IMPERIAL BRANDS PLC
HALF YEAR RESULTS STATEMENT
15 MAY 2024

DELIVERING ACCELERATED PERFORMANCE

REPORT FOR THE SIX MONTHS ENDED 31 MARCH 2024

BUSINESS HIGHLIGHTS

- Strong tobacco pricing up 8.6% more than offsetting volume declines
- Delivering stable aggregate market share in our five priority markets in line with our strategic objective
- Next Generation Product net revenue up 16.8% by building scale in our market footprint and product innovation
- Adjusted earnings per share benefited from adjusted operating profit growth and share count reduction
- Cash conversion was strong on 12-month basis supported by improved working capital
- Delivering the £1.1bn share buyback this year, alongside an increased interim dividend up 4.0%
- Continued confidence in successful delivery of full-year results in line with guidance, with returns improving in line with five-year strategy

FINANCIAL SUMMARY

Six months ended 31 March 2024		Reported			Adjusted[2]			
		2024	2023	Change	**2024**	2023	Actual	Constant currency[3]
Revenue	£m	**15,064**	15,411	-2.3%	**–**	–	–	–
Tobacco & NGP net revenue[1]	£m	**–**	–	–	**3,637**	3,663	-0.7%	+2.8%
Operating profit	£m	**1,494**	1,534	-2.6%	**1,669**	1,716	-2.7%	+2.8%
Earnings per share	p	**96.0**	117.0	-18.0%	**120.2**	118.5	+1.4%	+7.7%
Net debt	£m	**(10,585)**	(10,239)	–	**(10,085)**	(9,799)	–	–
Dividend per share	p	**44.90**	43.18	+4.0%	**44.90**	43.18	+4.0%	+4.0%

1. Tobacco & NGP net revenue is reported revenue less duty and similar items, sale of peripheral products and Distribution (Logista) gross profit.
2. See page 3 for the basis of presentation and the supplementary section at the end of the financial statements for the reconciliation between reported and adjusted measures.
3. Constant currency removes effect of exchange rate movements on the translation of the results of our overseas operations.

STEFAN BOMHARD CHIEF EXECUTIVE

"Investment in consumer capabilities, more agile ways of working and further progress with our performance culture have made Imperial Brands a stronger business better able to deliver an acceleration in financial delivery. This is demonstrated in the first half with the strongest organic top-line growth in more than ten years, amid a challenging external environment.

"In tobacco, stronger brands and improved sales execution have enabled us both to consolidate the market share gains in our priority markets achieved in recent years and to deliver a strong price mix of 8.6%.

"In Next Generation Products (NGP), we are steadily building scale within our footprint and these efforts have resulted in net revenue growth of 16.8% on a constant currency basis. In the past six months, we have launched new products in all categories, including our entry into the US oral nicotine market with the new 'zone' brand. Our improved innovation capabilities, which now include three 'Sense Hubs' in Liverpool, Hamburg and Shenzhen, mean we are well set up to adapt to changing consumer preferences and regulatory requirements.

"Operational progress has translated into strong financial results and improving capital returns to shareholders. Alongside our progressive dividend, we are on track to complete our ongoing £1.1 billion share buyback programme and to deliver three-year cumulative returns of £6.0 billion including buybacks and our dividend.

"Pricing actions in tobacco taken in the first half and good momentum in NGP gives us confidence in our ability to deliver full-year results in line with our guidance."

DELIVERING AGAINST OUR STRATEGIC PRIORITIES

Delivering strong pricing across our portfolio of five priority combustible markets

- **Maintaining aggregate market share** in our five priority markets in line with our strategic objective
- Share positions supported by continued investment in brand equity and sales force initiatives
- **Three out of five markets growing market share:** gains in USA (+5 bps), Spain (+50 bps) and Australia (+10 bps) offsetting declines in Germany (-25 bps) and UK (-40 bps)
- Encouraging improvement in German share trend -25 bps vs HY23 and FY23 -80 bps
- **Strong pricing supporting financial delivery while managing overall market share delivery**

Building a sustainable NGP business for a healthier future

- **Delivering improved scale in our existing footprint and a further step-up in innovation across all NGP categories**
- NGP net revenue now represents c. 7% of total tobacco and NGP net revenue in Europe, including Central & Eastern Europe
- New *blu* bar vape launch with 1,000 puff capacity, removable battery and reduced plastic content
- Expanding our heated product offering for Pulze 2.0 with iSenzia flavoured herbal sticks in Europe
- Entered the fast-growing modern oral category in the USA with the targeted launch of 'zone' in 12 US cities

Driving value from our broader market portfolio

- **Strong pricing in our wider footprint,** mitigating volume declines
- Good progress in broader geographies, e.g. Africa, Central and Eastern Europe, Southeast Europe and Scandinavia
- Disruption in the Middle East affecting shipment timings and results in the AAACE region
- Strong NGP growth as we build momentum in our broader market portfolio

Transforming our ways of working

- **Consumer capabilities:** strengthened with all three Sense Hub innovation centres now fully operational
- **Simplified and efficient operations:** Continued progress in adopting new ways of working and driving self-help initiatives, e.g. further scale up of our Global Business Services
- **Good progress** with implementation of ERP roll-out; the programme will replace 60 legacy systems with a single platform over time

RESULTS OVERVIEW*

Tobacco & NGP net revenue growth driven by resilient tobacco pricing

- **Tobacco and NGP net revenue up +2.8%**; the strongest organic revenue growth in more than ten years
- **Strong tobacco pricing of +8.6% driven by a broad base of markets;** tobacco net revenue up +2.3%
- Tobacco volumes down -6.3% (to 89.9bn SE) reflecting wider industry market size declines across our footprint
- **NGP revenue up +16.8%** as strong growth in Europe and AAACE more than offset declines in USA
- **Reported revenue declined -2.3%;** reflecting the decline in tobacco and NGP revenue due to adverse foreign exchange movements, partly offset by growth in Distribution revenue

Delivering improved profitability and increased investment

- **Group adjusted operating profit grew +2.8%,** driven by improved profitability in tobacco and NGP and growth in Distribution
- **Reported operating profit declined -2.6%** as the decline in tobacco operating profit due to foreign exchange translation movements was partially offset by reduced losses in NGP and increased Distribution operating profit
- **Tobacco adjusted operating profit increased +1.0%,** reflecting strong pricing offsetting volume declines
- **NGP adjusted losses reduced by +8.9% to £50m** as expected, with improved gross margin and volume growth supporting continued investment in new product launches
- **Distribution adjusted operating profit up +18.2%** reflecting good underlying growth due to tobacco price increases
- **Adjusted EPS grew +7.7%** with adjusted operating profit growth enhanced by reduced share count due to the ongoing share buyback more than offsetting higher finance costs and a higher tax rate
- **Reported EPS declined -18.0%** reflecting mark-to-market movements on financial instruments and adverse foreign exchange translation

Free cash flow supporting investment and shareholder returns

- Adjusted operating cash conversion of c. 97% on a 12-month basis, reflecting working capital improvements
- Adjusted net debt £10.1bn; adjusted net debt to EBITDA on a 12-month basis broadly flat at 2.5x; reported net debt £10.6bn
- **On track to deliver adjusted net debt to EBITDA of around 2.0 times at the year end**
- **Interim dividend per share up 4.0%** to 44.90 pence, in line with our progressive dividend policy
- **£604m buyback completed in period;** on track to complete £1.1bn this year
- Since starting the buyback in October 2022, **we have repurchased 9% of share capital**
- On track to return at least **£2.4bn to shareholders in FY24; and cumulative three-year returns of £6.0bn**

* All measures at constant currency unless otherwise stated

OUTLOOK

Our five-year strategy is continuing to drive the operational and cultural benefits which, despite a challenging external environment, are strengthening performance and our financial delivery. This underpins our confidence in delivering against the final two years of our plan with a further improvement in adjusted operating profit growth to support a mid-single-digit constant currency CAGR over FY23-FY25, in line with our medium-term guidance.

We remain firmly on track to deliver against the guidance and expectations for the current year and expect to deliver low-single-digit constant currency tobacco and NGP net revenue growth, while growing our constant currency adjusted operating profit close to the middle of our mid-single digit range. Strong tobacco pricing already taken in the first half of the year and lower NGP losses will support a stronger second half delivery.

Earnings per share growth will benefit additionally from the continued reduction in share count as a result of our ongoing share buyback programme, although this will be offset slightly by increased adjusted finance and tax costs.

At current exchange rates, translation foreign exchange is expected to be a c. 2% headwind to full year tobacco and NGP net revenue and a c. 3.0-3.5% headwind on full-year adjusted operating profit and adjusted earnings per share.

We look forward to building on our growing operational track record to deliver shareholder returns through an ongoing buyback and progressive dividend, and to play a positive, distinctive role in this industry's transition to a healthier future.

BASIS OF PRESENTATION

- To aid understanding of our results, we use 'adjusted' (non-GAAP) measures to provide a consistent comparison of performance from one period to the next. Reconciliations between adjusted and reported (GAAP) measures and further definitions of adjusted measures are provided in the supplementary information section. Change at constant currency removes the effect of exchange rate movements on the translation of the results of our overseas operations. References in this document to percentage growth and increases or decreases in our adjusted results are on a constant currency basis unless stated otherwise. These are calculated by translating current year results at prior year exchange rates.
- Stick Equivalent (SE) 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.
- Market share is presented as a six-month average to the end of March (MHT – moving half-year trend), unless otherwise stated. Aggregate market share is a weighted average across markets within our footprint.

OTHER INFORMATION

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Analyst Presentation Webcast

Stefan Bomhard, Chief Executive, and Lukas Paravicini, Chief Financial Officer, will present the results to investors and investment analysts via a webcast at 08:30 (BST) on 15 May 2024. It will be followed by a live question and answer session. The presentation slides will be available on www.imperialbrandsplc.com from 07.00 (BST). A webcast recording and the presentation script will also be available after the webcast has concluded.

The webcast will be available on https://edge.media-server.com/mmc/p/dyhu43t6. To participate in the Q&A session, please register in advance via this link: https://register.vevent.com/register/BI5a84680374a54342bf327e3d2fc3f310. You will then receive the dial-in details and your own PIN to access the live Q&A session.

Cautionary Statement

Certain statements in this announcement constitute or may constitute forward-looking statements. Any statement in this announcement 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 announcement. 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 announcement 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 announcement should be construed as a profit forecast or profit estimate and no statement in this announcement 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 announcement 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 announcement is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed.

PERFORMING WITH PURPOSE

DELIVERING OUR STRATEGIC TRANSFORMATION

Over the past three years, investment in consumer capabilities, more agile ways of working and a new performance culture have made Imperial Brands a stronger business. This transformation has supported our continued delivery in the first half of the year, amid a challenging external environment.

In tobacco, stronger brands and improved sales execution have enabled us to consolidate the market share gains in our priority markets achieved in the prior year and to deliver a strong price mix. In Next Generation Products (NGP), we are steadily building scale within our focused footprint, while driving a strong product innovation pipeline. This operational progress has translated into resilient financial results and improving capital returns to shareholders.

STRENGTHENED CONSUMER CAPABILITIES DRIVING A MORE RESILIENT PERFORMANCE

Since the launch of our strategy in January 2021, we have been making patient investments to support both our international brands and the local jewels. We have upgraded our insights capabilities, exemplified by our global "demand spaces" programme, which tracks consumer needs and preferences during the different moments of their day. We have also driven sales excellence by upskilling our field force and introducing a more rigorous approach to individual channels and the distinctive regions within our diverse markets.

These broad improvements in our capabilities mean that for the last three and a half years we have been able to report stable or growing aggregate market share in our five priority markets, which account for around 70% of our operating profit. This period of stability follows years when we were the industry's number one donor of market share. At the same time, we have driven consistently strong pricing, with an 8.6% improvement in price mix during the first half.

At a regional level, the financial performance in combustibles during this period was led by Europe and the United States, more than offsetting a softer performance in our AAACE region, which was affected by a strong comparator period, shipment timings in the Middle East and industry market size pressures in Australia.

BUILDING SCALE IN OUR TARGETED NGP BUSINESS

In next generation products, the first half was characterised by efforts to build scale within our existing footprint after a wave of market entry activity in FY23. Thanks to our strengthened consumer capabilities and a motivated sales force excited by our expanding product portfolio, we have been able to record further strong constant currency growth with net revenue up 17% Group-wide and up 24% in Europe, including Central and Eastern Europe. In some European markets, including Italy, Greece and Portugal, NGP now accounts for more than a quarter of our tobacco and NGP net revenue. We are also seeing promising NGP growth in some of our largest European markets, including Germany and UK.

Our ability to innovate at pace continues to improve. During the first half we introduced new products in all categories, and these will support further growth in the second half of the year and beyond. Our new blu disposable vape offers a 1,000-puff count and a removable battery to aid recycling. We have continued to roll out iSenzia, tea-based heat sticks for use in our Pulze 2.0 device. In oral nicotine, alongside continued product innovation in European markets, we crossed an important milestone in February with the launch of our 'zone' pouches in the US.

Rapid evolution in both consumer preferences and the regulatory landscape plays to the strengths of our distinctive capital-light, partnership-based approach. Our three "Sense Hubs" in Liverpool, Hamburg and Shenzhen enable us to stay close to our consumers and our third-party innovation partners. Further new products will be launched in the second half, and we are well-placed to keep pace with the changing market landscape.

A MORE AGILE BUSINESS SUPPORTED BY A PERFORMANCE CULTURE

We have continued to successfully navigate diverse external challenges. The Red Sea crisis has impacted all businesses like ours with global supply chains, and our teams have found creative ways to minimise both cost and disruption. The war in Ukraine is now in its third year and our 600 colleagues in that market continue to work with extraordinary resilience and bravery. Inflation remains high in many markets and consumer wallets are being squeezed. Our supply chain teams continue to be resourceful in limiting the impact of rising costs.

I am confident that this ability to respond with agility will continue to improve. Over the next few years, we will realise the full benefits of long-term investments in end-to-end supply chain technology, a new enterprise resource planning system replacing 60 legacy systems and shared global business services centres.

At the same time, we remain focused on developing our performance culture, a key pillar of our strategy. During the first half, a further 200 leaders graduated from our intensive seven-day Connected Leadership programme which helps our senior people coach stronger performances from their teams.

PURPOSE-LED GROWTH

We believe that responsibly-marketed, scientifically tested NGP have the potential to reduce harm among adult smokers. We have stepped up our advocacy for strong, proportionate and enforceable regulation of NGP to build trust, minimise youth access, and drive out rogue operators.

Our colleagues are committed to our environmental, social and governance (ESG) framework, which internally we refer to as our People and Planet agenda. Our "Triple Zero" campaign galvanises colleague commitment around three of our key objectives: net zero carbon emissions across our value chain by 2040, zero waste to landfill and our aspiration of zero injuries among our workforce. In this half year we received validation by Science Based Targets initiative (SBTi) for our updated net zero objectives to realise zero emissions. During this period, we also achieved zero landfill across our factory operations (excluding markets in conflict zones) 18 months ahead of our 2025 target. Our zero-injury aspiration is focused on addressing root causes of accidents by increasing awareness. In the period we have trained over 100 leaders on behavioural safety.

DELIVERING SHAREHOLDER RETURNS

Our business continues to be highly cash-generative, and we recognise the importance of maintaining our structured and transparent approach to our four capital allocation priorities:

- Invest in our business to support long-term sustainable growth.
- A strong and efficient balance sheet with target leverage towards the lower end of our adjusted net debt to EBITDA range of 2-2.5 times.
- A progressive dividend policy where the dividend per share will grow annually, taking into account underlying business performance. Our interim dividend will increase by 4.0% in line with the annual increase in our 2023 dividend.
- Return surplus capital to shareholders while maintaining our target leverage.

Having reached our target leverage in October 2022, we began returning surplus capital to shareholders via a share buyback with an initial £1 billion programme delivered during FY23 and a further £1.1 billion tranche committed for FY24. As at 31 March 2024, we had completed £604m of this year's £1.1 billion buyback. Since starting the buyback in October 2022, we have repurchased over 9% of share capital, and we are on track to deliver three-year cumulative returns to shareholders of £6.0 billion, including dividends and buybacks.

Given the highly cash-generative nature of the business and our current valuation, we remain committed to a progressive dividend policy and an ongoing buyback programme, which will meaningfully reduce the capital base and generate significant shareholder returns.

STEFAN BOMHARD
CHIEF EXECUTIVE OFFICER

EUROPE REGION

Aleš Struminský
President, Europe Region

		Half year result		Change	
		2024	2023	Actual	Constant currency
Tobacco volume	bn SE	**40.3**	42.2	-4.5%	
Total tobacco & NGP net revenue	£m	**1,503**	1,428	+5.3%	+7.0%
Tobacco net revenue	£m	**1,387**	1,326	+4.6%	+6.3%
NGP net revenue	£m	**116**	102	+13.7%	+15.7%
Adjusted operating profit	£m	**629**	611	+2.9%	+7.9%

HEADLINES

- Strong financial performance driven by pricing across multiple markets
- Volume decline rates continue to improve
- NGP net revenue growth driven by building scale in existing markets and new product innovations
- Successful launch and roll-out of new blu bar with enhanced consumer experience and improved recyclability
- Adjusted operating profit growth driven by strong tobacco pricing and improved NGP gross margins

Our results in Europe are driven by strong combustible pricing and growth in NGP net revenue. As expected, strong combustible pricing, coupled with improving volume decline rates, has driven robust net revenue and adjusted operating profit growth.

Strategic initiatives in our priority markets continue to support our combustible tobacco performance. For example, in Spain, our local jewel brands strategy benefited from new limited-edition packs and new formats helped to grow share, while also achieving price increases. In the UK, brand equity investment in our local jewel brand, Embassy, supported price increases as well as passing on the increase in duty in the Autumn budget. As expected, the increases caused some share loss as we sought to balance market share with value creation. In Germany, investments in our sales force and sales capabilities, together with a new performance management structure, have driven an improvement in our retail coverage and visit frequency, which have supported an encouraging improvement in our long-term market share decline.

Tobacco net revenue was up 6.3% at constant currency, reflecting strong price mix of 10.8%, which helped to mitigate the volume declines. Tobacco volumes declined 4.5%, with the rate of the decline improving against the prior period. Industry volume declines remain relatively high in the UK, which has been impacted by above inflation excise increases. Price increases taken across the region in the first half of the year, will support a stronger second half, together with an anticipated continuation of the improvement in volume decline rates.

Our NGP portfolio has performed well, with net revenue up 15.7% at constant currency, as we continued to gain scale across our existing market footprint and as we launched new products across all three categories. For example, in vapour, we introduced a new disposable device under the *blu* brand, which delivers an increased 1,000 puff count and a removeable battery to aid recycling. We were also able to offer adult smokers flavoured non-tobacco heat sticks, with the introduction of iSenzia, tea-based heat sticks, to use in our Pulze 2.0 devices both in Greece and Bulgaria. In modern oral nicotine, we are continuing to meet evolving consumer preferences with flavour launches in Zone X and in Skruf Modern in Norway.

Tobacco and NGP adjusted operating profit for the year increased 7.9% at constant currency, mainly reflecting the flow through of the tobacco and NGP net revenue growth and reduced NGP losses which more than offset the increased costs as EU countries implement the Single Use Plastics Directive.

Priority Market	Performance
Tobacco share	
Germany • 18.1% (-25 bps) • 13% of Group net revenue	Tobacco market size declined 1.4% in the period. Although our market share declined again, the rate of decline reduced in the period. Overall, we remain confident actions we are taking will stabilise our share. We are investing in our strategic initiatives with salesforce expansion and capability enhancement supporting increased retailer coverage and visit frequency. The launch of Paramount over a year ago continues to meet consumer needs in the value segment. Our blu bar vapour product has grown share in the vapour segment since introduction a year ago.
UK • 38.0% (-40 bps*) • 7% of Group net revenue	Tobacco market size declined 15.2% in the period, driven by above inflation excise tax increases across both cigarettes and fine cut tobacco. We increased prices in the period as we continued to balance value creation alongside managing our overall share. Our strategic investments to build brand equity in our local jewel brand, Embassy, gained traction with the introduction of a fine cut offer. Our NGP sales benefited from the successful launch of our new blu bar disposable vapour device, which provides several enhanced features for consumers. In April, the UK parliament voted to introduce a generational smoking ban from January 2027.
Spain • 26.9% (+50 bps*) • 5% of Group net revenue	Tobacco market size declined 2.0% in the period. This was more than offset by price increases for the third year in a row, despite no change in excise tax, and market share growth driven by continued investment in brand and sales initiatives. For example, our local jewel brands performed well with Nobel benefiting from an extended range, new formats and limited editions, such as those to support the Pride Festival. In vapour, we consolidated our market share with blu bar and blu 2.0.

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

AMERICAS REGION

Kim Reed
President and CEO, Americas Region

		Half year result		Change	
		2024	2023	Actual	Constant currency
Tobacco volume	bn SE	**8.5**	9.4	-10.3%	
Total tobacco & NGP net revenue	£m	**1,189**	1,223	-2.8%	+2.2%
Tobacco net revenue	£m	**1,174**	1,203	-2.4%	+2.6%
NGP net revenue	£m	**15**	20	-25.0%	-20.0%
Adjusted operating profit	£m	**485**	512	-5.3%	+1.4%

HEADLINES

- Cigarette share growth up 5 basis points to 10.8%
- Tobacco net revenue growth at constant currency reflects strong pricing (+13.9%) and market share gains offsetting volume declines
- Mass market cigar performance improved, benefitting from product innovation and a weak comparator
- NGP net revenue declined following uncertainty caused by the FDA Marketing Denial Orders on certain flavoured disposable vapour products
- Targeted launch of our differentiated modern oral nicotine pouch under the 'zone' brand in 12 US cities
- Adjusted operating profit at constant currency reflects stronger cigarette performance offset by 'zone' launch costs

We delivered a solid combustible market share performance in the US whilst achieving strong pricing across our cigarette portfolio. While our mass market cigar volumes declined in line with the overall market, we benefited from continued product innovation and from the weak comparator in the prior year due to the wholesaler stock disruption as a result of Hurricane Ian in September 2022.

Tobacco volumes declined by 10.3% against an industry volume decline of 8.7% in cigarettes and a 9.0% fall in industry mass market cigar volumes. Cigarette industry volumes are weaker than the long-term average driven by macroeconomic pressures on consumer spending and increased sales of illicit vapour products. Our cigarette performance reflects a market share gain of 5 basis points, as well as some wholesaler inventory movements around price increases, which reduced our shipment volumes by c. 2.0%. Our market share performance was driven by the continued benefit from our investment in sales execution and brand building and the way we have positioned our portfolio to meet consumer needs, particularly as they continue to trade down.

On a constant currency basis, tobacco net revenue grew 2.6%, as strong price mix of +12.9% more than offset volumes of -10.3%.

We continue our focused investment in building brand equity and strengthening our salesforce execution capabilities, expanding the number of retail stores where we are sell our brands. These actions support our market positions as headline price increases have been offset by aggressive competitor actions. Strategic investments behind our Winston brand supported share gains in the premium segment and investment in sales force effectiveness drove higher same store sales and net new store listings supporting share gains for our Crowns brand in the deep discount segment.

Our mass market cigar performance improved against a weak comparator caused by a wholesaler de-stock in the prior year. In addition, our portfolio benefited from improved quality and product innovation. For example, these initiatives delivered an improved market share performance in our iconic heritage brand, Backwoods in the natural leaf segment. However, lower priced competitor products continue to impact market share of our Dutch brand.

Our NGP revenue declined 20.0% on a constant currency basis, reflecting uncertainty caused by new Marketing Denial Orders (MDOs) from the FDA in connection with our range of flavoured disposable vapour products. We continue to market these products pending the outcome of an appeal of the FDA's decision. Separately, since our successful appeal to overturn the FDA's previous MDO for our pod-based *my*blu products, we have focused on rebuilding the distribution channels.

In NGP, we also entered the fast-growing modern oral category with our recent launch of our modern oral nicotine pouch under the 'zone' brand in 12 US cities. This follows our acquisition of a range of US pouches from TJP Labs in June 2023. The product is differentiated through its moister mouth feel coupled with a range of flavours and nicotine strengths. The launch has made good initial progress as we achieved our targeted distribution and received encouraging feedback from consumers and retailers. We will continue to monitor the launch over the coming months and evaluate the consumer repurchase rates.

Adjusted operating profit grew 1.4% at constant currency as improved combustible tobacco profitability was partially offset by higher overheads and increased NGP investment to support the launch of 'zone'.

AFRICA, ASIA, AUSTRALASIA AND CENTRAL & EASTERN EUROPE

Paola Pocci
President, Africa, Asia, Australasia and Central & Eastern Europe

		Half year result		Change	
		2024	2023	Actual	Constant currency
Tobacco volume	bn SE	**41.1**	44.4	-7.3%	
Total tobacco & NGP net revenue	£m	**945**	1,012	-6.6%	-2.6%
Tobacco net revenue	£m	**933**	1,009	-7.5%	-3.5%
NGP net revenue	£m	**12**	3	+300.0%	+300.0%
Adjusted operating profit	£m	**384**	445	-13.7%	-7.6%

HEADLINES

- Financial results reflect headwinds that are expected to ease in the second half of the year
- Performance has been impacted by disruption to shipment timings in the Middle East and market size pressures in Australia
- Strong pricing discipline helped to partly mitigate volume declines
- NGP net revenue growth driven through building scale in Central and Eastern Europe
- Adjusted operating profit performance also reflects inflationary pressures in the region's factory footprint and additional shipping costs due to the Red Sea disruption

In this region, we remain focused on leveraging our consumer insights and capabilities in managing a broad portfolio of smaller markets. The region's financial delivery is in the context of two years of exceptionally strong results and some specific headwinds, which we expect to ease into the second half of the year. Overall, the outlook for the region remains positive.

Volume declines of 7.3% have been driven by shipment timings in the Middle East caused by tighter border controls and supply chain disruption in the Red Sea. Market size declines in Australia also weighed on volumes, although these have been largely mitigated by strong pricing while growing market share.

Tobacco & NGP net revenue declined by 2.6% at constant currency, reflecting tobacco net revenue down 3.5%, with price mix of +3.8% mitigating the volume declines. NGP net revenue grew 300%.

Australia delivered a resilient performance with further share gains supported by a focused approach to revenue growth management and a clear brand offering at each of the key price points. This has been achieved against a backdrop of increased industry volume declines driven by excise tax increases and growth in both illicit combustible and vaping products.

In Africa, we grew revenue driven by 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 and strong pricing in Hamilton offsetting volume declines in Burkina Faso. Morocco and Algeria faced increased market size pressures and some wholesaler disruption, which have been partially mitigated by pricing.

Our Central & Eastern European markets delivered growth in net revenue and profit supported by strong tobacco pricing. Their results also benefited from an acceleration in NGP growth as we invested to build further scale with our NGP portfolio.

In the Middle East, stricter border controls and disruption to our Red Sea trading routes put pressure on shipments and net revenues in this region. However, in Asia, renewed consumer focus, product innovation and improved sales force execution is beginning to gain traction in Taiwan with Davidoff and West brands.

NGP net revenue grew strongly reflecting the launch of our blu bar vaping product and our pod-based blu 2.0 in Poland and Czech Republic. In heated tobacco, our focused approach to our consumer was supplemented by the introduction of our tea-based flavour stick, iSenzia. This led to stable market share against a competitive backdrop.

Adjusted operating profit declined 7.6% at constant currency reflecting the reduction in tobacco net revenue and some inflationary pressures across our AAACE factory footprint. Shipping costs also increased because of the Red Sea crisis. We anticipate some of these headwinds will abate in the second half of the year.

Priority market	Performance
Tobacco share	
Australia • 32.2% (+10 bps*) • 4% of Group net revenue	Tobacco market size declined 25.3% driven by above inflation duty increases and price increases. Against this market backdrop we leveraged our portfolio and revenue growth management capabilities to support our financial delivery and market share. Clearer understanding of consumer preferences across the pricing ladder has enabled us to refocus all our offerings in recent years. Since the introduction of Lambert & Butler in the fifth price tier two years ago, we have repriced P&S in the fourth price segment and relaunched JPS Evolve in the mid-price tier in both cigarette and fine-cut formats, stabilising its market share. Additionally, continual improvements in the supply chain have borne increased efficiencies.

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

DISTRIBUTION

		Half year result		Change	
		2024	2023	Actual	Constant currency
Distribution gross profit	£m	**747**	731	+2.2%	+4.0%
Adjusted operating profit	£m	**168**	150	+12.0%	+14.7%
Adjusted operating profit margin	%	**22.5**	20.5	+196 bps	+210 bps
Eliminations	£m	**3**	(2)	+250%	+250%
Adjusted operating profit (inc. eliminations)	£m	**171**	148	+15.5%	+18.2%

HEADLINES

- Gross profit reflects good underlying growth
- Acquisition strategy means more than 50% of gross profit comes from non-tobacco
- Performance of underlying business in line with expectations
- 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.

The results include the incremental financial contribution from acquisitions made during this period and the prior 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.

Gross profit – Gross profit at £747 million was 4.0% higher on a constant currency basis with good underlying performance across Iberia and Italy, reflecting growth across both tobacco and non-tobacco-related businesses, and stable performance in France.

In Iberia, growth in gross profit was driven in part by tobacco and related products, with the former benefitting from manufacturer price increases in Spain. Transport services recorded sustained growth year-on-year, with a positive contribution from long-distance transport and Logista Freight, which includes growth at Transportes El Mosca, incorporated at the end of October 2022. There was good growth too in both 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 both volumes and manufacturer price increases and NGP volumes, particularly in heated tobacco. The period benefits from the first full incorporation of Gramma Farmaceutici, with the acquisition completed in July 2023. This acquisition was 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 the excise tax increase and subsequent price increases by the tobacco manufacturers. This was supplemented by the positive performance in telecoms, offset by weak performance in retail product distribution.

Operating profit – Adjusted operating profit margin increased by 210 basis points at constant currency reflecting the strong contribution from profit on inventory in tobacco following manufacturers price increases in the period. After eliminations, the adjusted operating profit contribution to the Group increased 18.2% on a constant currency basis. In line with our policy on adjusting items where restructuring charges are not recognised as an adjusting item, restructuring charges of £1.0 million have been expensed.

Cash – We continue to benefit from an inter-company cash pooling arrangement with Logista, which supports the Group's liquidity. On a 12-month basis, the daily average cash balance loaned to the Group by Logista was £1.8 billion, with movements in the cash position during the 12-month period varying from a high of £2.3 billion to a low of £0.7 billion, primarily due to the timing of excise duty payments. At 31 March 2024, the loan position was £1.3 billion compared to £1.7 billion at 31 March 2023

ACCELERATING RETURNS

STRENGTHENING OUR PERFORMANCE

These results reflect Imperial's improved resilience to withstand geopolitical and macro-economic pressure and the benefit of our continued investment to strengthen performance and drive transformation. In the period, we have consolidated the strong aggregate market share gains achieved last year, achieved robust tobacco pricing and continue to invest in support of our five-year strategy.

On a constant currency basis, tobacco & NGP net revenue grew 2.8%, and Group adjusted operating profit rose 2.8%.

Reported revenue decreased 2.3% as the decline in tobacco and NGP revenue due to adverse foreign exchange movements, was partly offset by growth in Distribution revenue. Reported operating profit decreased 2.6%, as the decline in tobacco operating profit due to foreign exchange translation movements was partially offset by reduced losses in NGP and increased Distribution operating profit.

Cash generation remains a key focus. The free cash outflow of £523 million reported in the period reflects improved working capital, partially offset by increased cash taxes and we remain on track to deliver material inflows at full year. Reported net debt increased by £0.3 billion to £10.6 billion and adjusted net debt/EBITDA remains broadly flat year-on-year at 2.5 times.

In line with the ongoing, multi-year share buyback programme announced in October 2022, we initiated a further £1.1 billion of share buyback programme in October 2023. In the period, we repurchased £604 million of the £1.1 billion share buyback underway in FY24.

SUMMARY INCOME STATEMENT

	Half Year Results			
	Reported		Adjusted	
£ million (unless otherwise indicated)	**2024**	2023	**2024**	2023
Revenue/net revenue/gross profit*				
Tobacco & NGP revenue/net revenue	**9,717**	10,209	**3,637**	3,663
Distribution revenue/gross profit	**5,347**	5,202	**747**	731
Operating profit				
Total Tobacco & NGP	**1,327**	1,386	**1,498**	1,568
Distribution	**164**	150	**168**	150
Eliminations	**3**	(2)	**3**	(2)
Group operating profit	**1,494**	1,534	**1,669**	1,716
Net finance cost	**(354)**	(94)	**(204)**	(199)
Share of profit of investments accounted for using the equity method	**4**	3	**4**	3
Profit before tax	**1,144**	1,443	**1,469**	1,520
Tax	**(229)**	(277)	**(338)**	(340)
Profit for the year	**915**	1,166	**1,131**	1,180
Minority Interests	**(69)**	(72)	**(71)**	(72)
Earnings per ordinary share (pence)	**96.0**	117.0	**120.2**	118.5
Dividend per share (pence)	**44.90**	43.18	**44.90**	43.18

* 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 alternative 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 APMs 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 APMs is explained in the accounting policies accompanying our financial statements and the APM section within the Supplementary Information.

Reconciliations between reported and adjusted measures are included in the Supplementary Information. Percentage growth figures for adjusted results are given on a constant currency basis, where the effects of exchange rate movements on the translation of the results of our overseas operations are removed.

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

GROUP RESULTS – ADJUSTED CONSTANT CURRENCY ANALYSIS

£ million (unless otherwise indicated)	Half year ended 31 March 2023	Foreign exchange	Constant currency movement	Half year ended 31 March 2024	Change	Constant currency change
Tobacco & NGP net revenue						
Europe	1,428	(25)	100	**1,503**	5.3%	7.0%
Americas	1,223	(61)	27	**1,189**	(2.8%)	2.2%
Africa, Asia, Australasia and Central & Eastern Europe	1,012	(41)	(26)	**945**	(6.6%)	(2.6%)
Total tobacco & NGP net revenue	3,663	(127)	101	**3,637**	(0.7%)	2.8%
Tobacco & NGP adjusted operating profit						
Europe	611	(30)	48	**629**	2.9%	7.9%
Americas	512	(34)	7	**485**	(5.3%)	1.4%
Africa, Asia, Australasia and Central & Eastern Europe	445	(27)	(34)	**384**	(13.7%)	(7.6%)
Total tobacco & NGP adjusted operating profit	1,568	(91)	21	**1,498**	(4.5%)	1.3%
Distribution						
Gross profit	731	(13)	29	**747**	2.2%	4.0%
Adjusted operating profit including eliminations	148	(4)	27	**171**	15.5%	18.2%
Group adjusted results						
Adjusted operating profit	1,716	(95)	48	**1,669**	(2.7%)	2.8%
Adjusted net finance costs	(199)	12	(17)	**(204)**	(2.5%)	(8.5%)
Adjusted earnings per share (pence)	118.5	(7.4)	9.1	**120.2**	1.4%	7.7%

SALES PERFORMANCE

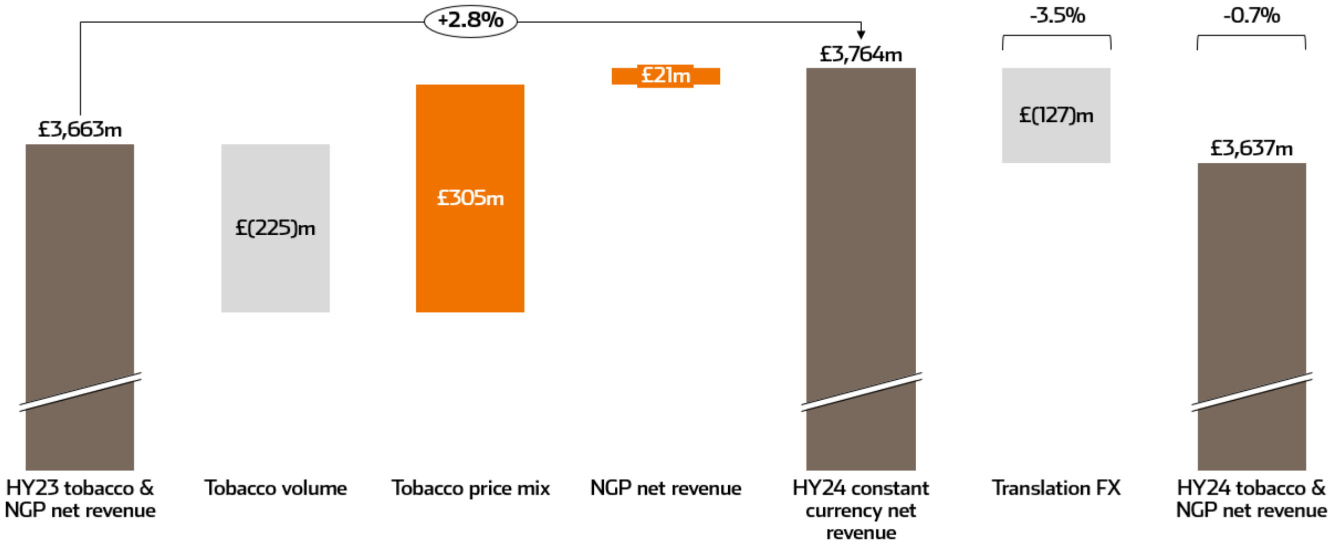
Reported revenue

(2.3%)

Tobacco & NGP net revenue

2.8%

- Reported revenue decreased -2.3% as the decline in tobacco and NGP revenue, due to adverse foreign exchange movements, was partly offset by growth in Distribution revenue.
- Tobacco & NGP net revenue increased +2.8% at constant currency with tobacco +2.3% and NGP +16.8%.
- Tobacco volume was down -6.3%, reflecting volume declines across all regions as a result of price and excise increases and continued macro-economic pressures on consumers.
- Maintained aggregate market share in our priority markets with share growth in 3 of 5 markets.
- Tobacco price mix was strong at +8.6% due to strong pricing.
- NGP net revenue increased +16.8% at constant currency, led by the launch of new products across all regions, offsetting continued declines in vapour in the USA.
- Translation foreign exchange was detrimental due to sterling strengthening against the dollar and euro.



OPERATING PROFIT

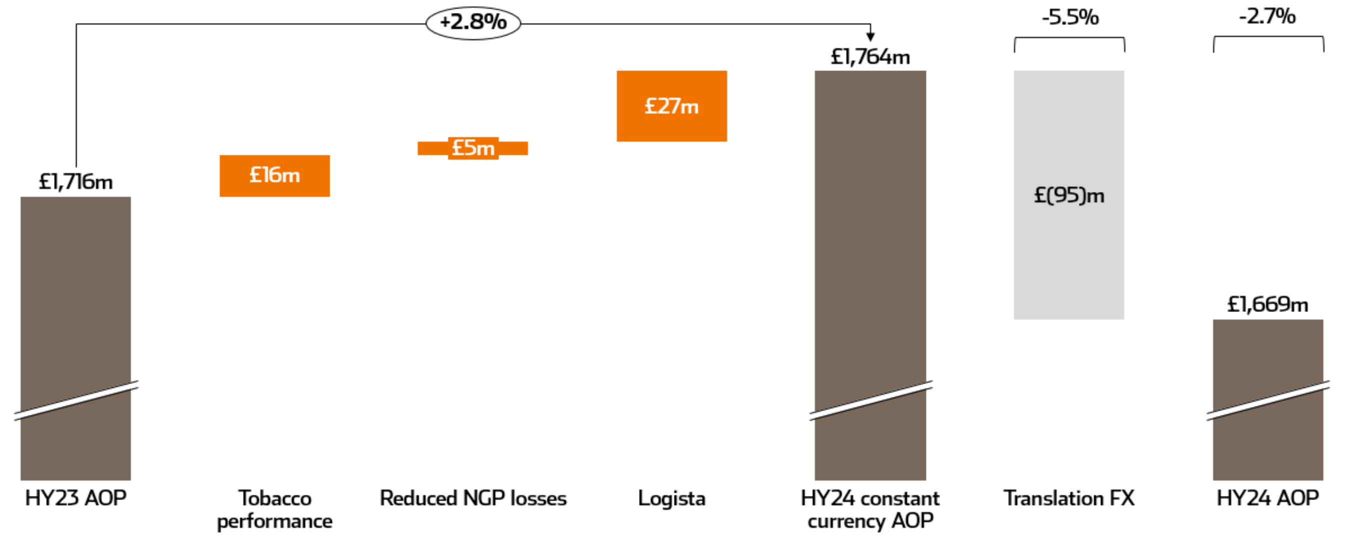
Reported operating profit

(2.6%)

Adjusted operating profit

+2.8%

- Reported Group operating profit of £1,494m decreased -2.6% due to foreign exchange translation movements, partially offset by reduced losses in NGP and increased Distribution operating profit.
- Adjusted Group operating profit increased +2.8% at constant currency driven by Tobacco and NGP in Europe and Logista performance.
- Tobacco adjusted operating profit grew +1.0% at constant currency as strong pricing mitigated volume declines.
- NGP losses declined +8.9% as increased sales offset continued investment in product innovation.
- Translation foreign exchange reflects sterling strengthening against the dollar and euro.



EARNINGS PER SHARE

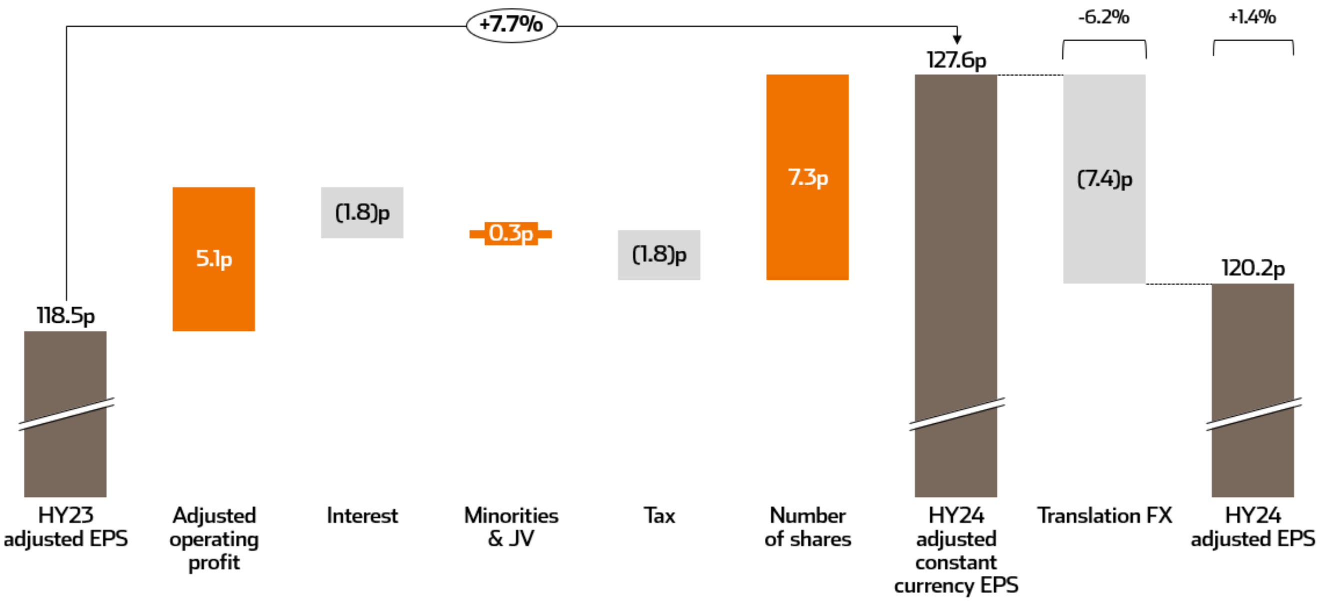
Reported EPS

(18.0%)

Adjusted EPS

+7.7%

- Reported EPS declined -18.0% to 96.0 pence driven by adverse mark-to-market movements on financial instruments and foreign exchange translation offset by a reduction in share count.
- Adjusted EPS was 120.2 pence, up +7.7% at constant currency as adjusted operating profit growth and a reduced share count due to the ongoing share buyback more than offset higher finance costs and tax.



SUMMARY CASH FLOW STATEMENT

£ million (unless otherwise indicated)	Half Year Results			
	Reported		Adjusted	
	2024	2023	**2024**	2023
Group operating profit	**1,494**	1,534	**1,669**	1,716
Depreciation, amortisation and impairment	**318**	315	**143**	141
EBITDA	**1,812**	1,849	**1,812**	1,857
Loss on disposal of subsidiary	**–**	1	**–**	–
Other non-cash movements	**(40)**	(53)	**(16)**	1
Operating cash flows before movement in working capital	**1,772**	1,797	**1,796**	1,858
Working capital	**(1,406)**	(1,626)	**(1,406)**	(1,626)
Tax cash flow	**(425)**	(175)	**(425)**	(175)
Cash flows from operating activities	**(59)**	(4)	**(35)**	57
Net capital expenditure	**(114)**	(119)	**(114)**	(119)
Restructuring	**–**	–	**(24)**	(61)
Cash interest	**(253)**	(237)	**(253)**	(237)
Minority interest dividends	**(97)**	(72)	**(97)**	(72)
Free cash flow	**(523)**	(432)	**(523)**	(432)
Acquisitions/disposals	**(40)**	(119)	**(40)**	(119)
Shareholder dividends	**(914)**	(921)	**(914)**	(921)
Purchase of ESOT shares	**–**	–	**–**	–
Repurchase of shares	**(605)**	(500)	**(605)**	(500)
Net cash flow	**(2,082)**	(1,972)	**(2,082)**	(1,972)

CASH FLOW

Cash outflows from operating activities were £(59) million (2023: £(4) million outflow) reflecting increased cash tax payments offset by a reduction in working capital which included a lower contribution from Logista.

As anticipated, gross capital expenditure increased to £149 million (2023: £126 million). Capital expenditure net of the proceeds from the sale of assets, or net capital expenditure, was £114 million, similar to the prior year (2023: £119 million). Gross capital expenditure is anticipated to increase in the full year to within an expected range of £300 million to £350 million supporting projects to drive simplified and efficient operations in line with our strategic plan.

Adjusted operating cash conversion was 97% (2023: 77%) on a 12-month basis reflecting improvements in working capital.

£ million (unless otherwise indicated)	Half Year Result	
	2024	2023
12-month adjusted operating profit	**3,840**	3,810
12-month cash flow post capital expenditure pre interest and tax	**3,726**	2,943
12-month adjusted operating cash conversion	**97%**	77%

Free cash outflow of £(523) million (2023: £(432) million outflow) increased over the same period in the prior year, primarily due to higher cash outflow from operating activities, the increased cash interest costs due to the higher cost of debt and the increase in minority interest payments reflecting improved performance at Logista.

Restructuring cash costs were £24 million (2023: £61 million). We have cash spend from our three previous restructuring programmes: Cost Optimisation Programme I of £3 million (2023: £22 million), Cost Optimisation Programme II of £6 million (2023: £5 million) and the 2021 Strategic Review Programme of £15 million (2023: £34million). Together, the total cash spend for all three restructuring programmes is anticipated to be £1,558 million, of which £1,370 million has been spent to date. The remaining cash spend is ongoing, although is not expected to be more than the existing provisions.

£ million	Half Year Result	
	2024	2023
Restructuring cash cost	**24**	61
Cumulative to date	**1,370**	1,309
Anticipated total	**1,558**	1,558

The net cash outflow of £(2,082) million (2023: £(1,972) million) increased year-on-year, reflecting higher free cash outflow and an increase in the share buyback programme, partly offset by lower acquisition costs compared to the prior year. Acquisition costs were £(40) million (2023: £(119) million) and relate to Logista's acquisition of Belgium Parcel Service (BPS) and SGEL Libros, both of which completed in the period. The share buyback programme commenced in October 2022 and in October 2023 we announced a further share buyback of up to £1.1 billion of shares in FY24. The £605 million repurchase of shares includes the cash spend of £602 million associated with the £1.1 billion FY24 share buyback programme and £3 million by Logista to satisfy their share remuneration schemes.

ADJUSTED NET DEBT/EBITDA

Adjusted net debt increased by £286 million (2023: increased £642 million) year on year, driven by the year-on-year increase in cash tax payments and increased return of capital to investors via a share buyback. On a 12-month basis, adjusted net debt/EBITDA remained broadly flat at 2.5 times.

Reported net debt increased by £346 million to £10,585 million (2023: £10,239 million). Excluding accrued interest, lease liabilities and the fair value of derivative financial instruments providing commercial hedges of interest risk, Group adjusted net debt was £10,085 million (2023: £9,799 million).

	Half Year Result	
£ million	**2024**	2023
Reported net debt	**(10,585)**	(10,239)
Accrued interest	**62**	76
Lease liabilities	**375**	355
Fair value of interest rate derivatives	**63**	9
Adjusted net debt	**(10,085)**	(9,799)
12-month EBITDA	**4,112**	4,073
Adjusted net debt/EBITDA	**2.5x**	2.4x

RECONCILIATION BETWEEN REPORTED AND ADJUSTED PERFORMANCE MEASURES

	Half Year Result					
	Operating profit		Net finance (costs)/income		Earnings per share (pence)	
£ million unless otherwise indicated	**2024**	2023	**2024**	2023	**2024**	2023
Reported	**1,494**	1,534	**(354)**	(94)	**96.0**	117.0
Amortisation & impairment of acquired intangibles	**175**	174	**–**	–	**19.4**	18.7
Fair value adjustment and impairment of other financial assets	**–**	7	**–**	–	**–**	0.7
Loss on disposal of subsidiaries	**–**	1	**–**	–	**–**	0.1
Net fair value and exchange movements on financial instruments	**–**	–	**135**	(108)	**4.2**	(18.7)
Post-employment benefits net financing costs/(gains)	**–**	–	**5**	(7)	**0.3**	(0.7)
Taxation settlements interest cost	**–**	–	**10**	10	**1.1**	1.1
Uncertain tax positions	**–**	–	**–**	–	**(0.6)**	0.3
Adjustments above attributable to non-controlling interests	**–**	–	**–**	–	**(0.2)**	–
Adjusted	**1,669**	1,716	**(204)**	(199)	**120.2**	118.5

ADJUSTING ITEMS

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

In the period to 31 March 2024 adjusting items relate to amortisation of acquired intangibles of £175 million (2023: £174 million) across Tobacco & NGP and Distribution.

FINANCE COSTS

Adjusted net finance costs were higher at £204 million (2023: £199 million), primarily reflecting the increase in EUR, USD and GBP interest rates, which have impacted the rates achieved on bonds issued within the last year, as well as those paid in relation to derivatives and the factoring programme. Reported net finance costs were £354 million (2023: £94 million), incorporating the impact of net fair value and foreign exchange losses on financial instruments of £135 million (2023: gains of £108 million), post-employment benefits net financing costs of £5 million (2023: income of £7 million) and £10 million in interest cost from taxation settlements (2023: £10 million). The gains on financial instruments are primarily due to fair value gains of £92 million, resulting from positive valuation movements of the Group's interest rate derivatives, with increasing market interest rate expectations in the short-term offsetting lower longer-term expectations.

Our all-in cost of debt increased to 4.2% (2023: 4.1%) due to higher interest costs mostly offset by savings from swapping our remaining US dollar bonds to euro in September 2023.

Our interest cover reduced to 8.9x (2023: 9.3x) reflecting the higher adjusted net finance costs and lower EBITDA.

We anticipate adjusted net finance costs will increase in the second half of the financial year with adjusted net finance costs for the full year expected to be around £440 million.

TAXATION

Our adjusted effective tax rate is 23.0% (2023: 22.4%) and the reported effective tax rate is 20.0% (2023: 19.2%). The increase in the adjusted effective tax rate primarily reflects the expected impact of the increase in the UK tax rate. The adjusted tax rate is higher than the reported rate due to limited tax arising on fair value and foreign exchange gains that arise on consolidation.

We expect our adjusted effective tax rate for the year ended 30 September 2024 to be around 23.0% (2023: 22.4%).

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 Germany and lower rates in other markets.

The rate is also sensitive to future legislative changes affecting international businesses such as changes arising from the OECD's (Organisation for Economic Co-operation 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.

EXCHANGE RATES

Foreign exchange had a negative impact on Group adjusted operating profit and earnings per share at average exchange rates (3.8% and 2.4%, respectively). Sterling strengthened against the US dollar (5.1%) and against the euro (1.8%).

DIVIDEND PAYMENTS

The Group has paid two dividends in this financial year, the first being 51.82 pence per share in December 2023 and the second being 51.82 pence per share in March 2024.

The Board has approved an interim dividend of 44.90 pence (HY23: 43.18 pence) per share which represents an increase of 4.0% over the prior year and is in line with the Group's progressive dividend policy. The interim dividend will be paid in two instalments of 22.45 pence (HY23: 21.59 pence) per share with the first payment being paid on 28 June 2024 to shareholders registered on 24 May 2024. The second interim dividend payment will be paid on 30 September 2024 to shareholders registered on 23 August 2024.

Dividend payments	Amount (pence)	Ex-date	Record dates	Payment date
First interim	22.45	23-May-24	24-May-24	28-Jun-24
Second interim	22.45	22-Aug-24	23-Aug-24	30-Sep-24
Third interim	To be announced	28-Nov-24	29-Nov-24	31-Dec-24
Final	To be announced	20-Feb-25	21-Feb-25	31-Mar-25

FUNDING/LIQUIDITY

During the half year we repaid our March 2024 £600 million bond in line with its natural maturity, and we issued a €100 million bond as a tap of our €950 million bond maturing in February 2031. The denomination of our closing adjusted net debt was materially all euro. As at 31 March 2024, the Group had committed financing in place of around £12.4 billion, which comprised 28% bank facilities and 72% raised from capital markets. During the half year the maturity date of €3,125 million of the Group's existing syndicated multicurrency facility was extended to 30 March 2027; as previously noted, two tranches of €184 million each were not extended and therefore remain at their maturity dates of 30 September 2025 and 30 March 2026, respectively.

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

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management is the responsibility of everyone across the Group. Whilst the Board remain ultimately accountable for Risk Management, our approach is designed to enable our people to proactively identify and assess risks on an ongoing basis and to ensure the effectiveness and appropriateness of related mitigating actions. The business is supported by subject matter experts in our second line of defence to ensure the Group's control frameworks align to achieving our strategic objectives whilst operating within the Board's defined risk appetite. To further strengthen the risk management framework within the Group, a continuous improvement programme is underway to further standardise the application of risk management and controls across the Group.

The Board continues to monitor the principal risks and uncertainties to which the Group is exposed. The risks and the approach to managing the risks remains consistent with that identified on pages 100-111 of our 2023 Annual Report and Accounts. The wording used to describe the Principal Risks has been updated, but the risks are aligned with those identified in the 2023 Annual Report and Accounts and cover the following areas:

Risk	Risk description
Consumer & Market Trends	Risks relating to the impact of changing consumer behaviour and market trends, and the Group's ability to respond to these, on commercial objectives
Pricing & Excise Change	Risks relating to the impact of future excise changes and our ability to achieve planned pricing
Product Innovation & Portfolio	Risks relating to effective product innovation aligned to consumer preferences and regulatory requirements, and the alignment of the Group's product portfolio to consumer preferences
Regulatory Change	Risks relating to the impact of future regulatory change on our ability to produce, market and sell our products
Business Transformation	Risks relating to ineffective design, implementation and benefit realisation of transformation
Legal Compliance	Risks relating to compliance with laws and regulations and the management of significant legal matters
Environment	Risks relating to the impact from business operations on the natural environment in which we operate
Social	Risks relating to social considerations within and from our business operations and extended supply chain
Product Supply	Risks relating to the supply of materials and services to support our ability to operate and produce
Technology Resilience	Risks relating to the ability of IT services to support business and regulatory requirements or a major incident resulting from a cyber or similar technology risk

A summary of key updates in relation to the Group's principal risks is included below.

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 as well as impacting the Group's employees. Any adverse geopolitical or economic developments in, or affecting, the Group's key countries and regions, including, but not limited to, the outbreak of war or conflict, pandemics, inflation, volatile interest rates and recessionary conditions could impact the Group, its operations and its people.

The Group continues to operate in a challenging external environment. The impact of inflation is being considered as part of a number of risks. Whilst year-on-year inflation rates have reduced, inflationary pressures continue to place pressure upon consumer disposable income from increases in fuel and food prices potentially creating affordability concerns. This, in turn, could result in reduced consumption, consumer downtrading or increased consumption of illicit products.

These pressures could adversely impact the size of the legitimate nicotine market with additional impacts from regulatory change, excise tax or increases in other product taxes. The Group has seen market size declines ahead of expectations in three of the five priority markets, which has been driven by continued economic pressure impacting consumer spending, excise tax increases and a rise in illicit trade in certain markets. However, price increases across our footprint have more than offset volume declines to support net revenue growth.

Due to the volume declines seen in certain markets, there is a risk that the Group may experience an increase in the unit cost of production. The Group continues to explore potential mitigation options to manage any increased costs.

The risk of further supply chain disruptions continues to be actively considered across all regions, although there remains a risk of unexpected supply chain disruptions impacting the Group. The Group is exposed to the geopolitical, economic and climate conditions of the countries and regions in which it operates, which could impact the supply chain as a result of energy or labour shortages, raw material pricing and availability, sanctions, physical disruption to infrastructure and supply routes or increased logistics costs. Additionally, the impacts on global supply chains, financial markets, and businesses in commercial distress are being actively considered and mitigating actions taken across the business.

Regulatory change aimed at further de-normalising the consumption of tobacco and nicotine products potentially adversely impacts the Group. As well as continued introduction of more restrictive regulation for combustible tobacco, increasing regulatory maturity and complexity is being seen within NGP categories as the market for alternatives to smoking grows. There is continued pressure on disposable and flavoured vape products, with new restrictions passed or proposed in multiple European markets. Yet whilst new regulation and excise taxes are being considered in some markets, there have been other instances where legislation has been removed, such as the "Smokefree" restrictions in New Zealand (which included a generational ban), or delayed, such as the US menthol ban. The Group is impacted by excise and regulatory risks across all regions and appropriate mitigations continue to be applied to manage the impact of both current and future regulatory change.

Whilst the FDA's Marketing Denial Order (MDO) for tobacco and menthol flavours have been vacated and the Premarket Tobacco Product Application (PMTA) for these myblu products have returned to FDA scientific review for further consideration, there have been new MDOs issued from the FDA in connection with some flavoured disposable products, which are subject to ongoing litigation. Further, to date, no non-tobacco flavoured product, including menthol, has gained a Marketing Granted Order (MGO) in the US which may pose a risk to longer-term NGP performance in the US.

The Group continues to keep abreast of and prepare for new legislative requirements, including reporting of non-financial data such as the EU Corporate Sustainability Reporting Directive (CSRD). The Group has established a CSRD working group to ensure we remain on track to disclose in line with the new requirements. There is also an external trend of increased powers for national authorities to enforce consumer protection law, and increasing enforcement activity, in certain markets.

The Group continuously evaluates the risk posed by cyber criminals combined with current geopolitical tensions and will continue to monitor the effectiveness of our security controls. The Group continues to implement additional mitigations to further mitigate cyber risk.

Climate risks are specifically considered across the business in relation to their impact on existing risks, rather than as a risk in itself. This ensures that all risk owners consider the impacts of climate change, notably within our supply chain, on both a current and forward-looking basis. Expert second line assistance is provided by our ESG Team along with independent external advice to best understand impacts on our global footprint.

We assess geopolitical risks on the same basis as climate above. As a multinational we are exposed to a wide variety of operating environments and cultures, and so local assessment of risks and impacts form a key input to our ongoing management of geopolitical risks, with support available from second line centres of expertise. This approach ensures responsibility for identification, assessment, and mitigation of risks is consistently understood and applied across the business.

The Group continues to successfully progress with its transformation initiatives. Failure to manage both the potential short and long-term adverse impacts of these initiatives could result in material adverse effects on the Group, from both the crystallisation of risks and the failure to seize opportunities in an increasingly dynamic marketplace. Appropriate frameworks and governance continue to be applied to our change programmes to best ensure achievement of intended positive commercial and strategic outcomes.

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 uncertainty of the external environment. During the period of the COVID-19 pandemic as well as during ongoing period of political uncertainty with regard to Ukraine and Russia, the Group effectively managed operations across the world, and has proved it has an established mechanism to operate efficiently despite 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 15% from 1 April 2024.

The scenario planning also considered mitigation actions including reductions to capital expenditure and dividend payments. 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.

Based on its review of future cash flows covering the period through to 31 May 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 through to 31 May 2025 and concludes that it is appropriate to prepare the financial statements on a going concern basis.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that this condensed consolidated interim financial information has been prepared in accordance with UK-adopted IAS 34 and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely: an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and material related party transactions in the first six months of the current financial year and any material changes in the related-party transactions described in the last annual report.

A list of current directors is maintained on the Imperial Brands PLC website: www.imperialbrandsplc.com.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

LUKAS PARAVICINI
Chief Financial Officer

INDEPENDENT REVIEW REPORT TO IMPERIAL BRANDS PLC

CONCLUSION

We have been engaged by the Company to review the condensed consolidated interim financial statements in the Half Year Results Statement of Imperial Brands PLC for the six months ended 31 March 2024 which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and the notes to the financial statements, including the supplementary information. We have read the other information contained in the Half Year Results Statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements in the Half Year Results Statement for the six months ended 31 March 2024 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

BASIS FOR CONCLUSION

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed consolidated interim financial statements included in this Half Year Results Statement has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

CONCLUSIONS RELATING TO GOING CONCERN

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

RESPONSIBILITIES OF THE DIRECTORS

The directors are responsible for preparing the Half Year Results Statement in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the Half Year Results Statement, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE REVIEW OF THE FINANCIAL INFORMATION

In reviewing the Half Year Results Statement, we are responsible for expressing to the Company a conclusion on the condensed consolidated interim financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

USE OF OUR REPORT

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
London

14 May 2024

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

for the six months ended 31 March 2024

£ million unless otherwise indicated	Notes	Unaudited 6 months ended 31 March 2024	Unaudited 6 months ended 31 March 2023	Audited Year ended 30 September 2023
Revenue	3	**15,064**	15,411	32,475
Duty and similar items		**(6,447)**	(6,899)	(14,398)
Other cost of sales		**(5,525)**	(5,427)	(11,397)
Cost of sales		**(11,972)**	(12,326)	(25,795)
Gross profit		**3,092**	3,085	6,680
Distribution, advertising and selling costs		**(1,174)**	(1,216)	(2,338)
Administrative and other expenses		**(424)**	(335)	(940)
Operating profit	3	**1,494**	1,534	3,402
Investment income		**355**	473	907
Finance costs		**(709)**	(567)	(1,205)
Net finance costs		**(354)**	(94)	(298)
Share of profit of investments accounted for using the equity method		**4**	3	7
Profit before tax		**1,144**	1,443	3,111
Tax		**(229)**	(277)	(655)
Profit for the period		**915**	1,166	2,456
Attributable to:				
Owners of the parent		**846**	1,094	2,328
Non-controlling interests		**69**	72	128
Earnings per ordinary share (pence)				
• Basic	10	**96.0**	117.0	252.4
• Diluted	10	**95.6**	116.1	250.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 March 2024

£ million	**Unaudited 6 months ended 31 March 2024**	Unaudited 6 months ended 31 March 2023	Audited Year ended 30 September 2023
Profit for the period	**915**	1,166	2,456
Other comprehensive income			
Exchange movements	**(229)**	(536)	(508)
Hyperinflation adjustment in the period	**6**	4	5
Current tax on hedge of net investments and quasi-equity loans	**(67)**	(82)	(115)
Items that may be reclassified to profit and loss	**(290)**	(614)	(618)
Net actuarial losses on retirement benefits	**(103)**	(376)	(376)
Current tax relating to net actuarial losses on retirement benefits	**2**	5	–
Deferred tax relating to net actuarial losses on retirement benefits	**9**	94	135
Items that will not be reclassified to profit and loss	**(92)**	(277)	(241)
Other comprehensive expense for the period, net of tax	**(382)**	(891)	(859)
Total comprehensive income for the period	**533**	275	1,597
Attributable to:			
Owners of the parent	**472**	206	1,484
Non-controlling interests	**61**	69	113
Total comprehensive income for the period	**533**	275	1,597

CONSOLIDATED BALANCE SHEET
for the six months ended 31 March 2024

£ million	Notes	**Unaudited 31 March 2024**	Unaudited 31 March 2023	Audited 30 September 2023
Non-current assets				
Intangible assets		**16,499**	17,006	16,944
Property, plant and equipment		**1,600**	1,622	1,617
Right of use assets		**352**	330	326
Investments accounted for using the equity method		**53**	62	55
Retirement benefit assets	6	**361**	474	414
Trade and other receivables		**101**	63	63
Derivative financial instruments	11/12	**505**	694	824
Deferred tax assets		**616**	420	653
		20,087	20,671	20,896
Current assets				
Inventories		**4,740**	5,025	4,522
Trade and other receivables		**2,689**	2,669	2,490
Current tax assets		**204**	179	112
Cash and cash equivalents	12	**668**	596	1,345
Derivative financial instruments	11/12	**158**	72	126
		8,459	8,541	8,595
Total assets		**28,546**	29,212	29,491
Current liabilities				
Borrowings	11	**(3,421)**	(1,873)	(1,499)
Derivative financial instruments	11/12	**(138)**	(166)	(174)
Lease liabilities	12	**(84)**	(82)	(81)
Trade and other payables		**(9,159)**	(8,924)	(9,579)
Current tax liabilities		**(338)**	(313)	(418)
Provisions	5	**(121)**	(165)	(148)
		(13,261)	(11,523)	(11,899)
Non-current liabilities				
Borrowings	11	**(7,273)**	(8,376)	(7,882)
Derivative financial instruments	11/12	**(709)**	(831)	(829)
Lease liabilities	12	**(291)**	(273)	(268)
Trade and other payables		**(2)**	(68)	(27)
Deferred tax liabilities		**(853)**	(844)	(871)
Retirement benefit liabilities	6	**(827)**	(886)	(807)
Provisions	5	**(244)**	(189)	(266)
		(10,199)	(11,467)	(10,950)
Total liabilities		**(23,460)**	(22,990)	(22,849)
Net assets		**5,086**	6,222	6,642
Equity				
Share capital	7	**94**	100	97
Share premium and capital redemption		**5,846**	5,840	5,843
Retained earnings		**(1,906)**	(1,076)	(674)
Exchange translation reserve		**467**	748	755
Equity attributable to owners of the parent		**4,501**	5,612	6,021
Non-controlling interests		**585**	610	621
Total equity		**5,086**	6,222	6,642

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 31 March 2024

Unaudited

£ 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 period	**–**	**–**	**846**	**–**	**846**	**69**	**915**
Exchange movements on retranslation of net assets	**–**	**–**	**–**	**(445)**	**(445)**	**(8)**	**(453)**
Exchange movements on net investment hedges	**–**	**–**	**–**	**182**	**182**	**–**	**182**
Exchange movements on quasi-equity loans	**–**	**–**	**–**	**42**	**42**	**–**	**42**
Hyperinflation adjustment in the period	**–**	**–**	**6**	**–**	**6**	**–**	**6**
Current tax on hedge of net investments and quasi-equity loans	**–**	**–**	**–**	**(67)**	**(67)**	**–**	**(67)**
Net actuarial losses on retirement benefits	**–**	**–**	**(103)**	**–**	**(103)**	**–**	**(103)**
Current tax relating to net actuarial losses on retirement benefits	**–**	**–**	**2**	**–**	**2**	**–**	**2**
Deferred tax relating to net actuarial losses on retirement benefits	**–**	**–**	**9**	**–**	**9**	**–**	**9**
Other comprehensive expense	**–**	**–**	**(86)**	**(288)**	**(374)**	**(8)**	**(382)**
Total comprehensive income/(expense)	**–**	**–**	**760**	**(288)**	**472**	**61**	**533**
Transactions with owners							
Costs of employees' services compensated by share schemes	**–**	**–**	**27**	**–**	**27**	**–**	**27**
Repurchase of shares	**(3)**	**3**	**(1,105)**	**–**	**(1,105)**	**–**	**(1,105)**
Dividends paid	**–**	**–**	**(914)**	**–**	**(914)**	**(97)**	**(1,011)**
At 31 March 2024	**94**	**5,846**	**(1,906)**	**467**	**4,501**	**585**	**5,086**
At 1 October 2022	103	5,837	(443)	1,363	6,860	613	7,473
Profit for the period	–	–	1,094	–	1,094	72	1,166
Exchange movements on retranslation of net assets	–	–	–	(892)	(892)	(3)	(895)
Exchange movements on net investment hedges	–	–	–	356	356	–	356
Exchange movements on quasi equity loans	–	–	–	3	3	–	3
Hyperinflation adjustment in the period	–	–	4	–	4	–	4
Current tax on hedge of net investments and quasi-equity loans	–	–	–	(82)	(82)	–	(82)
Net actuarial losses on retirement benefits	–	–	(376)	–	(376)	–	(376)
Current tax relating to net actuarial losses on retirement benefits	–	–	5	–	5	–	5
Deferred tax relating to net actuarial losses on retirement benefits	–	–	94	–	94	–	94
Other comprehensive expense	–	–	(273)	(615)	(888)	(3)	(891)
Total comprehensive income/(expense)	–	–	821	(615)	206	69	275
Transactions with owners							
Costs of employees' services compensated by share schemes	–	–	11	–	11	–	11
Registration of put/call option	–	–	(41)	–	(41)	–	(41)
Repurchase of shares	(3)	3	(503)	–	(503)	–	(503)
Dividends paid	–	–	(921)	–	(921)	(72)	(993)
At 31 March 2023	100	5,840	(1,076)	748	5,612	610	6,222

CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 31 March 2024

£ million	Unaudited 6 months ended 31 March 2024	Unaudited 6 months ended 31 March 2023	Audited Year ended 30 September 2023
Cash flows from operating activities			
Operating profit	**1,494**	1,534	3,402
Dividends received from investments accounted for under the equity method	**7**	–	7
Depreciation, amortisation and impairment	**318**	315	632
Profit on disposal of non-current assets	**(5)**	(1)	(39)
Loss on disposal of subsidiary	**–**	1	1
Post-employment benefits	**(29)**	(16)	(29)
Share-based payments	**29**	14	31
Other non-cash items	**(1)**	7	40
Movement in provisions	**(41)**	(57)	21
Operating cash flows before movement in working capital	**1,772**	1,797	4,066
Increase in inventories	**(297)**	(1,009)	(551)
(Increase) / decrease in trade and other receivables	**(286)**	(113)	46
(Decrease) / increase in trade and other payables	**(823)**	(504)	158
Movement in working capital	**(1,406)**	(1,626)	(347)
Tax paid	**(425)**	(175)	(590)
Net cash (used in) / generated from operating activities	**(59)**	(4)	3,129
Cash flows from investing activities			
Interest received	**5**	5	10
Proceeds from sale of non-current assets	**35**	7	71
Purchase of non-current assets	**(149)**	(126)	(325)
Purchase of brands and operations	**(40)**	(119)	(183)
Net cash used in investing activities	**(149)**	(233)	(427)
Cash flows from financing activities			
Interest paid	**(258)**	(242)	(417)
Lease liabilities paid	**(52)**	(43)	(92)
Increase in borrowings	**2,166**	1,119	1,462
Repayment of borrowings	**(601)**	(295)	(1,518)
Cash flows relating to derivative financial instruments	**(69)**	(56)	(64)
Repurchase of shares	**(605)**	(500)	(1,006)
Dividends paid to non-controlling interests	**(97)**	(72)	(104)
Dividends paid to owners of the parent	**(914)**	(921)	(1,312)
Net cash used in financing activities	**(430)**	(1,010)	(3,051)
Net decrease in cash and cash equivalents	**(638)**	(1,247)	(349)
Cash and cash equivalents at start of period	**1,345**	1,850	1,850
Effect of foreign exchange rates on cash and cash equivalents	**(39)**	(7)	(156)
Cash and cash equivalents at end of period	**668**	596	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 financial information comprises the unaudited results for the six months ended 31 March 2024 and 31 March 2023, together with the audited results for the year ended 30 September 2023.

The comparative information shown for the year ended 30 September 2023 does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006, and does not reflect all of the information contained in the Group's published financial statements for that year. The Auditors' Report on those statements was unqualified with no reference to matters to which the auditor drew attention by way of emphasis and did not contain any statements under section 498 of the Companies Act 2006. The financial statements for the year ended 30 September 2023 were approved by the Board of Directors on 13 November 2023 and have been filed with the Registrar of Companies.

This condensed set of financial statements for the six months ended 31 March 2024 has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with UK-adopted IAS 34 Interim Financial Reporting. The condensed set of financial statements for the six months ended 31 March 2024 should be read in conjunction with the annual financial statements for the year ended 30 September 2023 which have been prepared in accordance with UK-adopted International Accounting Standards ("UK-adopted IAS").

Except for the adoption of the new standards and interpretations effective as of 1 October 2023, the Group's principal accounting policies and methods of computation used in preparing this information are the same as those applied in the financial statements for the year ended 30 September 2023, which are available on our website www.imperialbrandsplc.com.

The financial statements have been prepared under the historical cost convention except where fair value measurement is required under 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 uncertainty of the external environment. During the period of the COVID-19 pandemic as well as during ongoing period of political uncertainty with regard to Ukraine and Russia, the Group effectively managed operations across the world, and has proved it has an established mechanism to operate efficiently despite 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 15% from 1 April 2024.

The scenario planning also considered mitigation actions including reductions to capital expenditure and dividend payments. 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.

Based on its review of future cash flows covering the period through to 31 May 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 through to 31 May 2025 and concludes that it is appropriate to prepare the financial statements on a going concern basis.

NEW ACCOUNTING STANDARDS ADOPTED IN THE PERIOD

There have been no other amendments or clarifications to IFRS which have significantly impacted the Group's consolidated results or financial position.

2. CRITICAL 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

Estimates relate to non-significant items involving uncertainties, such as those carrying lower risk, which have a smaller potential impact or would be expected to crystallise over a longer timeframe than a significant estimate.

The estimates relevant to the period and the remaining six months of the year include:

- Determination of the useful economic life of intangible assets;
- Amortisation and impairment of intangible assets;
- Corporate income taxes;
- Legal proceedings and disputes; and,
- Restructuring provisions.

There are no significant estimates.

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'). The following significant judgement is disclosed in relation to these interim financial statements;

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.

The other judgments relevant to the period and the remaining six months of the year include:

- Corporate income taxes;
- Deferred tax assets;
- Legal proceedings and disputes; and,
- Climate change.

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 Tobacco & NGP product manufacturers, including Imperial Brands, as well as a wide range of non-Tobacco & NGP 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.

NOTES TO THE FINANCIAL STATEMENTS *continued*

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 and 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, France, Italy, Greece, Sweden, Norway, Belgium and Netherlands.

Americas – United States.

AAACE – Australia, Saudi Arabia, Taiwan, Poland, Czech Republic, Ukraine, Slovakia, Hungary, Slovenia and our African markets including Algeria and Morocco.

TOBACCO & NGP

£ million unless otherwise indicated	**Tobacco**	**NGP**	**Unaudited 6 months ended 31 March 2024 Tobacco & NGP**	Tobacco	NGP	Unaudited 6 months ended 31 March 2023 Tobacco & NGP
Revenue	**9,922**	**163**	**10,085**	10,424	139	10,563
Net revenue	**3,494**	**143**	**3,637**	3,538	125	3,663
Operating profit	**1,381**	**(54)**	**1,327**	1,450	(64)	1,386
Adjusted operating profit			**1,498**			1,568
Adjusted operating profit margin %			**41.2**			42.8

£ million unless otherwise indicated	Tobacco	NGP	Audited Year ended 30 September 2023 Tobacco & NGP
Revenue	22,114	299	22,413
Net revenue	7,747	265	8,012
Operating profit	3,262	(156)	3,106
Adjusted operating profit			3,583
Adjusted operating profit margin %			44.7

DISTRIBUTION

£ million unless otherwise indicated	**Unaudited 6 months ended 31 March 2024**	Unaudited 6 months ended 31 March 2023	Audited Year ended 30 September 2023
Revenue	**5,347**	5,202	10,819
Distribution gross profit	**747**	731	1,466
Operating profit	**164**	150	298
Adjusted operating profit	**168**	150	306
Adjusted operating profit margin %	**22.5**	20.5	20.9

NOTES TO THE FINANCIAL STATEMENTS *continued*

REVENUE

	Unaudited 6 months ended 31 March 2024		Unaudited 6 months ended 31 March 2023		Audited Year ended 30 September 2023	
£ million	**Total revenue**	**External revenue**	Total revenue	External revenue	Total revenue	External revenue
Tobacco & NGP						
Europe	**5,487**	**5,119**	5,330	4,976	11,749	10,992
Americas	**1,557**	**1,557**	1,657	1,657	3,700	3,700
AAACE	**3,041**	**3,041**	3,576	3,576	6,964	6,964
Total Tobacco & NGP	**10,085**	**9,717**	10,563	10,209	22,413	21,656
Distribution	**5,347**	**5,347**	5,202	5,202	10,819	10,819
Eliminations	**(368)**	**–**	(354)	–	(757)	–
Total Group	**15,064**	**15,064**	15,411	15,411	32,475	32,475

The eliminations all relate to Tobacco & NGP sales to Distribution.

TOBACCO & NGP NET REVENUE

	Unaudited 6 months ended 31 March 2024			Unaudited 6 months ended 31 March 2023		
£ million	**Tobacco**	**NGP**	**Total**	Tobacco	NGP	Total
Europe	**1,387**	**116**	**1,503**	1,326	102	1,428
Americas	**1,174**	**15**	**1,189**	1,203	20	1,223
AAACE	**933**	**12**	**945**	1,009	3	1,012
Total Tobacco & NGP	**3,494**	**143**	**3,637**	3,538	125	3,663

	Audited Year ended 30 September 2023		
£ million	Tobacco	NGP	Total
Europe	3,020	220	3,240
Americas	2,778	34	2,812
AAACE	1,949	11	1,960
Total Tobacco & NGP	7,747	265	8,012

ADJUSTED OPERATING PROFIT AND RECONCILIATION TO PROFIT BEFORE TAX

£ million	**Unaudited 6 months ended 31 March 2024**	Unaudited 6 months ended 31 March 2023	Audited Year ended 30 September 2023
Tobacco & NGP			
Europe	**629**	611	1,482
Americas	**485**	512	1,257
AAACE	**384**	445	844
Total Tobacco & NGP	**1,498**	1,568	3,583
Distribution	**168**	150	306
Eliminations	**3**	(2)	(2)
Adjusted operating profit	**1,669**	1,716	3,887
Russia, Ukraine and associated markets – Tobacco & NGP	**–**	–	(4)
Amortisation and impairment of acquired intangibles – Tobacco & NGP	**(171)**	(174)	(339)
Amortisation of acquired intangibles – Distribution	**(4)**	–	(8)
Fair value adjustment and impairment of other financial assets – Tobacco & NGP	**–**	(7)	(36)
Loss on disposal of subsidiaries – Tobacco & NGP	**–**	(1)	(1)
Charges related to legal provisions – Tobacco & NGP	**–**	–	(85)
Structural changes to defined benefit pension schemes – Tobacco & NGP	**–**	–	(12)
Operating profit	**1,494**	1,534	3,402
Net finance costs	**(354)**	(94)	(298)
Share of profit of investments accounted for using the equity method	**4**	3	7
Profit before tax	**1,144**	1,443	3,111

4. ACQUISITIONS

Acquisition of 3 FOR ONE SA (Belgium Parcels Service SRL)

On 31 December 2023, the Group's subsidiary Logista reached an agreement to acquire 100% of the shares of 3 FOR ONE, parent company of the company Belgium Parcels Service SRL over which it has control. Belgium Parcels Service SRL is a company that offers courier services within 24 hours in Belgium and Luxembourg and within 24 to 48 hours to Holland, France and Germany. The Belgian company is specialised in the distribution of sensitive products, mainly temperature-controlled pharmaceutical products to hospitals and pharmacies.

The total consideration for the shares acquired amounted to €9 million (£8 million), which could be subject to subsequent adjustments depending on compliance with certain clauses, although these would not be material, and their settlement has been agreed in two tranches. As at 31 March 2024, the company has recorded provisional goodwill of €8 million (£7 million). The ordinary income and net profits contributed to the consolidated income statement for the six-month period ended 31 March 2024 were €3 million (£3 million) and €nil million (£nil million) respectively.

The provisional values for the assets and liabilities arising from the acquisition are as follows:

£ million	**Book Value at acquisition date**	**Fair value (Provisional)**
Property, plant and equipment	**1**	**1**
Treasury and other equivalent liquid assets	**2**	**2**
Other current assets	**1**	**1**
Other non-current financial liabilities	**(3)**	**(3)**
Total		**1**
Acquisition consideration		**8**
Provisional goodwill		**7**

Calculations related to business combinations are provisional and are subject to adjustment up to one year after the acquisition date. The Group, considering the dates of the transaction, is currently carrying out the analysis of price allocation to the acquired assets and liabilities, which is expected to be completed before the end of the current year.

NOTES TO THE FINANCIAL STATEMENTS *continued*

5. RESTRUCTURING COSTS AND PROVISIONS

£ million	Restructuring	Employment related claims	Other	Total
	Unaudited 31 March 2024			
At 1 October 2023	**180**	**144**	**90**	**414**
Additional provisions charged to the consolidated income statement	**–**	**3**	**14**	**17**
Amounts used	**(24)**	**(17)**	**(5)**	**(46)**
Unused amounts reversed	**–**	**(2)**	**(11)**	**(13)**
Exchange movements	**(1)**	**(5)**	**(1)**	**(7)**
At 31 March 2024	**155**	**123**	**87**	**365**
Current	**40**	**41**	**40**	**121**
Non-Current	**115**	**82**	**47**	**244**
	155	**123**	**87**	**365**

Analysed as:

£ million	**Unaudited 31 March 2024**	Unaudited 31 March 2023	Audited 30 September 2023
Current	**121**	165	148
Non-current	**244**	189	266
	365	354	414

Restructuring provisions relate mainly to our 2021 Strategic Review Programme and Cost optimisation programmes.

The restructuring provision is split between 2021 Strategic review programme of £77 million (6 months to 31 March 2023: £122 million), Cost Optimisation Programmes of £72 million (6 months to 31 March 2023: £92 million) and other programmes of £6 million (6 months to 31 March 2023: £10 million).

2021 Strategic Review Programme cash spend for the period was £15 million (6 months to 31 March 2023: £34 million). The cash spend for other programmes was £9 million (6 months to 31 March 2023: £25 million).

Employment related claims provisions include £25 million (6 months to 31 March 2023: £36 million) relating to local employment requirements including holiday pay and £23 million (6 months to 31 March 2023: £27 million) of distribution requirements relating to employment and duty. An amount of £75 million (6 months to 31 March 2023: £nil) 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, 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 any provisions are expected to be utilised within the next 2 years.

Other provisions include £34 million (6 months to 31 March 2023: £37 million) relating to various local tax or duty requirements, £8 million (6 months to 31 March 2023: £18 million) of market exit provisions and £27 million for factory closure provisions (6 months to 31 March 2023: £nil).

The provisions are spread throughout the Group and payment will be dependent on local statutory requirements.

NOTES TO THE FINANCIAL STATEMENTS *continued*

6. 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.

ITL paid £8.4 million in contributions to an escrow account in the period to 31 March 2024, as this is in escrow it is not included in the IAS 19 assets but reported as other receivables on the balance sheet.

DEFINED BENEFIT PLAN ASSETS AND LIABILITIES RECOGNISED IN THE CONSOLIDATED BALANCE SHEET

£ million	**Unaudited 31 March 2024**	Unaudited 31 March 2023	Audited 30 September 2023
Retirement benefit assets	**361**	474	414
Retirement benefit liabilities	**(827)**	(886)	(807)
Net retirement benefit liabilities	**(466)**	(412)	(393)

The movement in the net retirement benefit is mainly from actuarial gains and losses on the Group's pension assets and liabilities. The actuarial gains and losses were from the changes in principal actuarial assumptions on the Group schemes and asset losses in the three principal schemes over the period.

KEY FIGURES AND ASSUMPTIONS USED FOR MAJOR PLANS

			Unaudited 31 March 2024			Unaudited 31 March 2023
£ million unless otherwise stated	**ITPF**	**RCPP**	**ITG Scheme**	ITPF	RCPP	ITG Scheme
Defined benefit obligation	**2,250**	**534**	**313**	2,322	554	338
Fair value of scheme assets	**(2,536)**	**–**	**(338)**	(2,714)	–	(363)
Net defined benefit (asset)/liability	**(286)**	**534**	**(25)**	(392)	554	(25)
Principal actuarial assumptions used (% per annum)						
Discount rate	**4.9**	**3.4**	**5.1**	4.9	3.6	4.9
Future salary increases	**n/a**	**3.3**	**n/a**	3.3	3.7	n/a
Future pension increases	**3.2**	**2.2**	**n/a**	3.4	2.6	n/a
Inflation	**3.2**	**2.2**	**2.3**	3.3	2.6	2.3

			Audited 30 September 2023
£ million unless otherwise stated	ITPF	RCPP	ITG Scheme
Defined benefit obligation	2,142	496	311
Fair value of scheme assets	(2,481)	–	(337)
Net defined benefit (asset)/liability	(339)	496	(26)
Principal actuarial assumptions used (% per annum)			
Discount rate	5.6	4.2	5.7
Future salary increases	n/a	3.5	n/a
Future pension increases	3.4	2.4	n/a
Inflation	3.4	2.4	2.3

NOTES TO THE FINANCIAL STATEMENTS *continued*

7. SHARE CAPITAL

	Unaudited 31 March 2024 Ordinary shares 10p each		Unaudited 31 March 2023 Ordinary shares 10p each		Audited 30 September 2023 Ordinary shares 10p each	
	Number	**£ million**	Number	£ million	Number	£ million
Authorised, issued and fully paid						
1 October	**968,590,194**	**97**	1,020,697,238	103	1,020,697,237	103
Shares cancelled	**(33,421,856)**	**(3)**	(24,374,097)	(3)	(52,107,043)	(6)
Closing period	**935,168,338**	**94**	996,323,141	100	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. The stamp duty costs were £3 million and the fees charged for the share repurchase were £1 million. 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 31 March 2024 3,104,351 shares have been bought back and cancelled at a cost of £54 million. Upon completion of the purchase, these shares were cancelled and transferred to the capital redemption reserve. As at 31 March 2024, the Group has recognised a liability of £502 million for the remaining shares to be purchased.

8. TAX

PILLAR TWO

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 assessment carried out so far and to the extent the information is known and reasonably estimable, the Group does not expect a significant exposure to Pillar Two income taxes in those jurisdictions where the minimum tax requirement is not met. The Group is continuing to review this legislation (along with the OECD's third tranche of guidance on Pillar 2 issued in December 2023) and to monitor the status of implementation of the model rules outside of the UK to assess the potential impact.

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. 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 to the results of the Group.

NOTES TO THE FINANCIAL STATEMENTS *continued*

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 £253 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 had appealed, in the light of the Administrative Tribunal of Montreuil's decision, having subsequently reassessed the probability of a successful appeal, the Group has now determined it is appropriate to maintain the provision for uncertain tax positions as £172 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 concludes that the legislation up until December 2018 does partially represent state aid. The UK Government has appealed to the European Court seeking annulment of the EU Commission's decision. The Group, along with a number of UK corporates, has made a similar application to the European Court. Based on the Commission's decision and despite the appeals, the UK Government was obliged to recover state aid received. Whilst the Group's position remains that no state aid has been received, in February 2021 a recovery charging notice for £101 million was issued to the Group by HMRC and has since been paid.

In June 2022 the European General Court rejected the appeals. This decision was appealed and heard in January 2024, by the Court of Justice of the European Union (CJEU). The Advocate General (AG) opinion has been delivered which recommends that the CJEU set aside the European General Court's decision and rule that the UK CFC rules do not constitute state aid. Although this is a positive development, the AG opinion is not binding upon the CJEU. As such although the appeal to the CJEU may possibly be successful, in the light of the earlier European General Court's decision in favour of the EU Commission, the Group continues to assess the recoverability of the £101 million as possible and not of a sufficiently high level of probability to record a receivable. However, should the CJEU ultimately deliver a judgement annulling the European General Court's earlier decision and finding the UK CFC rules did not constitute State aid, the group would then record a receivable. Noting the recovery of the receivable would be pending a change in UK law 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 estimates the potential gross level of exposure relating to transfer pricing issues is approximately £98 million (30 September 2023: £100 million). The Group holds a provision of £73 million excluding compensating assets (30 September 2023: £68 million excluding compensating 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. The Group believes the transfer pricing provision held above appropriately provides for this and other transfer pricing issues.

NOTES TO THE FINANCIAL STATEMENTS *continued*

9. DIVIDENDS

DISTRIBUTIONS PAID TO ORDINARY EQUITY HOLDERS WITHIN EACH FINANCIAL YEAR

	Pence per share			£ million		
	Unaudited	Audited	Audited	**Unaudited**	Audited	Audited
	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	**–**	21.59	21.27	**–**	196	202
September	**–**	21.59	21.27	**–**	195	202
Total	**103.64**	141.81	139.50	**914**	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 interim dividend for 2024 amounts to £390 million based on the number of shares ranking for dividend at 31 March 2024 at 44.90 pence per share. This will be paid in two stages, one in June 2024 and one in September 2024.

The interim dividend in December and final dividend in March will be announced in September year end results.

The dividend paid during the half year to 31 March 2024 is £914 million (31 March 2023: £921 million).

10. EARNINGS PER SHARE

£ million	**Unaudited 6 months ended 31 March 2024**	Unaudited 6 months ended 31 March 2023	Audited Year ended 30 September 2023
Earnings: basic and diluted - attributable to owners of the Parent Company	**846**	1,094	2,328

Millions of shares			
Weighted average number of shares:			
Shares for basic earnings per share	**881.7**	934.9	922.5
Potentially dilutive share options	**3.4**	7.6	5.7
Shares for diluted earnings per share	**885.1**	942.5	928.2

Pence			
Basic earnings per share	**96.0**	117.0	252.4
Diluted earnings per share	**95.6**	116.1	250.8

The weighted average number of shares at 31 March 2024 has reduced over and above prior period ends due to the current share buyback programme.

11. NET DEBT

The movements in cash and cash equivalents, borrowings, and derivative financial instruments in the period were as follows:

£ million	Current borrowings	Lease liabilities	Non-current borrowings	Derivative financial instruments	**Liabilities from financing activities**	Cash and cash equivalents	**Total**
							Unaudited
At 1 October 2023	(1,499)	(349)	(7,882)	(53)	**(9,783)**	1,345	**(8,438)**
Reallocation of current borrowings from non-current borrowings	(437)	–	437	–	**–**	–	**–**
Cash flow	(1,566)	52	1	69	**(1,444)**	(638)	**(2,082)**
Change in accrued interest	29	(6)	20	12	**55**	–	**55**
Change in fair values	–	–	–	(126)	**(126)**	–	**(126)**
New leases, terminations and modifications	–	(75)	–	–	**(75)**	–	**(75)**
Exchange movements	52	3	151	(86)	**120**	(39)	**81**
At 31 March 2024	(3,421)	(375)	(7,273)	(184)	**(11,253)**	668	**(10,585)**

£ million	Current borrowings	Lease liabilities	Non-current borrowings	Derivative financial instruments	Liabilities from financing activities	Cash and cash equivalents	Total
							Unaudited
At 1 October 2022	(1,011)	(248)	(8,996)	(87)	(10,342)	1,850	(8,492)
Reallocation of current borrowings from non-current borrowings	(627)	–	627	–	–	–	–
Cash flow	(290)	43	(534)	56	(725)	(1,247)	(1,927)
Change in accrued interest	23	(5)	2	4	24	–	24
Change in fair values	–	–	–	72	72	–	72
New leases, terminations and modifications	–	(148)	–	–	(148)	–	(148)
Exchange movements	32	3	525	(296)	264	(7)	257
At 31 March 2023	(1,873)	(355)	(8,376)	(231)	(10,835)	596	(10,239)

Average reported net debt during the period was £10,319 million (31 March 2023: £10,265 million).

12. FINANCIAL INSTRUMENTS

The table below sets out the Group's accounting classification of each class of financial assets and liabilities:

						Unaudited 31 March 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	**–**	**–**	**2,313**	**2,313**	**2,291**	**22**
Cash and cash equivalents	**–**	**–**	**668**	**668**	**668**	**–**
Derivatives	**609**	**54**	**–**	**663**	**158**	**505**
Total financial assets	**609**	**54**	**2,981**	**3,644**	**3,117**	**527**
Borrowings	**–**	**–**	**(10,694)**	**(10,694)**	**(3,421)**	**(7,273)**
Trade and other payables	**–**	**–**	**(7,853)**	**(7,853)**	**(7,853)**	**–**
Derivatives	**(742)**	**(105)**	**–**	**(847)**	**(138)**	**(709)**
Lease liabilities	**–**	**–**	**(375)**	**(375)**	**(84)**	**(291)**
Total financial liabilities	**(742)**	**(105)**	**(18,922)**	**(19,769)**	**(11,496)**	**(8,273)**
Total net financial liabilities	**(133)**	**(51)**	**(15,941)**	**(16,125)**	**(8,379)**	**(7,746)**

						Unaudited 31 March 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	9	–	2,271	2,280	2,256	24
Cash and cash equivalents	–	–	596	596	596	–
Derivatives	766	–	–	766	72	694
Total financial assets	775	–	2,867	3,642	2,924	718
Borrowings	–	–	(10,249)	(10,249)	(1,873)	(8,376)
Trade and other payables	–	–	(8,223)	(8,223)	(8,223)	–
Derivatives	(717)	(280)	–	(997)	(166)	(831)
Lease liabilities	–	–	(355)	(355)	(82)	(273)
Total financial liabilities	(717)	(280)	(18,827)	(19,824)	(10,344)	(9,480)
Total net financial assets / (liabilities)	58	(280)	(15,960)	(16,182)	(7,420)	(8,762)

						Audited 30 September 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 borrowings is recognised in other comprehensive income. The carrying value at 31 March 2024 of those borrowings included in the above table is £6,067 million (31 March 2023: £6,751 million). All of the Group's net investment hedges remain effective.

The Group's derivative financial instruments which are held at fair value, are as follows.

£ million	**Unaudited 31 March 2024**	Unaudited 31 March 2023	Audited 30 September 2023
Assets			
Interest rate swaps	**488**	604	775
Forward foreign currency contracts	**1**	10	12
Cross-currency swaps	**174**	152	163
Total carrying value of derivative financial assets	**663**	766	950
Liabilities			
Interest rate swaps	**(548)**	(621)	(718)
Forward foreign currency contracts	**(6)**	(29)	(5)
Cross-currency swaps	**(293)**	(347)	(280)
Total carrying value of derivative financial liabilities	**(847)**	(997)	(1,003)
Total carrying value of derivative financial instruments	**(184)**	(231)	(53)

Analysed as:			
Interest rate swaps	**(60)**	(17)	57
Forward foreign currency contracts	**(5)**	(19)	7
Cross-currency swaps	**(119)**	(195)	(117)
Total carrying value of derivative financial instruments	**(184)**	(231)	(53)

All financial assets and liabilities are carried on the balance sheet at amortised cost, other than derivative financial instruments which are carried at fair value. Derivative fair values are determined based on observable market data such as yield curves, foreign exchange rates and credit default swap prices to calculate the present value of future cash flows associated with each derivative at the balance sheet date (Level 2 classification hierarchy per IFRS 7). Market data is sourced through Bloomberg and valuations are validated by reference to counterparty valuations where appropriate. Some of the 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 £7 million (31 March 2023: £10 million) and would have been a £9 million (31 March 2023: £20 million) reduction without considering the early termination options. There were no changes to the valuation methods or transfers between hierarchies during the period. With the exception of capital market issuance, the fair value of all financial assets and financial liabilities is considered approximate to their carrying amount.

NOTES TO THE FINANCIAL STATEMENTS *continued*

13. 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. The trial is set for 8-9 July 2024.

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. It is possible Philip Morris may attempt to appeal or to file a separate litigation on the issue, in Delaware or Florida.

Amounts at issue range to US$ 256 million through 2023, plus future payments of US$ 19 million to US$ 32 million annually going forward, alleged accrued interest of up to US$ 23 million and attorney's fees of up to US$ 7 million through 2022 (the last year in which allegations were made) with additional claims to interest and fees accruing over time. Based on the current facts and circumstances it is currently unclear as to what level of damages will become payable in this case. Due to the inability to determine a reliable estimate of the amount involved, no provision has been recognised pending the outcome of the trial at which the level of damages will be decided.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS *continued*

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. Treble damages are automatically available under Helms-Burton. 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). 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.

On 8 February 2021, the United Kingdom Secretary of State for International Trade authorised Imperial to file and litigate a motion to dismiss the action. A hearing on the motion to dismiss took place on 26 July 2022 before a magistrate judge. On 2 November 2022 the magistrate judge recommended that the action be dismissed, without prejudice to re-filing in a proper venue.

On 31 March 2023 the district judge issued an order addressing the magistrate's recommended ruling and adopting the recommended ruling in part. In respect of Habanos, the motion to dismiss was granted, without objection from the claimants, on the basis that the federal court in Florida was an "improper venue" (wrong court). Habanos was therefore dismissed from the case, without prejudice to the claimants' right to sue it in a proper venue. As to Imperial and the other defendants, the district judge remanded the motion to dismiss back to the same magistrate for a further review and analysis and a report and recommendation on whether the ruling regarding Habanos should result in dismissal of all defendants. The magistrate is also permitted to address "other issues if warranted", including Imperial's other arguments for dismissal.

The hearing with the magistrate on further arguments on the motion to dismiss took place on 28 September 2023. On 28 November 2023, the magistrate issued a recommended ruling, and recommended dismissal of the case in its entirety as against Imperial on the grounds that (i) the court lacks personal jurisdiction over Imperial in respect of the claim; (ii) the claim is untimely; and (iii) the claimants have failed to state a claim upon which relief can be granted. On 12 December 2023, the claimants filed objections to the magistrate's recommended ruling with the district judge. Briefing on the claimants' objections was completed on 2 February 2024, and the district judge's decision addressing the magistrate's recommended ruling remains pending.

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. As lack of jurisdiction provided the judge with a sufficient basis for dismissal of the case in its entirety, he declined to reach the parties' remaining arguments. The Claimants filed an appeal against the judge's dismissal of the claim on 7 May 2024 and the appeal could take a year or more to resolve.

14. POST BALANCE SHEET EVENTS

As at 14th May 2024, the Group does not have any post balance sheet events to report.

15. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. No related party transactions have taken place in the 6 months ended 31 March 2024 (6 months to 31 March 2023: none, year ended 30 September 2023: none) that have materially affected the financial position or performance of the group during that period.

SUPPLEMENTARY INFORMATION

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 markets, 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, 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 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. The adjusted performance measures are used by management to assess the Group's financial performance and aid comparability of results year on year.

CONSOLIDATED INCOME STATEMENT ADJUSTING ITEMS

The following tables summarise the key items recognised within the consolidated income statement that have been treated as adjusting items:

Adjusting items recognised within administrative and other expenses

£ million	**Unaudited 6 months ended 31 March 2024**	Unaudited 6 months ended 31 March 2023	Audited Year ended 30 September 2023
Russia, Ukraine and associated markets	**–**	–	(4)
Amortisation and impairment of acquired intangibles	**(175)**	(174)	(347)
Fair value adjustment and impairment of other financial assets	**–**	(7)	(36)
Loss on disposal of subsidiaries	**–**	(1)	(1)
Charges related to legal provisions	**–**	–	(85)
Structural changes to defined benefit pension schemes	**–**	–	(12)
Total adjusting administrative and other expenses	**(175)**	(182)	(485)
Total non-adjusting administrative and other expenses	**(249)**	(153)	(455)
Administrative and other expenses	**(424)**	(335)	(940)

RUSSIA, UKRAINE AND ASSOCIATED MARKETS

No charge has been incurred in the current period. For the year ending September 2023, the £4 million adjusted net charge relates to £18 million of costs relating to Ukraine partially offset by £14 million release of other market exit provisions. The Ukraine costs relates to factory repairs and the redeployment of the production facility to service only the domestic market. The release of the market exit provisions primarily relates to potential tax liabilities with insufficient certainty over the quantum of future charges.

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 its 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. Gains and losses on the sale of intellectual property are removed from adjusted operating profit.

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 period is £195 million (31 March 2023: £197 million, 30 September 2023: £392 million) of which £175 million (31 March 2023: £174 million, 30 September 2023: £347 million) relates to acquired intangibles and is adjusting, and £20 million (31 March 2023: £23 million, 30 September 2023: £45 million) relates to internally generated intangibles and is non adjusting. In the period to 31 March 2024 adjusting items all relate to amortisation; £171 million (31 March 2023: £174 million, 30 September 2023: £339 million) is attributable to Tobacco & NGP and £4 million (31 March 2023: £nil, 30 September 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. During the period, there has been no change in the fair value of loan receivables associated with the investment in Auxly Cannabis Group Inc. For the year ending 30 September 2023, the fair value adjustment also included changes in the carrying value of certain financial assets held by ITG Brands.

LOSS ON DISPOSAL OF SUBSIDIARIES

Adjusted performance measures exclude costs and profits or losses associated with major acquisitions and disposals as they do not relate to the day to day operational performance of the Group. Acquisition and disposal costs, and profits or losses on disposal can be significant in size and are one-off in nature. Exclusion of these items allows a clearer presentation of the day to day underlying income and costs of the business. Where applicable and not reported separately, this includes changes in contingent or deferred consideration. There have been no gains or losses on disposal of subsidiaries in the current period.

CHARGES RELATED TO LEGAL PROVISIONS

The adjusting item relates to legal provisions that the Group has provided for (see note 5). 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. No additional charges have been incurred in the current period.

STRUCTURAL CHANGES TO DEFINED BENEFIT PENSION SCHEMES

These are non-recurring pension scheme restructuring costs. No charge has been incurred in the current period. For the year ending September 2023, this relates to £8 million of net costs related to the closure of the UK defined benefit retirement scheme to future accrual and £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	**Unaudited 6 months ended 31 March 2024**	Unaudited 6 months ended 31 March 2023	Audited Year ended 30 September 2023
Share of profit of investments accounted for using the equity method	**4**	3	7

Adjusting items recognised within tax

£ million	Unaudited 6 months ended 31 March 2024	Unaudited 6 months ended 31 March 2023	Audited Year ended 30 September 2023
Deferred tax on amortisation of acquired intangibles	**4**	(1)	(4)
Tax on fair value adjustment and impairment of other financial assets	**–**	–	5
Tax on charges relating to legal provisions	**–**	–	26
Tax on structural changes to defined benefit pension schemes	**–**	–	3
Tax on net foreign exchange and fair value losses and gains on financial instruments	**98**	67	89
Tax on post-employment benefits net financing costs and income	**2**	–	–
Tax on interest settlements	**–**	–	2
Recognition of deferred tax assets	**–**	–	212
Uncertain tax positions	**5**	(3)	(207)
Other non-adjusting taxation charges	**(338)**	(340)	(781)
Reported tax	**(229)**	(277)	(655)

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, and post-employment benefits net financing cost. The tax effect of the result of the disposal of subsidiaries has also been adjusted.

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 deferred tax assets relating to the uplifted value of intangibles in the Group's Dutch business are 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.

DEFINITIONS AND RECONCILIATIONS OF ALTERNATIVE PERFORMANCE MEASURES

A) NET REVENUE TOBACCO & NGP

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 treat 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

			Unaudited			Unaudited
			31 March 2024			31 March 2023
£ million	**Tobacco**	**NGP**	**Total**	Tobacco	NGP	Total
Revenue	**9,922**	**163**	**10,085**	10,424	139	10,563
Duty and similar items	**(6,427)**	**(20)**	**(6,447)**	(6,884)	(14)	(6,898)
Sales of peripheral products	**(1)**	**–**	**(1)**	(2)	–	(2)
Net revenue	**3,494**	**143**	**3,637**	3,538	125	3,663

			Audited
			30 September 2023
£ million	Tobacco	NGP	Total
Revenue	22,114	299	22,413
Duty and similar items	(14,364)	(34)	(14,398)
Sales of peripheral products	(3)	–	(3)
Net revenue	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

	Unaudited	Unaudited	Audited
	6 months ended	6 months ended	Year ended
£ million	**31 March 2024**	31 March 2023	30 September 2023
Revenue - Distribution	**5,347**	5,202	10,819
Cost of sales - Distribution	**(4,600)**	(4,471)	(9,353)
Distribution gross profit	**747**	731	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 OPERATING PROFIT AND ADJUSTED OPERATING PROFIT

£ million	Unaudited 6 months ended 31 March 2024	Unaudited 6 months ended 31 March 2023	Audited Year ended 30 September 2023
Profit before tax	**1,144**	1,443	3,111
Net finance costs	**354**	94	298
Share of profit of investments accounted for using the equity method	**(4)**	(3)	(7)
Operating profit	**1,494**	1,534	3,402
Russia, Ukraine and associated markets	**–**	–	4
Amortisation and impairment of acquired intangibles	**175**	174	347
Fair value adjustment and impairment of other financial assets	**–**	7	36
Loss on disposal of subsidiaries	**–**	1	1
Charges related to legal provisions	**–**	–	85
Structural changes to defined benefit pension schemes	**–**	–	12
Total adjustments	**175**	182	485
Adjusted operating profit	**1,669**	1,716	3,887

RECONCILIATION FROM TOBACCO & NGP OPERATING PROFIT TO ADJUSTED OPERATING PROFIT

			Unaudited 31 March 2024			Unaudited 31 March 2023
£ million	**Tobacco**	**NGP**	**Total**	Tobacco	NGP	Total
Operating profit / (loss)	**1,381**	**(54)**	**1,327**	1,450	(64)	1,386
Russian, Ukraine and associated markets	**–**	**–**	**–**	–	–	–
Amortisation and impairment of acquired intangibles	**167**	**4**	**171**	172	2	174
Fair value adjustment and impairment of other financial assets	**–**	**–**	**–**	1	6	7
Loss on disposal of subsidiaries	**–**	**–**	**–**	1	–	1
Charges related to legal provisions	**–**	**–**	**–**	–	–	–
Structural changes to defined benefit pension schemes	**–**	**–**	**–**	–	–	–
Adjusted operating profit / (loss)	**1,548**	**(50)**	**1,498**	1,624	(56)	1,568

			Audited 30 September 2023
£ million	Tobacco	NGP	Total
Operating profit / (loss)	3,262	(156)	3,106
Russian, Ukraine and associated markets	4	–	4
Amortisation and impairment of acquired intangibles	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	12	–	12
Adjusted operating profit / (loss)	3,718	(135)	3,583

RECONCILIATION FROM DISTRIBUTION OPERATING PROFIT TO DISTRIBUTION ADJUSTED OPERATING PROFIT

£ million	**Unaudited 6 months ended 31 March 2024**	Unaudited 6 months ended 31 March 2023	Audited Year ended 30 September 2023
Distribution operating profit	**164**	150	298
Amortisation of acquired intangibles	**4**	–	8
Distribution adjusted operating profit	**168**	150	306

D) ADJUSTED OPERATING PROFIT MARGIN

Adjusted operating profit margin is adjusted operating profit divided by net revenue expressed as a percentage. 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	**Unaudited 6 months ended 31 March 2024**	Unaudited 6 months ended 31 March 2023	Audited Year ended 30 September 2023
Reported net finance costs	**354**	94	298
Fair value gains on derivative financial instruments	**269**	365	707
Fair value losses on derivative financial instruments	**(395)**	(273)	(568)
Exchange (losses) / gains on financing activities	**(9)**	16	10
Net fair value and exchange gains on financial instruments	**(135)**	108	149
Interest income on net defined benefit assets	**80**	87	178
Interest cost on net defined benefit liabilities	**(85)**	(80)	(165)
Post-employment benefits net financing (costs) / gains	**(5)**	7	13
Taxation settlements interest cost	**(10)**	(10)	(50)
Adjusted net finance costs	**204**	199	410
Comprising			
Interest income on bank deposits	**(6)**	(5)	(12)
Interest cost on lease liabilities	**6**	5	10
Interest cost on bank and other loans	**204**	199	412
Adjusted net finance costs	**204**	199	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 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 losses not historically generated in the normal course of business are excluded on the same basis.

The adjusted tax rate is calculated as the adjusted tax charge divided by the adjusted profit before tax.

RECONCILIATION FROM REPORTED TAX TO ADJUSTED TAX

Reported tax for the six months ended 31 March 2024 has been calculated on the basis of a forecast effective rate for the year ended 30 September 2024.

£ million	**Unaudited 6 months ended 31 March 2024**	Unaudited 6 months ended 31 March 2023	Audited Year ended 30 September 2023
Reported tax	**229**	277	655
Deferred tax on amortisation and impairment of acquired intangibles	**4**	(1)	(4)
Tax on fair value adjustment and impairment of other financial assets	**–**	–	5
Tax on charges relating to legal provisions	**–**	–	26
Tax on structural changes to defined benefit pension schemes	**–**	–	3
Tax on net foreign exchange and fair value losses and gains on financial instruments	**98**	67	89
Tax on post-employment benefits net financing costs and income	**2**	–	–
Tax on interest settlements	**–**	–	2
Recognition of deferred tax assets	**–**	–	212
Uncertain tax positions	**5**	(3)	(207)
Adjusted tax	**338**	340	781

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

	Unaudited 6 months ended 31 March 2024		Unaudited 6 months ended 31 March 2023		Audited Year ended 30 September 2023	
£ million unless otherwise indicated	**Earnings per share (pence)**	**Earnings net of tax**	Earnings per share (pence)	Earnings net of tax	Earnings per share (pence)	Earnings net of tax
Reported basic	**96.0**	**846**	117.0	1,094	252.4	2,328
Russia, Ukraine and associated markets	**–**	**–**	–	–	0.4	4
Amortisation and impairment of acquired intangibles	**19.4**	**171**	18.7	175	38.0	351
Fair value adjustment and impairment of other financial assets	**–**	**–**	0.7	7	3.4	31
Loss on disposal of subsidiaries	**–**	**–**	0.1	1	0.1	1
Charges related to legal provisions	**–**	**–**	–	–	6.4	59
Structural changes to defined benefit pension schemes	**–**	**–**	–	–	1.0	9
Net fair value and exchange movements on financial instruments	**4.2**	**37**	(18.7)	(175)	(25.8)	(238)
Post-employment benefits net financing costs and income	**0.3**	**3**	(0.7)	(7)	(1.4)	(13)
Tax settlements interest cost	**1.1**	**10**	1.1	10	5.2	48
Recognition of deferred tax assets	**–**	**–**	–	–	(23.0)	(212)
Uncertain tax positions	**(0.6)**	**(5)**	0.3	3	22.4	207
Adjustments above attributable to non-controlling interests	**(0.2)**	**(2)**	–	–	(0.3)	(3)
Adjusted	**120.2**	**1,060**	118.5	1,108	278.8	2,572
Adjusted diluted	**119.8**	**1,060**	117.6	1,108	277.1	2,572

H) 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 Financial Summary section of the half year results statement.

I) 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

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.

£ million	**Unaudited** **31 March 2024**	Unaudited 31 March 2023	Audited 30 September 2023
Reported net debt	**(10,585)**	(10,239)	(8,438)
Accrued interest	**62**	76	125
Lease liabilities	**375**	355	349
Fair value of interest rate derivatives	**63**	9	(62)
Adjusted net debt	**(10,085)**	(9,799)	(8,026)

J) 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 I above. Adjusted EBITDA is calculated as adjusted operating profit plus amortisation, depreciation and impairments. The reconciliation from adjusted operating profit to adjusted EBITDA is shown below.

£ million	**Unaudited** **6 months ended** **31 March 2024**	Unaudited 6 months ended 31 March 2023	Audited Year ended 30 September 2023
Adjusted operating profit (see section C above)	**1,669**	1,716	3,887
Depreciation, amortisation and impairments	**143**	141	270
EBITDA	**1,812**	1,857	4,157

K) 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 indicated	**Unaudited 6 months ended 31 March 2024**	Unaudited 6 months ended 31 March 2023	Audited Year ended 30 September 2023
Net cash (used in) / generated from operating activities	**(59)**	(4)	3,129
Tax	**425**	175	590
Net capital expenditure	**(114)**	(119)	(254)
Restructuring cash spend	**24**	61	98
Adjusted operating cash flow	**276**	113	3,563
Adjusted operating profit	**1,669**	1,716	3,887
Adjusted operating cash conversion	**17 %**	7 %	92 %

L) FREE CASH FLOW

Free cash flow is adjusted 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.

RECONCILIATION FROM NET CASH GENERATED FROM OPERATING ACTIVITIES TO FREE CASH FLOW

£ million	**Unaudited 6 months ended 31 March 2024**	Unaudited 6 months ended 31 March 2023	Audited Year ended 30 September 2023
Net cash (used in) / generated from operating activities	**(59)**	(4)	3,129
Net capital expenditure	**(114)**	(119)	(254)
Cash interest	**(253)**	(237)	(407)
Minority interest dividends	**(97)**	(72)	(104)
Free cash flow	**(523)**	(432)	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 I 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 I of the supplementary information.
Adjusted net debt to EBITDA multiple	This is an alternative performance measure. Adjusted net debt is defined within section I of the supplementary information. EBITDA is defined within section J 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 K 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 presented as a 6 month average to the end of March (MHT – moving half-year trend), unless otherwise stated.
All in cost of debt	Adjusted net finance costs divided by the average net debt in the period.
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 translate 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.
GAAP	Generally accepted accounting principles.
EBITDA	Earnings before interest, taxation, depreciation and amortisation.
Market share	Market share is presented as a 6 month average to the end of March (MHT – moving half-year trend), unless otherwise stated.
Net debt to EBITDA	Adjusted closing net debt divided by adjusted EBITDA.
Reported (GAAP)	Reported (GAAP) complies with International Financial Reporting Standards and the relevant legislation.
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	These are adjusted performance measures which are 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	This is a region within Imperial Brands PLC focusing on Africa, Asia, Australasia and Central & Eastern Europe
Distribution	Logistics segment
ESG	Environmental, social and governance
EY	Ernst & Young LLP
FCT	Fine Cut Tobacco
FDA	US Food & Drug Administration
FMC	Factory Made Cigarettes
ITG Scheme	ITG Brands, LLC Retirement Allowance Plan for Hourly Rated and/or Piecework Employees
ITPF	Imperial Tobacco Pension Fund
NGP	Next Generation Products
NTM	Non-tobacco materials
Priority markets	Top 5 combustible markets USA, Germany, UK, Spain and Australia
RCPP	Reemtsma Cigarettenfabriken GmbH Pension Plan
SE	Stick Equivalent (SE) volumes reflect our combined cigarette, fine cut tobacco, cigar and snus volumes
Tobacco & NGP	Tobacco & Next Generation Products
UK	United Kingdom