS

Material non-controlling interests

Detailed below is the summarised financial information of Logista, being a subsidiary where the non-controlling interest of 49.99% is considered material to the Group.

Summarised balance sheet
at 30 September

Euro million	2024	2023
Current assets	6,290	6,246
Current liabilities	(6,990)	(6,983)
Current net liabilities	(700)	(737)
Non-current assets	1,790	1,816
Non-current liabilities	(449)	(482)
Non-current net assets	1,341	1,334
Net assets	641	597

Summarised statement of comprehensive income
for the year ended 30 September

Euro million	2024	2023
Revenue	12,986	12,428
Profit for the year	308	274
Other comprehensive income	–	3
Total comprehensive income	308	277

Summarised cash flow statement
for the year ended 30 September

Euro million	2024	2023
Cash flows from operating activities	397	308
Cash flows from investing activities	(51)	(83)
Cash flows from financing activities	(370)	(250)
Net decrease in cash and cash equivalents	(24)	(25)

34. POST BALANCE SHEET EVENTS

Share buybacks

On 5 October 2023 Imperial Brands PLC (‘the Company’) announced a share buyback programme to repurchase up to £1.1 billion of shares. This programme completed on 29 October 2024 with the Company having repurchased 4,010,463 million shares for a total consideration of £90 million in the period from 1 October 2024 to 29 October 2024.

On 8 October 2024 Imperial Brands PLC (“the Company”) announced the start of a new ongoing share buyback programme, to initially repurchase up to £1.25 billion of shares in the period to 29 October 2025. On 30 October 2024, in order to execute the first tranche of this buyback, the Company announced it had had entered into an irrevocable and non-discretionary arrangement with its broker Morgan Stanley & Co. International Plc to buy back up to £625 million of its shares commencing from 30 October 2024 and expected to end no later than 29 April 2025.

35. RELATED UNDERTAKINGS

In accordance with Section 409 of the Companies Act 2006 a full list of subsidiaries, partnerships, associates, and joint ventures, the principal activity, the full registered address and the effective percentage of equity owned by Imperial Brands PLC, as at 30 September 2024, are provided in the entity financial statements of Imperial Brands PLC. There are no material related parties other than Group companies.

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	2024	2023
£ million		
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

£ million	2024			2023		
	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			2023		
	Tobacco	NGP	Total	Tobacco	NGP	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

	2024		2023	
	Earnings per share (pence)	Earnings	Earnings per share (pence)	Earnings
£ million unless otherwise indicated				
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.

	2024	2023	2022
	£ million unless otherwise stated		
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 ₂ E	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

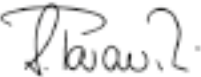
Other continued	
PG&S	Purchased Goods and Services
PGS Committee	People, Governance and Sustainability Committee
PPE	Personal Protective Equipment
Priority markets	Top 5 combustible markets USA, Germany, UK, Spain and Australia
PSHG	Product Stewardship and Health Group
RECs	Renewable Energy Certificates
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

IMPERIAL BRANDS PLC BALANCE SHEET

at 30 September 2024

£ million	Notes	2024	2023
Fixed assets			
Investments	iii	7,968	7,968
Current assets			
Debtors	iv	1,929	2,597
Creditors: amounts falling due within one year			
	v	(189)	(74)
Net current assets		1,740	2,523
Net assets		9,708	10,491
Capital and reserves			
Called up share capital	vi	91	97
Capital redemption reserve		16	10
Share premium account		5,833	5,833
Retained earnings - brought forward		4,551	6,733
Retained earnings - profit for the year		1,616	136
Retained earnings - share options reserve		14	-
Retained earnings - dividends paid		(1,299)	(1,312)
Retained earnings - repurchase of shares		(1,114)	(1,006)
Total shareholders' funds		9,708	10,491

As permitted by section 408(3) of the Companies Act 2006, the profit and loss account of the Company is not presented. The profit attributable to shareholders, dealt with in the financial statements of the Company, is £1,616 million (2023: £136 million).
The financial statements on pages 213 to 229 were approved by the Board of Directors on 18 November 2024 and signed on its behalf by:



Lukas Paravicini
Director

IMPERIAL BRANDS PLC STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2024

£ million	Share capital	Share premium and capital redemption	Retained earnings	Total equity
At 1 October 2023	97	5,843	4,551	10,491
Profit for the year	-	-	1,616	1,616
Total comprehensive income	-	-	1,616	1,616
Transactions with owners				
Share options reserve	-	-	14	14
Repurchase of shares	(6)	6	(1,114)	(1,114)
Dividends paid	-	-	(1,299)	(1,299)
At 30 September 2024	91	5,849	3,768	9,708

At 1 October 2022	103	5,837	6,733	12,673
Profit for the year	-	-	136	136
Total comprehensive income	-	-	136	136
Transactions with owners				
Repurchase of shares	(6)	6	(1,006)	(1,006)
Dividends paid	-	-	(1,312)	(1,312)
At 30 September 2023	97	5,843	4,551	10,491

Total distributable reserves were £3,754 million (2023: £4,537 million).

NOTES TO THE FINANCIAL STATEMENTS OF IMPERIAL BRANDS PLC

I. ACCOUNTING POLICIES

Basis of preparation and statement of compliance with FRS 101

Imperial Brands PLC (the Company) is the ultimate parent company within the Imperial Brands group of companies (the Group). The Company is a public company limited by shares, incorporated in England and Wales and its principal activity continued to be that of holding investments. The Company's registered number is 3236483 and its registered address is 121 Winterstoke Road, Bristol, BS3 2LL. The average number of employees (all Directors and Senior Management) during the financial year was seven. The Directors of the Group manage the Group's risks at a Group level, rather than at an individual entity level. These risks are detailed in note 2 Accounting Estimates and Judgements of the Group's financial statements.

These financial statements were prepared in accordance with the Companies Act 2006 as applicable to Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101), and applicable accounting standards.

The financial statements have been prepared on the historical cost basis, and as a going concern. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

As permitted by section 408(3) of the Companies Act 2006, no separate profit and loss account has been presented for the Company.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available in the preparation of the financial statements, as detailed below:

- Paragraph 38 of IAS 1 'Presentation of financial statements' - comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1 'Presentation of financial statements':
 - (i) 10(d) - statement of cash flows;
 - (ii) 10(f) - a statement of financial position as at the beginning of the preceding period when an entity applied an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements;
 - (iii) 16 - statement of compliance with all IFRS;
 - (iv) 38A - requirement for minimum of two primary statements, including cash flow statements;
 - (v) 38B-D - additional comparative information;
 - (vi) 40A-D - requirements for a third statement of financial position;
 - (vii) 111 - cash flow information; and
 - (viii) 134-136 - capital management disclosures;
- IAS 7 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting Policies, changes in accounting estimates and errors' - requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective;
- Paragraph 17 of IAS 24 'Related party disclosures' - key management compensation;
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group;
- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based Payment';
- IFRS 7 'Financial Instruments: Disclosures'; and
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' - disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities.

The material accounting policies, which have been applied consistently are set out below. The Directors do not consider there to be any critical accounting estimates or judgements in respect of the Company; see note 2 Accounting Estimates and Judgements of the consolidated financial statements for further detail.

Investments

Investments held as fixed assets comprise the Company's investment in subsidiaries and are shown at historic purchase cost less any provision for impairment. An annual review of investments is performed for indicators of impairment. If indicators of impairment are identified investments are tested for impairment to ensure that the carrying value of the investment is supported by their recoverable amount.

Dividends

Final dividends are recognised as a liability in the period in which the dividends are approved by shareholders, whereas interim dividends are recognised in the period in which the dividends are paid. Dividends receivable are recognised as an asset when they are approved.

NOTES TO THE FINANCIAL STATEMENTS OF IMPERIAL BRANDS PLC *continued*

Financial instruments

Receivables held under a hold to collect business model are stated at amortised cost.

The calculation of impairment provisions is subject to an expected credit loss model, involving a prediction of future credit losses based on past loss patterns. The approach involves the recognition of provisions relating to potential future impairments, in addition to impairments that have already occurred. The expected credit loss approach involves modelling of historic loss rates, and consideration of the level of future credit risk. Expected loss rates are then applied to the gross receivables balance to calculate the impairment provision.

Treasury shares

When the Company purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity until the shares are reissued or disposed of. When such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, increases shareholders' funds. When such shares are cancelled they are transferred to the capital redemption reserve.

Income taxes

Judgement is involved in determining whether the Company is subject to a tax liability or not in line with tax law. Where liabilities exist, estimation is often required to determine the potential future tax payments. The Company recognises provisions for tax based on estimates of the taxes that are likely to become due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

New accounting standards

There have been no changes to accounting standards that have significantly impacted the accounting or disclosures within the financial statements for the year ended 30 September 2024.

New accounting standards that are effective after the year ended 30 September 2024

There are a number of amendments and clarifications to IFRS, effective in future years and, with the exception of IFRS 18 - Presentation and Disclosure in Financial Statements, none of these are expected to significantly impact the Company's results or financial position.

IFRS 18 - Presentation and Disclosure in Financial Statements

This new accounting standard is effective for the year ended 30 September 2028 and will involve a change to the structure of the primary financial statements. This requires entities to classify income and expenses into five categories - operating, investing, financing, income tax and discontinued operations. In addition, certain 'non-GAAP' measures – alternative performance measures (APMs) – will now form part of the audited financial statements, and require mandatory definitions and reconciliation to GAAP measures. The Company is presently reviewing the impact of this standard which is expected to fundamentally change the structure of the presentation of the Income statement. As the Company does not present an Income Statement, the impact of the standard is not expected to be significant.

II. DIVIDENDS

Distributions to ordinary equity holders

	Pence per share			£ million		
	2024	2023	2022	2024	2023	2022
Cash:						
December	51.82	49.31	48.47	461	464	458
March	51.82	49.32	48.49	453	457	458
June	22.45	21.59	21.27	193	196	202
September	22.45	21.59	21.27	192	195	202
Total	148.54	141.81	139.50	1,299	1,312	1,320

The dividends note, which previously contained details of both paid and proposed distributions, has been reformatted. The table now aligns the paid dividends with the equivalent amount recorded as a payment to equity shareholders of the parent company shown within the Consolidated Statement of Changes in Equity. Details of proposed dividends are given in narrative form below. The change in the format of this note does not constitute a restatement within the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The declared third interim dividend for the year ended 30 September 2024 of 54.26 pence per share amounts to a proposed dividend of £459 million, which will be paid in December 2024. The proposed final dividend for the year ended 30 September 2024 of 54.26 pence per share amounts to a proposed dividend payment of £459 million in March 2025 based on the number of shares ranking for dividend at 30 September 2024, and is subject to shareholder approval. If approved, the total dividend paid in respect of 2024 will be £1,303 million (2023: £1,305 million). The dividend paid during 2024 is £1,299 million (2023: £1,312 million).

III. INVESTMENTS

Cost of shares in Imperial Tobacco Holdings (2007) limited

£ million	2024	2023
At 1 October	7,968	7,968
At 30 September	7,968	7,968

The Directors confirm that the carrying value of the investment is supported by the cash flows generated by the underlying assets. A list of the subsidiaries of the Company is shown in the section on Related Undertakings below.

IV. DEBTORS

£ million	2024	2023
Amounts owed from Group undertakings	1,929	2,597

Amounts owed from Group undertakings are unsecured, interest bearing, have no fixed date for repayment and are repayable on demand.

V. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

£ million	2024	2023
Amounts owed by Group undertakings	35	34
Bank overdrafts	2	2
Contracted liability for share buyback	90	–
Other creditors	62	38
	189	74

Amounts owed by Group undertakings are unsecured, interest bearing, have no fixed date for repayment and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS OF IMPERIAL BRANDS PLC *continued*

VI. CALLED UP SHARE CAPITAL

	2024		2023	
	Ordinary shares 10p each		Ordinary shares 10p each	
	Number	£ million	Number	£ million
Authorised, issued and fully paid:				
1 October	968,590,194	97	1,020,697,237	103
Shares cancelled	(54,087,312)	(6)	(52,107,043)	(6)
30 September	914,502,882	91	968,590,194	97

On 5 October 2023, the Board approved a £1,100 million share buyback programme in order to return capital to shareholders. The first tranche purchased 30,317,505 shares for a cost of £550 million. Upon completion of the purchase, these shares were cancelled and transferred to the capital redemption reserve. For the second tranche of the programme, the Group has entered into an irrevocable and non-discretionary arrangement to buy back shares up to £550 million. The second tranche commenced on 11 March 2024 and in the period to 30 September 2024 54,087,312 shares have been bought back and cancelled at a cost of £1,020 million. The stamp duty and other tax costs were £12 million and the fees charged for the share repurchase were £1 million. Upon completion of the purchase, these shares were cancelled and transferred to the capital redemption reserve. As at 30 September 2024, the Group has recognised a liability of £90 million for the remaining shares to be purchased.

For the year ended 30 September 2024 the amounts recognised in the share premium and capital redemption reserves were £5,833 million (2023: £5,833 million) and £16 million (2023: £10 million) respectively.

VII. RESERVES

Treasury shares

Subject to authorisation by special resolution, the Group may purchase its own shares in accordance with the Companies Act. Any shares which have been bought back may be held as treasury shares or, if not so held, must be cancelled immediately upon completion of the purchase, thereby reducing the amount of Group's issued share capital. Shares held in treasury do not qualify for dividends. Shares purchased under the share buyback programme initiated on 5 October 2023 will be cancelled immediately on completion of the purchase. During the financial year 2.0 million shares were gifted to Employee Share Ownership Trusts (2023: no movements).

	2024		2023	
	Millions of shares (number)	Value £	Millions of shares (number)	Value £
£ million unless otherwise indicated				
At 1 October	70.3	2,183	70.3	2,183
Gifted to Employee Share Ownership Trusts	(2.0)	–	–	–
At 30 September	68.3	2,183	70.3	2,183
Percentage of issued share capital	7.5	n/a	7.3	n/a

VIII. GUARANTEES

The Company provides guarantees to the following subsidiaries under section 479A of the Companies Act 2006, whereby the subsidiaries, incorporated in the UK, are exempt from the requirements of the Act relating to the audit of individual accounts for the financial year ending 30 September 2024:

- Imperial Tobacco Holdings (2007) Limited
- Imperial Tobacco Ventures Limited
- Rizla UK Limited
- Imperial Tobacco Overseas (Polska) Limited
- La Flor de Copan UK Limited
- Tabacalera de Garcia UK Limited
- Imperial Brands Ventures Limited
- Nerudia Consulting Limited
- Imperial Brands Ventures Finance Limited
- Imperial Brands Ventures Holdings (1) Limited
- Imperial Brands Ventures Holdings (2) Limited

The Company has guaranteed various committed and uncommitted borrowings facilities and liabilities of certain UK and overseas undertakings. As at 30 September 2024, the amount guaranteed is £13,791 million (2023: £14,138 million).

Many of the committed revolving credit facilities remain undrawn as at 30 September 2024 but the maximum potential exposure under each facility has been included due to the ongoing commitment; only drawn utilised balances have been included for facilities that are uncommitted in nature.

The Company has also provided a parent guarantee to the Imperial Tobacco Pension Trustees Ltd (including their £300 million revolving credit facility), the main UK pension scheme.

The Directors have assessed the fair value and expected credit loss of the above guarantees and do not consider them to be material. They have therefore not been recognised on the balance sheet.

IX. POST BALANCE SHEET EVENTS

Share buybacks

On 5 October 2023 Imperial Brands PLC ('the Company') announced a share buyback programme to repurchase up to £1.1 billion of shares. This programme completed on 29 October 2024 with the Company having repurchased 4,010,463 million shares for a total consideration of £90 million in the period from 1 October 2024 to 29 October 2024.

On 8 October 2024 Imperial Brands PLC ("the Company") announced the start of a new ongoing share buyback programme, to initially repurchase up to £1.25 billion of shares in the period to 29 October 2025. On 30 October 2024, in order to execute the first tranche of this buyback, the Company announced it had had entered into an irrevocable and non-discretionary arrangement with its broker Morgan Stanley & Co. International Plc to buy back up to £625 million of its shares commencing from 30 October 2024 and expected to end no later than 29 April 2025.

X. RELATED PARTY DISCLOSURES

Details of Directors' emoluments and interests are provided within the Directors' Remuneration Report. The Directors Remuneration Report includes details on salary, benefits, pension and share plans. These disclosures form part of the financial statements.

RELATED UNDERTAKINGS

In accordance with Section 409 of the Companies Act 2006 a full list of subsidiaries, partnerships, associates, and joint ventures, the principal activity, the country of incorporation and the effective percentage of equity owned, as at 30 September 2024 are disclosed below. With the exception of Imperial Tobacco Holdings (2007) Limited, which is wholly owned by the Company, none of the shares in the subsidiaries is held directly by the Company.

NOTES TO THE FINANCIAL STATEMENTS OF IMPERIAL BRANDS PLC *continued*

SUBSIDIARIES: REGISTERED IN ENGLAND AND WALES, WHOLLY OWNED

Name	Principal activity and registered address
Altadis NewCo Limited	Dormant 121 Winterstoke Road, Bristol, BS3 2LL, England
Attendfriend Limited	Dormant 121 Winterstoke Road, Bristol, BS3 2LL, England
British Tobacco Company Limited	Dormant 121 Winterstoke Road, Bristol, BS3 2LL, England
Congar International UK Limited	Dormant 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Brands Enterprise Finance Limited	Provision of treasury services to other Group companies 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Brands Finance PLC	Provision of treasury services to other Group companies 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Brands Ventures Finance Limited (v)	Provision of finance to other Group companies 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Brands Ventures Holdings Limited	Holding investments in subsidiary companies 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Brands Ventures Holdings (1) Limited	Holding investments in subsidiary companies 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Brands Ventures Holdings (2) Limited (xi)	Holding investments in subsidiary companies 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Brands Ventures Limited	Holding investments in subsidiary companies 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Investments Limited	Dormant 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Tobacco Altadis Limited	Dormant 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Tobacco Capital Assets (1)	Dormant 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Tobacco Capital Assets (2)	Dormant 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Tobacco Capital Assets (3)	Dormant 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Tobacco Capital Assets (4)	Dormant 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Tobacco Group Limited	Dormant 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Tobacco Holdings (1) Limited (iv)	Holding investments in subsidiary companies 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Tobacco Holdings (2007) Limited (iv)	Holding investments in subsidiary companies 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Tobacco Holdings Limited	Holding investments in subsidiary companies 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Tobacco Initiatives	Dormant 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Tobacco Lacroix Limited	Dormant 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Tobacco Limited	Manufacture, marketing and sale of tobacco products in the UK 121 Winterstoke Road, Bristol BS3 2LL England
Imperial Tobacco Overseas (Polska) Limited	Holding investments in subsidiary companies 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Tobacco Overseas Holdings (1) Limited (viii)	Holding investments in subsidiary companies 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Tobacco Overseas Holdings (2) Limited	Holding investments in subsidiary companies 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Tobacco Overseas Holdings (3) Limited	Dormant 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Tobacco Overseas Holdings (4) Limited	Holding investments in subsidiary companies 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Tobacco Overseas Holdings Limited	Holding investments in subsidiary companies 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Tobacco Overseas Limited (x)	Holding investments in subsidiary companies 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Tobacco Pension Trustees (Burlington House) Limited	Dormant 121 Winterstoke Road, Bristol, BS3 2LL, England

SUBSIDIARIES: REGISTERED IN ENGLAND AND WALES, WHOLLY OWNED *CONTINUED*

Name	Principal activity and registered address
Imperial Tobacco Pension Trustees Limited (iv)	Dormant 121 Winterstoke Road, Bristol, BS3 2LL, England
Imperial Tobacco Ventures Limited	Holding investments in subsidiary companies 121 Winterstoke Road, Bristol, BS3 2LL, England
ITG Brands Limited	Holding investments in subsidiary companies 121 Winterstoke Road, Bristol, BS3 2LL, England
Joseph & Henry Wilson Limited	Licensing rights for the manufacture and sale of tobacco products 121 Winterstoke Road, Bristol BS3 2LL England
Nerudia Limited	Research and development of e-vapour products 121 Winterstoke Road, Bristol, BS3 2LL, England
Nerudia Consulting Limited	Research and development of e-vapour products 121 Winterstoke Road, Bristol, BS3 2LL, England
La Flor de Copan UK Limited	Holding investments in subsidiary companies 121 Winterstoke Road, Bristol, BS3 2LL, England
Park Lane Tobacco Company Limited	Dormant 121 Winterstoke Road, Bristol, BS3 2LL, England
Rizla UK Limited	Entity ceased trading 121 Winterstoke Road, Bristol, BS3 2LL, England
Tabacalera de Garcia UK Limited	Holding investments in subsidiary companies 121 Winterstoke Road, Bristol, BS3 2LL, England

SUBSIDIARIES: INCORPORATED OVERSEAS, WHOLLY OWNED

Name	Country of incorporation	Principal activity and registered address
1213509 B.C. Limited	Canada	Holding investments in subsidiary companies Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC. V6C 2X8, Canada
Altadis Canarias S.A.U. (ii)	Spain	Marketing and sale of tobacco products in the Canary Islands C/Comandante Azcarraga 5, Madrid, 28016, Spain
Altadis Holdings USA Inc	United States of America	Holding investments in subsidiary companies 628 Green Valley Road, Suite 500, Greensboro, NC 27408, USA
Altadis Middle East FZCO	United Arab Emirates	Sales and marketing of tobacco products in the Middle East P.O. Box. No. 261718, Jebel Ali Free Zone, Dubai, 261718, United Arab Emirates
Altadis Ocean Indien S.A.S.	France (La Reunion Island)	Sales and distribution of tobacco products in La Reunion Island ZI n° 2 - BP 256 - 97457 Saint Pierre Cedex, La Reunion
Altadis S.A.U.	Spain	Manufacture, sales and distribution of tobacco products in Spain C/Comandante Azcarraga 5, Madrid 28016, Spain
Altadis Shade Company LLC	United States of America	Manufacture and sale of tobacco products in the USA 217 Shaker Road, Somers, CT, 06071, USA
Athena IP Vermögensverwaltungs GmbH	Germany	Davidoff cigarette trademark owner Behringstrasse 122 A, 22763, Hamburg
Cacique, SA - Comércio, Importação e Exportação	Brazil	Dormant Rua Marechal Deodoro, 690 - Centro Arapiraca, Alagoas, Brazil
Commonwealth Brands Inc	United States of America	Manufacture and sale of tobacco products in the USA 628 Green Valley Road, Suite 500, Greensboro, NC 27408, USA
Congar International Corp (Delaware)	United States of America	Manufacturing and distribution of mass market cigars Road 14, Km. 72.2, Ave. Antonio R. Barcelo, Cayey, DE, PR 00736, USA
Connecticut Shade Corporation	United States of America	Holding investments in subsidiary companies 628 Green Valley Road, Suite 500, Greensboro, NC 27408, USA
Consolidated Cigar Holdings Inc (vii)	United States of America	Holding investments in subsidiary companies 628 Green Valley Road, Suite 500, Greensboro, NC 27408, USA
Coralma International S.A.S.	France	Holding investments in subsidiary companies 122 Avenue Charles de Gaulle, Neuilly sur Seine, 92200, France
Dunkerquoise des Blends S.A.S.	France	Tobacco processing 122 Avenue Charles de Gaulle, Neuilly sur Seine, 92200, France
Ets L Lacroix Fils NV/SA	Belgium	Manufacture and sale of tobacco products in Belgium Sint-Bavostraat 66, 2610 Wilrijk, Belgium
Fontem (Beijing) Technology Solutions Limited (i)	People's Republic of China	Research and development Room 201, Floor 2, Building 6, Yuan Dong science and technology park, 6 Hepingli North Street, Dong Cheng District, Beijing, 100013, China
Fontem Canada Limited	Canada	Import and distribution of tobacco and tobacco related products in Canada C/O BDO Canada LLP, 6940 Mumford Road, Suite 510, Halifax, NS, B3L 0B&, Canada
Fontem US LLC	United States of America	Sales and marketing of tobacco products in the US 628 Green Valley Road, Suite 500, Greensboro, NC 27408, USA
Fontem Ventures B.V.	The Netherlands	Holding investments in subsidiary companies Radarweg 60, Amsterdam, 1043 NT, The Netherlands

NOTES TO THE FINANCIAL STATEMENTS OF IMPERIAL BRANDS PLC *continued*

SUBSIDIARIES: INCORPORATED OVERSEAS, WHOLLY OWNED *CONTINUED*

Name	Country of incorporation	Principal activity and registered address
Huotraco International Limited	Cambodia	Production and marketing of tobacco products No 299, Preah Ang Duong Street, Sangkat Wat Phnom, Khan Daunh Penh, Phnom Penh, Cambodia
Imperial Brands Bulgaria EOOD (i)	Bulgaria	Manufacture and sale of tobacco products in Bulgaria EN 1 Building, floor 8, 1 Atanas Dukov Str. 1407 Sofia, Bulgaria
Imperial Brands CR s.r.o.	Czech Republic	Sales and marketing of tobacco products in the Czech Republic Karla Engliše 3201/6, 15 00, Praha 5
Imperial Brands Finance Netherlands B.V.	The Netherlands	Provision of finance to other Group companies Slachtedijk 28a, 8501 ZA, Joure, Netherlands
Imperial Brands Finland Oy	Finland	Sales and marketing of tobacco products in Finland Auriga Business Center, Juhana Herttuan Puistokatu 21, 20100 Turku
Imperial Brands Global Duty Free & Export S.L.	Spain	Sale and export of duty-free tobacco products C/Comandaute Azcarraga 5, Madrid 28016, Spain
Imperial Brands Hellas S.A.	Greece	Sales and marketing of tobacco products in Greece 300 Klisthenous Str, 15344 Gerakas, Attikis, Athens, Greece
Imperial Brands Holdings International B.V.	The Netherlands	Provision of finance to other Group companies Slachtedijk 28a, 8501 ZA, Joure, Netherlands
Imperial Brands Italia S.r.l.	Italy	Sales and marketing of tobacco products in Italy Via Luca Passi 22, Roma, 00166, Italy
Imperial Brands Japan G.K (v)	Japan	Sales and marketing of tobacco products in Japan Shiodome Shibarikyu Building 21, 1-2-3 Kaigan Minato-ku, Tokyo, Japan
Imperial Brands La Romana	Dominican Republic	Manufacture of cigars in the Dominican Republic Industrial Free Zone #1, La Romana, Domincan Republic
Imperial Brands Luxembourg sarl	Luxembourg	Sale of tobacco products in Luxembourg 56 Rue Charles Martel, L-2134, Luxembourg
Imperial Brands Malta Limited	Malta	Provision of finance to other Group companies Office 3, AX Business Centre, Ground Floor, Triq id-Difiza Civili Mosta, MST 1741, Malta
Imperial Brands Norway A.S.	Norway	Sales and marketing of tobacco products in Norway Ryensvingen 2-4, 0680, Oslo, Norway
Imperial Brands Portugal, Sociedade Unipessoal Lda	Portugal	Advertising and support management 144, 7 DT, Avenida da Liberdade, Lisbon, Portugal
Imperial Brands Services Polska spolka z o.o	Poland	Central Manufacturing and Central Supply Chain Jankowice, Przemyslowa 1, 62-080 Tarnowo Padgorne, Poland
Imperial Brands Ventures LLC	United States of America	Holding investments in subsidiary companies 251 Little Falls Drive, Wilmington, DE 19808 USA
Imperial Finance Ireland Limited	Ireland	Provision of finance to other Group companies 21 Beckett Way, Park West, Nangor Road, Dublin, 12, Ireland
Imperial Finance Malta Ltd	Malta	Provision of finance to other Group companies Office 3, AX Business Centre, Ground Floor, Triq id-Difiza Civili Mosta, MST 1741, Malta
Imperial Tobacco (Asia) Pte. Ltd	Singapore	Trading of tobacco-related products 9 Raffles Place, #26-01 Repulic Plaza, Singapore, 048619
Imperial Tobacco Australia Limited	Australia	Sales and marketing of tobacco products in Australia John Player Special House, Level 4, 4-8 Inglewood Place, Norwest, NSW 2153, Australia
Imperial Tobacco Austria Marketing Service GmbH	Austria	Marketing of tobacco products in Austria Zieglergasse 6, A-1070 Vienna, Austria
Imperial Tobacco BH doo (i)	Bosnia-Herzegovina	Marketing and distribution of tobacco products in Bosnia Adema Buce, Sarajevo, 71000, Bosnia & Herzegovina
Imperial Tobacco Distribution Romania srl	Romania	Marketing and distribution of tobacco products in Romania Nicolae Canea Street no. 140-160, EOS Business Park, 1st Floor North, 2nd District, Bucharest, Romania
Imperial Tobacco EFKA Management GmbH	Germany	Manufacture of tobacco products in Germany Behringstrasse 122 A, 22763, Hamburg
Imperial Tobacco España, S.L.U.	Spain	Holding investments in subsidiary companies C/Comandaute Azcarraga 5, Madrid 28016, Spain
Imperial Tobacco Estonia OÜ	Estonia	Dormant Veskiposti 2, 10138 Tallinn, Tallinn , Estonia
Imperial Tobacco Holdings International B.V.	The Netherlands	Provision of finance to other Group companies Slachtedijk 28a, 8501 ZA, Joure, Netherlands
Imperial Tobacco Intellectual Property Limited	Ireland	Ownership of trademarks 21, Beckett Way, Park West, Nangor Road, Dublin, 12, Ireland

SUBSIDIARIES: INCORPORATED OVERSEAS, WHOLLY OWNED *CONTINUED*

Name	Country of incorporation	Principal activity and registered address
Imperial Tobacco International GmbH	Germany	Export and marketing of tobacco products Behringstrasse 122 A, 22763, Hamburg
Imperial Tobacco Ireland Unlimited Company (v)	Ireland	Dormant 6th Floor, 2 Grand Canal Square, Dublin 2, Ireland
Imperial Tobacco Italy S.r.l.	Italy	Holding investments in subsidiary companies Via Luca Passi 22, Roma, 00166, Italy
Imperial Tobacco Kyrgyzstan LLC (i)	Kyrgyzstan	Marketing and distribution of tobacco products in Kyrgyzstan 115, Ibraimov Street, 10th Floor, Business Center 'Asyl-Tash', Bishkek, 720021, Kyrgyzstan
Imperial Tobacco La Romana S.A.S.	France	Manufacture of cigars in the Dominican Republic 320, Rue Saint-Honore, Paris, 75001, France
Imperial Tobacco Magyarország Dohányforgalmazó Kft (Imperial Tobacco Hungary)	Hungary	Sales and marketing of tobacco products in Hungary Váci út 141, 1138, Budapest, Hungary
Imperial Tobacco Management Luxembourg sarl	Luxembourg	Holding investments in subsidiary companies 56 Rue Charles Martel, L-2134, Luxembourg
Imperial Tobacco Marketing Sdn Bhd	Malaysia	Trading of tobacco products (in liquidation) 12th Floor Menara Symphony, No 5 Jalan Prof, Khoo Kay Kim, Seksyey, 46200 Petaling Jaya, Selangor, Malaysia
Imperial Tobacco New Zealand Limited	New Zealand	Manufacture and sale of tobacco products in New Zealand Level 24, 157 Lambton Quay, Wellington Central, Wellington 6011, New Zealand
Imperial Tobacco Polska Manufacturing S.A.	Poland	Manufacture of tobacco products in Poland Ul. Tytoniowa 2/6, Radom, 26-600, Poland
Imperial Tobacco Polska S.A.	Poland	Manufacture and sale of tobacco products in Poland Jankowice, ul. Przemyslowa 1, Pl-62-080, Tarnowo-Podgorne, Poland
Imperial Tobacco Production Ukraine (i)	Ukraine	Manufacture of tobacco products in Ukraine ul. Akademika Zabolotnogo, 35, 03026, Kiev, Ukraine
Imperial Tobacco SCG doo Beograd (i)	Serbia	Marketing and distribution of tobacco products in Serbia Milutina Milankovica 11a, Novi Beograd, Serbia
Imperial Tobacco Sigara ve Tutunculuck Sanayi Ve Ticaret A.S.	Turkey	Manufacture of tobacco products in Turkey Kecilikoy OSB, Mah Ahmet Tutuncuoglu Cad. No.11, 45030 Yunusemre, Manisa, Turkey
Imperial Tobacco Slovakia A.S.	Slovak Republic	Sales and marketing of tobacco products in the Slovak Republic 7A Galvaniho, 824 53 Bratislava, Slovakia
Imperial Tobacco Taiwan Co. Limited	Taiwan	Sales and marketing of tobacco products in Taiwan 6F1-2 No.2 Sec. 3, Minsheng E road, Zhongshen District, Taipei, Taiwan, Province of China
Imperial Tobacco Taiwan Manufacturing Company Limited	Taiwan	Manufacture of tobacco products in Taiwan No 8 Cyunyi Road, Jhunan, MiaoLi County 350, Taiwan Province of China
Imperial Tobacco Tutun Urunleri Satis Ve Pazarlama A.S.	Turkey	Sales and marketing of tobacco products in Turkey Kecilikoy OSB, Mah Ahmet Tutuncuoglu Cad. No.11, 45030 Yunusemre, Manisa, Turkey
Imperial Tobacco Ukraine (i)	Ukraine	Sales and marketing of tobacco products in Ukraine ul. Akademika Zabolotnogo, 35, 03026, Kiev, Ukraine
Imperial Tobacco US Holdings BV	The Netherlands	Holding investments in subsidiary companies 121, Winterstoke Road, Bristol, BS3 2LL
Imperial Tobacco West Africa S.A.S. (i)	Cote D'Ivoire	Holding investments in subsidiary companies Cocody-Nord, Quartier Gendarmerie, TF 5937, 01 B.P. 724 Abidjan
Imperial Tobacco Zagreb doo (i)	Croatia	Dormant (in liquidation) JuliJa KniefEra 7, HR-100, Croatia
IMPTOB South Africa (Pty) Limited	South Africa	Provision of services to other Group companies 5 Sandwood Hills, Dunkirk Estate, Zimbali, South Africa
ITG Brands Holdco LLC	United States of America	Holding investments in subsidiary companies 628 Green Valley Road, Suite 500, Greensboro, NC 27408, USA
ITG Brands LLC	United States of America	Marketing and distribution of tobacco products in the USA 628 Green Valley Road, Suite 500, Greensboro, NC 27408, USA
ITG Cigars Inc	United States of America	Manufacture and sale of cigars in the USA 628 Green Valley Road, Suite 500, Greensboro, NC 27408, USA
ITG Holdings USA Inc (ix)	United States of America	Holding investments in subsidiary companies 628 Green Valley Road, Suite 500, Greensboro, NC 27408, USA
ITL Pacific (HK) Limited	Hong Kong	Manufacture and sale of tobacco and tobacco related products Room 3905-06, 39th Floor, Hopewell Centre, 183 Queens Road East, Wanchai, Hong Kong
Imperial Ventures Malta Limited	Malta	Provision of finance to other Group companies Office 3, AX Business Centre, Ground Floor, Triq id-Difiza Civili Mosta, MST 1741, Malta

NOTES TO THE FINANCIAL STATEMENTS OF IMPERIAL BRANDS PLC *continued*

SUBSIDIARIES: INCORPORATED OVERSEAS, WHOLLY OWNED *CONTINUED*

Name	Country of incorporation	Principal activity and registered address
JAW-Invest Oy	Finland	Trademark owner Auriga Business Center, Juhana Herttuan puistokatu 21, 20100 Turku, Finland
John Player & Sons Limited	Ireland	Sales and marketing of tobacco products in the Republic of Ireland 21, Beckett Way, Park West, Nangor Road, Dublin, 12, Ireland
JSNM SARL	France	Trademark owner 122 Avenue Charles de Gaulle, Neuilly sur Seine, 92200, France
MYBLU Spain S.L.	Spain	Marketing and sale of e-vapour products in Spain CR. Robledo de Chavela, S/N. San Lorenzo del Escorial, Madrid, 28200, Spain
Millennium Tobacco Unlimited Company	Ireland	Provision of finance to other Group companies 21, Beckett Way, Park West, Nangor Road, Dublin, 12, Ireland
Newglade International Unlimited Company	Ireland	Dormant 6th Floor, 2 Grand Canal Square, Dublin 2, Ireland
Petone Vapes Limited	New Zealand	Non-trading Russell McVeagh, Level 24, 157 Lambton Quay, Wellington Central, Wellington, 6011, New Zealand
Philippine Bobbin Corporation	Philippines	Manufacture of tobacco-related products Cavite Economic Zone, Phase II, Rosario, Cavite, Philippines
Real Club de Golf la Herrería S.A.	Spain	Management of golf course CR. Robledo de Chavela, S/N. San Lorenzo del Escorial, Madrid, 28200, Spain
Reemtsma Cigarettenfabriken GmbH	Germany	Manufacture and sale of tobacco products in Germany Behringstrasse 122 A, 22763 Hamburg, Germany
Skruf Snus AB	Sweden	Manufacture, marketing, sales of tobacco products in Sweden PO Box 3068, Stockholm, SE-103 61, Sweden
Société Centrafricaine de Cigarettes S.A. (i)	Central African Republic	Manufacture and distribution of cigarettes in Central African Republic Rue David Dacko, BP 1446, Bangui, Central African Republic
Société Centrafricaine de Distribution Sarl (i)	Central African Republic	Dormant Avenue Boganda Pk4, Bangui, Central African Republic
Société du Mont Nimba Sarl (i)	Guinee Conakry	In liquidation BP 3391, Conakry, Guinea
Société Nationale d'Exploitation Industrielle des Tabacs et Allumettes S.A.S.	France	Manufacture and sale of tobacco products in France, and export of tobacco products 200-216 rue Raymond Losserand, Paris, 75014, France
Société pour le Développement du Tabac en Afrique S.A.S.	France	Purchasing company 122 Avenue Charles de Gaulle, Neuilly sur Seine, 92200, France
System Designed to Africa Sarl	Morocco	Distribution of tobacco products Km 17, Route national de Rabat, Ain Harrouda, Morocco
Tabacalera de Garcia Limited	Bermuda	Holding investments in subsidiary companies Claredon House, 2 Church Street, Hamilton, HM 11 Bermuda
Tahiti Tabacs SASU	France, Papeete (Tahiti)	Distribution of tobacco products in Denmark and Greenland PK 4, 300 Côte mer, 98701 Arue, BP 20692 Papeete, French Polynesia
Tobaccor S.A.S. (v)	France	Holding investments in subsidiary companies 122 Avenue Charles de Gaulle, Neuilly sur Seine, 92200, France
Tobačna 3DVA, trgovsko podjetje, d.o.o.	Slovenia	Retail of products in Slovenia Cesta 24., junija 90, SI 1231 Ljubljana - Črnuče, Slovenia
Tobačna Grosist d.o.o.	Slovenia	Marketing and distribution in Slovenia Cesta 24., junija 90, SI 1231 Ljubljana - Črnuče, Slovenia
Tobačna Ljubljana d.o.o. (v)	Slovenia	Sales and marketing tobacco products in Slovenia Cesta 24., junija 90, SI 1231 Ljubljana - Črnuče, Slovenia
Van Nelle Tabak Nederland B.V. (x)	The Netherlands	Manufacture and sale of tobacco products in the Netherlands Slachtedijk 28a, 8501 ZA, Joure, Netherlands
Van Nelle Tobacco International Holdings B.V.	The Netherlands	Sale of tobacco and tobacco-related products Slachtedijk 28a, 8501 ZA, Joure, Netherlands
Von Erl. Gmbh (i)	Austria	Sale of e-vapour products in the US and Europe Hegelgasse 13/26, 1010 Vienna, Austria

SUBSIDIARIES: INCORPORATED OVERSEAS, PARTLY OWNED

Name	Country of incorporation	Principal activity and registered address	Percentage owned
3 For One, SA	Belgium	Holding Company Avenue Hermann-Debroux 54. 1160 Anderghem (Belgium)	50.0
24 Hours B.V	The Netherlands	Courier Express Sector Wijkmeerstraat 31, 2131 HB, Hoofddorp, The Netherlands	50.0
Albacetrans, S.L.U	Spain	Freight forwarding company Poligono Industrial Campollano, Avenida Sexta, 0.02007 Albacete, Spain	50.0
Belgium Parcels Service, Srl	Belgium	Specialist in the urgent distribution of pharmaceutical product in Belgium and Luxembourg Avenue Hermann-Debroux 54. 1160 Anderghem (Belgium)	50.0
Be To Be Pharma, S.L.U.	Spain	Distribution of pharmaceuticals C/ Trigo, 39 - Polígono Industrial Polvoranca, Leganés, Madrid, 28914, Spain	50.0
Carbo Collbatalle, S.L.U.	Spain	Transportation of food at a controlled temperature Zona Franca, Sector E, Calle L, No 6-8. 08040 Barcelona, Spain	50.0
CDIL - Companhia de Distribuicao Integral Logista Portugal, SA.	Portugal	Marketing and sale of tobacco and other products, and payment services in Portugal Edificio Logista, Rua do Vale da Fote Coberta, 153 E 167, 2890-182, Alcochete, Portugal	50.0
Compagnie Agricole et Industrielle des Tabacs Africains S.A.S.	France	Management company 143 bd Romain Rolland, Cedex 14, Paris, 75685, France	99.9
Compagnie Réunionnaise des Tabacs S.A.S.	France, St Pierre (La Reunion Island)	Manufacture of cigarettes ZI n° 2 - BP 256 - 97457 Saint Pierre Cedex, La Reunion	98.9
Compañía de Distribución Integral de Publicaciones Logista S.L.U. (iv)	Spain	Distribution of published materials and other products Avenida de Europa No.2, Edificio Alcor Plaza/Ala Este Planta 4a - Modulo 3, Alcorcor, Madrid, 28922, Spain	50.0
Compañía de Distribución Integral Logista Polska, sp. Z o.o.	Poland	Distribution of tobacco products in Poland Avenida Jerozolimskie 96 - 7ª Planta, Edificio Equator II 133/131, 02-304 Varsaw, Poland	50.0
Compañía de Distribución Integral Logista S.A.U.	Spain	Distribution of tobacco products in Spain C/ Trigo, 39 - Polígono Industrial Polvoranca, Leganés, Madrid, 28914, Spain	50.0
Distribuidora Valenciana de Ediciones S.A.U.	Spain	Distribution of published materials and other products in Valencia Pedrapiquers 5, Poligono Industrial Vara de Quart, Valencia, 46014, Spain	50.0
Dronas 2002, S.L.U.	Spain	Industrial parcel and express delivery service Energía, 25-29, Poligono Industrial Nordeste, Sant Andreu de la Barca, Barcelona, 08740, Spain	50.0
German-Ex B.V.	The Netherlands	Courier Express Sector Wijkmeerstraat 31, 2131 HB, Hoofddorp, The Netherlands	50.0
Herinvemol, S.L.	Spain	Freight forwarding company Carretera De Madrid, KM. 276. 30500 Molina De Segura (Murcia), Spain	50.0
Imperial Tobacco TKS a.d. (i)	Macedonia	Manufacture, marketing and distribution of tobacco products in Macedonia ul 11, Oktomvri 125, P O Box 37, 1000 Skopje, Macedonia	99.1
Imperial Tobacco TKS a.d. - Dege Kosove	Kosovo	Manufacture, marketing and distribution of tobacco products in Kosovo Rrafshi i Kosoves, Nr. 80 (Magjistralja M2: Prishtine-Shkup, km i 2-te Vetermik) Prishtine, Republic of Kosovo	99.1
Imprimerie Industrielle Ivoirienne SA (i)	Cote D'Ivoire	Printing company Zone Industrielle du Banco, Lots No 147-149-150, 01 BP 4124, Yopougon/Abdjan, Cote d'Ivoire	78.8
Innoreste, S.L.U.	Spain	Freight forwarding company Carretera De Madrid-Cartegena, KM. 376. 30500 Molina de Segura (Murcia), Spain	50.0

NOTES TO THE FINANCIAL STATEMENTS OF IMPERIAL BRANDS PLC *continued*

SUBSIDIARIES: INCORPORATED OVERSEAS, PARTLY OWNED *CONTINUED*

Name	Country of incorporation	Principal activity and registered address	Percentage owned
La Mancha 2000, S.A., Sociedad Unipersonal	Spain	Distribution services Trigo 39, Poligno Industrial Polvoranca - 28914 Leganes, Madrid, Spain	50.0
Logesta Deutschland Gmbh, Sociedad Unipersonal	Germany	Long haul transportation in Germany Pilotstrasse, 4, 80538 München, Germany	50.0
Logesta Lusa LDA	Portugal	Long haul transportation in Portugal Edificio Logista, Rua do Vale da Fonte Coberta, 153 E 167, 2890-182 Alcochete, Portugal	50.0
Logista France Holding S.A.	France	Holding investments in subsidiary companies Immeuble Le Bristol, 27 Avenue des Murs du Parc, 94300 Vincennes, France	50.0
Logista France S.A.S.	France	Holding investments in subsidiary companies Immeuble Le Bristol, 27 Avenue des Murs du Parc, 94300 Vincennes, France	50.0
Logesta Freight France Sarl	France	Long haul transportation in France Immeuble Le Bristol, 27 Avenue des Murs du Parc, 94300 Vincennes, France	50.0
Logista Freight Italia S.R.L.	Italy	Long haul transportation in Italy Via Valadier, 37 - 00193 Roma, Italy	50.0
Logista Freight Polska S.r.l.	Poland	Long haul transportation in Poland Av. Jerozolimskie 96 - 7ª Planta Edificio Equator II, Varsovia, Poland	50.0
Logista Freight, S.A.U	Spain	Long haul transportation services in Spain C/ Trigo, 39 - Polígono Industrial Polvoranca, Leganés, Madrid, 28914, Spain	50.0
Logistica Integral, S.A. (iii)	Spain	Holding investments in subsidiary companies C/ Trigo, 39 - Polígono Industrial Polvoranca, Leganés, Madrid, 28914, Spain	50.0
Logista Italia Spa	Italy	Long haul transportation in Italy Via Valadier, 37 - 00193 Roma, Italy	50.0
Logista Payments, S.L.U.	Spain	Provision of financial services C/ Trigo, 39 - Polígono Industrial Polvoranca, Leganés, Madrid, 28914, Spain	50.0
Logista Pharma Canarias, S.A.U.	Spain	Pharmaceutical products logistics in Canary Islands C/ Entrerios Nave 3; Las Palmas de Gran Canaria, 35600, Spain	50.0
Logista Pharma Italia, S.r.l.	Italy	The logistics, storage and distribution throughout the Italian territory of pharmaceutical, cosmetics and sanitary products Via Valadier, 37 - 00193 Roma, Italy	50.0
Logista Pharma S.A.U.	Spain	Distribution of pharmaceuticals C/ Trigo Núm. 39 - Polígono Industrial Polvoranca, Leganés, Madrid, 28914, Spain	50.0
Logista Promotion et Transport S.A.S.	France	Marketing and distribution of tobacco products in France Immeuble Le Bristol, 27 Avenue des Murs du Parc, 94300 Vincennes, France	50.0
Logista Regional de Publicaciones, S.A.U.	Spain	Marketing, distribution and sale to points of sale in Spain. Avenida de Europa No.2, Edificio Alcor Plaza/Ala Este Planta 4a - Modulo 3, Alcorcor, Madrid, 28922, Spain	50.0
Logista Retail France S.A.S.	France	Long haul transportation in France Immeuble Le Bristol, 27 Avenue des Murs du Parc, 94300 Vincennes, France	50.0
Logista Retail Italia S.P.A	Italy	Wholesale to tobacconists in Italy Via Valadier, 37 - 00193 Roma, Italy	50.0
Logista Retail S.A.U	Spain	Sale of tobacco products in Spain C/ Trigo, 39 - Polígono Industrial Polvoranca, Leganés, Madrid, 28914, Spain	50.0
Logista Strator, SLU	Spain	Distribution of POS software C/ Trigo, 39 - Polígono Industrial Polvoranca, Leganés, Madrid, 28914, Spain	50.0
Logista Transport Europe B.V.	The Netherlands	Holding company Wijkemeerstaat 31. 2131 HB, Hoofddorp, The Netherlands	50.0
Logista, Transportes, Transitários e Pharma, Lda.	Portugal	Industrial parcel delivery and pharmaceutical distribution in Portugal Edificio Logista, Rua do Vale da Fonte Coberta, 153 E 167, 2890-182 Alcochete, Portugal	50.0

SUBSIDIARIES: INCORPORATED OVERSEAS, PARTLY OWNED *CONTINUED*

Name	Country of incorporation	Principal activity and registered address	Percentage owned
MABUCIG Industries SA	Burkina Faso	Manufacture of cigarettes in Burkina Faso No 55, Rue 19.14, , B.P. 94, Kodení, - Bobo Dioulasso, Burkina Faso	72.7
MABUCIG SA (Manufacture Burkinabe de Cigarette)	Burkina Faso	Manufacture of cigarettes in Burkina Faso Zone Industrielle de Bobo-Dioulasso, Secteur No 19, Rue 19.14 No adressage 55, B.P. 94 - Bobo Dioulasso, Burkina Faso	72.7
Macotab S.A.S. (Manufacture Corse des Tabacs)	France, Bastia	Manufacture and sales of cigarettes Route Nationale 193, Furiani, 20600, France	99.9
Manufacture de Cigarettes du Tchad SA	Tchad	Manufacture and distribution of cigarettes in Chad 0502 rue 1039, Arrondissement 1, N'Djamena, Chad	95.0
Midsid – Sociedade Portuguesa de Distribuição, S.A.U	Portugal	Wholesale of tobacco and other products Edifício Logista, Pracetta do Vale Da Fonte, Coberta 153/167, Freguesia de Alcochete, Portugal	50.0
Mosca China Logistics Ltd	China	Freight forwarding company 603, no.32 Hong Kong Road, Nanfang district, Qingdao City	50.0
Mosca Italia, Srl	Italy	Transport activities Via Roma 2, Cap. 16121, Rome, Italy	50.0
Mosca Maritimo Baleares, S.L.	Spain	Freight forwarding company Carretera De Madrid, S/N. 30500 Molina de Segura (Murcia), Spain	50.0
Mosca Maritimo , S.L.U.	Spain	Freight forwarding company Carretera De Madrid, S/N. 30500 Molina de Segura (Murcia), Spain	50.0
Mosca Portugal, Lda	Portugal	Freight forwarding company Santa Iria, Na Avenida Casal SA Serra No 9	50.0
MTOA SA (i)	Senegal	Manufacture and sales of cigarettes in Senegal Km 2-5 Bld du Centenaire de la commune de Dakar, Dakar, Senegal	98.3
Ordimur, SLU	Spain	Freight forwarding company Calle Argentina, Margen Izquierda, Poligono Industrial La Serreta, 30500 Molina de Segura, Murcia	50.0
Publicaciones y Libros SA	Spain	Publishing company Avenida de Europa No.2, Edificio Alcor Plaza/Ala Este Planta 4a - Modulo 3, Alcorcor, Madrid, 28922, Spain	50.0
Reemtsma Kyrgyzstan OJSC (i)	Kyrgyzstan	In liquidation 115, Ibraimov Str., 10th Floor, Business Center "Asyl-Tash", Bishkek, Kyrgyzstan	99.7
S3T Pte Ltd (i)	Singapore	Holding investments in subsidiary companies 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619	51.0
SACIMEM SA (i)	Madagascar	Manufacture of cigarettes in Madagascar 110 Antsirabe - Madagascar, Route d'Ambositra, BP 128, Madagascar	65.4
SGEL Libros, S.L.U.	Spain	Edition and distribution of books and non-periodical publication both in Spain and in any other foreign country Polígono Industrial La Quinta, Avda Castilla La Mancha, 2, Nave 3-4, 19171 Cabanillas del Campo, Guadalajara	50.0
SITAB Industries SA (i)	Cote D'Ivoire	Manufacture of cigarettes in Cote D'Ivoire Rue de l'Industrie - Lot No 19, 01 - BP 607, Bouake, Cote d'Ivoire	75.9
SITAR Holding S.A.S.	France (La Reunion Island)	Holding investments in subsidiary companiesr Z.I n2, B.P. 256, 97457 Saint Pierre, Ile de la Reunion, France	99.0
Société Africaine d'Impression Industrielle SA (i)	Senegal	Manufacture and distribution of cigarettes in Senegal route de Bel Air - Km 2200, Dakar, Senegal	99.8
Société des Cigarettes Gabonaises SA (i)	Gabon	In liquidation 2381 bld Léon MBA, BP 2175, Libreville, Gabon	87.8
Société Industrielle et Agricole du Tabac Tropical SA (i)	Congo	Manufacture and distribution of cigarettes in Congo Avenue de la Pointe Hollandaise, Mpila, BP 50, Brazzaville, Congo	89.7

NOTES TO THE FINANCIAL STATEMENTS OF IMPERIAL BRANDS PLC *continued*

SUBSIDIARIES: INCORPORATED OVERSEAS, PARTLY OWNED *CONTINUED*

Name	Country of incorporation	Principal activity and registered address	Percentage owned
Société Ivoirienne des Tabacs SA (i) (iii)	Cote D'Ivoire	Manufacture and distribution of cigarettes in Côte d'Ivoire Cocody-Nord, Quartier Gendarmerie, TF 5937, 01 B.P. 724 Abidjan	74.9
Société Marocaine des Tabacs SA	Morocco	Manufacture and distribution of cigarettes in Morocco 87 Rue Hamed El Figuigui, Casablanca, 20500, Morocco	99.9
SOCTAM SA (i)	Madagascar	Manufacture and distribution of cigarettes in Mali 15 Rue Georges V, Mahajanga, Madagascar	50.5
SOTCHADIS S.A.S.	Chad	Non-trading 502 Rue 1039, BP 852, N'Djamena, Chad	95.0
Speedlink Worldwide Express B.V.	The Netherlands	Courier express sector Wijkmeerstraat 31, 2131 HB, Hoofddorp, The Netherlands	50.0
Transportes El Mosca Murcia, S.A.U.	Spain	Freight forwarding company Carretera Madrid- Cartagena, KM. 376.30500, Molina de Segura (Murcia), Spain	50.0
Transportes El Mosca, S.A.U.	Spain	Freight forwarding company Carretera Madrid- Cartagena, KM. 376.30500, Molina de Segura (Murcia), Spain	50.0

ASSOCIATES: INCORPORATED OVERSEAS

Name	Country of incorporation	Principal activity and registered address	Percentage owned
Alcome S.A.S.	France	Waste management 88 avenue des Ternes, Paris, 75017, France	24.0
Azur Finances SA	Cameroon	Holding investments in subsidiary companies B.P 1105, Douala, Cameroon	20.0
Compañia Española de Tabaco en Rama SA (Cetarsa) (i)	Spain	Production and sale of raw tobacco Avenida de las Angustias, 20, 10300 Navalmoral de la Mata, Cáceres, Spain	20.8
Distribuidora de Ediciones SADE, S.A.	Spain	Distribution of published materials and other products in Spain Calle B, esquina calle 4, s/n. Sector B, Polígono Industrial Zona Franca, 08040 Barcelona, Spain	35.0
Distribuidora de Publicaciones del Sur, S.A.	Spain	Distribution of published materials and other products Polígono Industrial Pineda, Carretera de Cádiz a Dos Hermanas, Km 547, Nave D. 41014 Sevilla, Spain	25.0
Distribución de Publicaciones Siglo XXI, Guadalajara	Spain	Distribution of published materials and other products in Spain Francisco Medina y Mendoza, 2, 19171 Cabanillas del Campo, Guadalajara, Spain	40.0
Entreprises des Tabacs en Guinée (i)	Guinée Conakry	Dormant B.P 3391, Conakry, Guinea	34.0
Lao Tobacco Limited	Laos	Manufacture and distribution of cigarettes in Laos KM 8, Thadeua Road, P O Box 181, Vientiane, Lao People's Democratic Republic	43.7
Logista Libros S.L.	Spain	Distribution of books Avda. Castilla La Mancha, 2 - Naves 3-4 del Polígono Industrial La Quinta, Cabanillas del Campo, Guadalajara, Spain	25.0
Promotion et Distribution a Madagascar (i)	Madagascar	Distribution of cigarettes in Madagascar Tour ZITAL Ankorondrano, Antananarivo, Madagascar	33.4
SITABAC S.A.	Cameroon	Manufacture and distribution of tobacco products in Cameroon 113 Rue Kitchener, 1067 Bonanjo, Douala, Cameroon	34.5
Sociedad Anonima Distribuidora De Ediciones	Spain	Publications distribution Calle B, esquina calle 4, s/n. Sector B, Polígono Industrial Zona Franca, 08040 Barcelona, Spain	35.0
Société Internationale des Tabacs Malgaches (i)	Madagascar	Leaf processing BP 270, 401 Mahajanga, Madagascar	47.9
Société Nationale des Tabacs et Allumettes du Mali S.A. (i)	Mali	Manufacture and distribution of cigarettes in Mali Route Sotuba - Z.I., BP 59, Bamako, Mali	28.0
SPAK-EKO a.s.	Slovak Republik	Recycling of tobacco o products in Slovak Republik Vajnorská 100/B 831 04 Bratislava	25.0

JOINT VENTURES: INCORPORATED OVERSEAS *CONTINUED*

Name	Country of incorporation	Principal activity and registered address	Percentage owned
Global Horizon Ventures Limited	Hong Kong	Sales and marketing of cigarettes in Asia Room 3907-08, 39th Floor, Hopewell Centre, 183 Queens Road East, Wanchai, Hong Kong	50.0
Intertab S.A. (i)	Switzerland	Holding investments in subsidiary companies Société Fiduciaire Suisse-Coopers & Lybrand S.A., Route de la Glâne 107, Villars-sur-Glâne, 1752, Switzerland	50.0
West Tobacco Pte Ltd (i)	Singapore	Dormant 1 Harbourfront Avenue #14-07, Keppel Bay Tower, 098632 Singapore	50.0

PARTNERSHIPS

The Group also owns the following partnerships

Name	Country	Principal activity, registered address and principal place of business
Fabrica de Tabacos La Flor de Copan S de R.L. de CV	Honduras	Holding investments in subsidiary companies Registered address and principal place of business: Apartado Postal 209, Colonia Mejia-García, Santa Rosa de Copán, Honduras
Imperial Tobacco (Efka) GmbH & Co. KG	Germany	Manufacture of tubs in Germany Registered address and principal place of business: Behrinstrasse 122 A,, Hamburg, 22763, Germany
Imperial Tobacco Kazakhstan LLP (i)	Kazakhstan	Marketing and distribution of tobacco products in Kazakhstan Registered address and principal place of business: 3rd Floor, Prime Business Park, 100/2 Nursultan Nazarbayev Avenue, Medeuskiy District, Almaty, 050000, Kazakhstan
ITG Brands Holdpartner LP	United States of America	Marketing and sale of tobacco products in United States of America Registered address and principal place of business: 628 Green Valley Road, Suite 500, Greensboro, NC 27408, USA

The subsidiaries listed were held throughout the year and the consolidated Group financial statements include all the subsidiary undertakings identified. All dormant UK entities have taken the exemption available to not have an audit of their financial statements.

Unless otherwise stated the entities are unlisted, have one type of ordinary share capital and a reporting period ending on 30 September each year.

(i) December year end

(ii) March year end

(iii) Listed entity

(iv) Holding of one type of ordinary share only (where more than one type of share is authorised/in issue). Only applicable to partly owned entities. Percentage ownership is shown in the tables above.

(v) Holding of two types of ordinary share (where more than one type of ordinary share is authorised/in issue). Only applicable to 100% owned subsidiaries.

(vi) Holding of preference shares only

(vii) Holding of ordinary and preference shares

(viii) Holding of ordinary and redeemable shares

(ix) Holding of ordinary and deferred shares

(x) Holding of two types of ordinary share and redeemable shares

The percentage of issued share capital held by the immediate parent and the effective voting rights of the Group are the same except for Imperial Tobacco Italy S.r.l. where the entire share capital, and therefore 100% of the voting rights, are held by a number of Group companies.

SHAREHOLDER INFORMATION

FINANCIAL CALENDAR AND DIVIDENDS

Half year results are expected to be announced in May 2025 and the Full year results in November 2025.

The Annual General Meeting of the Company will be held on Wednesday 29 January 2025 at 9.30am at the Bristol Marriott Royal Hotel, College Green, Bristol BS1 5TA. The Notice of Meeting and explanatory notes about the resolutions to be proposed are set out in the circular enclosed with this Report.

Dividends are generally paid at the end of March, June, September and December. Payment of the 2024 final dividend, if approved, will be on 31 March 2025 to shareholders on the Register of Members at the close of business on 21 February 2025. The associated ex-dividend date will be 20 February 2025.

SHARE DEALING SERVICE

Our Registrar offers Shareview Dealing, a service which allows you to buy or sell Imperial Brands PLC ordinary shares if you are a UK resident. You can deal on the internet or by phone. Log on to www.shareview.co.uk/dealing or call them on 03456 037 037 between 8am and 4.30pm Monday to Friday for more information about this service. If you wish to sell your Imperial Brands PLC ordinary shares, you will need your shareholder reference number, which you can find on your share certificate.

INDIVIDUAL SAVINGS ACCOUNT

Investors in Imperial Brands PLC ordinary shares may take advantage of a low-cost Individual Savings Account (ISA) and Investment Account where they can hold their Imperial Brands PLC ordinary shares electronically. The ISA and Investment Account are operated by Equiniti Financial Services Limited.

For further information please go to www.shareview.co.uk/dealing or call Equiniti on 0345 0700 720.

DIVIDEND REINVESTMENT PLAN

Imperial Brands PLC has set up a dividend reinvestment plan (DRIP) to enable shareholders to use their cash dividend to buy further Imperial Brands PLC ordinary shares in the market. Further information can be obtained from Equiniti on 0371 384 2037 (+44 371 384 2037 if calling from outside the UK) or online at www.shareview.co.uk.

AMERICAN DEPOSITARY RECEIPT FACILITY

Imperial Brands PLC ordinary shares are traded on the OTCQX International Premier platform in the form of American Depositary Shares (ADSs) using the symbol 'IMBBY'. The ADS facility is administered by J.P. Morgan Chase, N.A. and enquiries should be directed to them at the address shown opposite.

WEBSITE

Information on Imperial Brands PLC is available on our website: www.imperialbrandsplc.com.

Equiniti also offers a range of shareholder information online. You can access information on your holdings, indicative share prices and dividend details and find practical help on transferring shares or updating your details at: www.shareview.co.uk.

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* Lines are open 8.30am to 5.30pm, Monday to Friday excluding public holidays in England and Wales.

AMERICAN DEPOSITARY RECEIPT FACILITY

EQ Shareowner Services
P.O. Box 64504
St. Paul, MN 55164-0504

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+1-800-990-1135*

From outside the USA:
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Online:

Visit: www.shareowneronline.com, then scroll down to 'Contact Us' information.

For more contacts visit:

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Certain statements in this report constitute or may constitute forward-looking statements. Any statement in this report that is not a statement of historical fact including, without limitation, those regarding the Company's future expectations, operations, financial performance, financial condition and business is or may be a forward-looking statement. Such forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those projected or implied in any forward-looking statement. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this report. As a result, you are cautioned not to place any reliance on such forward-looking statements. The forward-looking statements reflect knowledge and information available at the date of this report and the Company undertakes no obligation to update its view of such risks and uncertainties or to update the forward-looking statements contained herein. Nothing in this report should be construed as a profit forecast or profit estimate and no statement in this report should be interpreted to mean that the future earnings per share of the Company for current or future financial years will necessarily match or exceed the historical or published earnings per share of the Company. This report has been prepared for, and only for the members of the Company, as a body, and no other persons. The Company, its Directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this report is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed.

NOTES



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