

PERFORMING AND TRANSFORMING IMPROVING CASH AND RETURNS

REPORT FOR THE SIX MONTHS ENDED 31 MARCH 2026

BUSINESS HIGHLIGHTS*

- Tobacco net revenue growth of 1.5% supported by robust tobacco pricing, more than offsetting volume declines
- NGP net revenue up 7.5%, with double-digit growth in AAACE (60.0%) and Europe (15.3%), with market share growth in all three NGP categories
- Tobacco & NGP net revenue up 1.8%; reported revenue up 0.8%
- Adjusted operating profit 0.6% higher year-on-year, led by Europe; reported operating profit down 36.5%, reflecting costs of Delaware settlement and 2030 Strategy activities
- Distribution adjusted operating profit down -3.0%, reflecting lower tobacco profits; reported operating profit down -5.0%
- Adjusted earnings per share up 5.3% driven by adjusted operating profit growth and share count reduction; reported earnings per share down -38.1%, largely driven by reduction in operating profit
- 12-month free cash flow £2.6bn reflecting strong cash conversion of 98% on 12-month basis
- Capital returns: £809m share buyback completed in period; interim dividend increased by 4.0%
- On track to deliver full year results in line with guidance
- Strong start to transformation; on track to deliver £320m of cost savings per annum by 2030 and to becoming a more consumer-focused, data-led, agile and efficient challenger; strategic partnership with Capgemini

* All measures at constant currency unless otherwise stated.

Financial summary

Six months ended 31 March 2026		Reported			Adjusted ²			Constant currency ³
		2026	2025	Change	2026	2025	Actual	
Revenue	£m	14,719	14,604	+0.8%	-	-	-	-
Tobacco & NGP net revenue ¹	£m	-	-	-	3,729	3,664	+1.8%	+1.8%
Tobacco & NGP operating profit	£m	776	1,294	-40.0%	1,479	1,486	-0.5%	+1.3%
Operating profit	£m	925	1,456	-36.5%	1,644	1,652	-0.5%	+0.6%
Earnings per share	p	59.9	96.7	-38.1%	127.7	123.9	+3.1%	+5.3%
Net debt	£m	(10,943)	(10,471)	-	(10,518)	(9,956)	-	-
Dividend per share	p	83.36	80.16	+4.0%	83.36	80.16	+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.

Lukas Paravicini, Chief Executive

"We have made a positive start to the execution of our evolved 2030 Strategy, combining consistent operational and financial performance with tangible progress on our transformation.

In combustibles, robust pricing momentum has continued to deliver low single-digit growth, at constant currency, in both net revenue and adjusted operating profit. In next generation products we continue to grow market share in all three categories. We have seen particularly strong growth in heated tobacco, following the rollout of our Pulze 3.0 device. Our modern oral portfolio has grown strongly in European markets, while in the US we have grown volume share in a competitive market.

Despite the impact of one-offs our first half operational performance has driven consistent, strong cash flows, which underpin ongoing investment in growth initiatives and capital returns to shareholders. We are on track with our £1.45bn share buyback and the interim dividend has been increased by 4%.

While staying laser-focused on in-year delivery, we are also making progress on self-help activities to drive efficiency and our long-term transformation to build the capabilities which will underpin our future growth. We are making good progress on focusing our supply chain footprint and have begun implementing our strategic partnership with Capgemini.

Looking ahead to the second half, while tensions in the Middle East have led to a more uncertain macroeconomic environment, we continue to be confident of delivering a step-up in adjusted operating profit growth, in line with our full year guidance."

DELIVERING AGAINST OUR STRATEGIC PRIORITIES

Driving sustainable value in combustibles

- Tobacco volumes down -1.5%, with growth in our AAACE region offset by declines in Europe and the Americas
- Robust tobacco pricing supports 1.5% growth in tobacco net revenues and adjusted operating profit
- Strong pricing in our wider footprint supported good tobacco net revenue growth in other market clusters, e.g. Africa, Asia, Middle East and Turkey (AMET) and Southeast Europe
- Aggregate market share across our priority markets down -16bps as we continue to balance share and value, and be more choiceful in focusing on more profitable segments for long-term, sustainable value creation

Building scale in Next Generation Products

- Multi-category approach delivering market share gains in all three categories and strong volume growth in all regions
- In modern oral, US Zone growing volume share; new product launches in Skruf and Zone in Nordics and UK driving growth
- New pod-based blu bar and blu kit ranges performing well as markets continue to transition to re-useable systems across Europe; growing share in UK, France, Germany and New Zealand; double-digit shares in UK, France and Spain
- Heated product sales growing strongly, driven by Pulze 3.0 in Europe and AAACE, particularly Italy, Greece and Czechia

Progress on Transformation

- Focused on self-help activities to drive efficiency and investment in capabilities to drive growth
- On track to deliver £320m cost savings per annum by 2030
- Strong momentum behind manufacturing footprint rationalisation; manufacturing and operational excellence
- Strategic partnership with Capgemini gives us access to new capabilities to support growth, including data-led insights and agentic AI, that will enable us to capture new commercial opportunities and deliver efficiencies: transfer of 386 roles completed in H1
- Continued rollout of enterprise platforms. Go-lives in Australia and our Radom manufacturing facility

RESULTS OVERVIEW*

Tobacco & NGP net revenue growth driven by resilient tobacco pricing

- Tobacco & NGP net revenue up 1.8%
- Solid tobacco pricing of 3.0% driven by a broad base of markets; tobacco net revenue up 1.5%
- Tobacco volumes down -1.5% (to 85.7bn SE) reflecting launches in AAACE offsetting market size declines in Europe and the USA
- NGP net revenue up 7.5% as strong growth in Europe and AAACE more than offset declines in USA
- Reported revenue grew 0.8%, reflecting volume growth in AAACE, growth in NGP and gains in Distribution offsetting weaker volumes in Australia

Delivering growth in adjusted operating profits

- Group adjusted operating profit grew 0.6% on prior year, driven by improved profitability in tobacco offset by a decline in adjusted operating profit in Distribution
- Reported operating profit declined -36.5% reflecting higher costs relating to the Delaware settlement charges and 2030 Strategy activities
- Tobacco adjusted operating profit increased 1.5%, driven by pricing offsetting volume declines and increased investment, as well as impact of Australia and US tariffs; reported tobacco operating profit down -38.3% at actual rates due to costs associated with the Delaware settlement and implementation of 2030 Strategy
- NGP adjusted loss of £40m, a £3m increase on prior year, reflecting a strong performance in Europe and AAACE offset by the decline in US NGP net revenue in H1; reported NGP operating losses reduced £1m reflecting the decision to transition our legacy myblu vaping business out of the US market, offsetting lower amortisation of intangibles
- Distribution adjusted operating profit declined -3.0%, as an improvement in long-distance transportation was offset by a decline in tobacco due to lower profit on inventories versus the prior year
- Adjusted EPS up 5.3% reflecting increased adjusted operating profit and reduced share count more than offsetting increased finance costs
- Reported EPS declined -38.1% as a result of lower operating profits due to the Delaware settlement and 2030 Strategy costs, a higher tax rate, partly offset by lower financing costs and reduced share count due to the ongoing share buyback

Free cash flow supporting investment and shareholder returns

- Adjusted operating cash conversion of c.98% on a 12-month basis
- Following the decision of the Supreme Court of Delaware in December 2025, a payment of £150 million was made to R J Reynolds in the period; the remaining £162 million to be made in instalments over the next three years
- Adjusted net debt £10.5bn; adjusted net debt to EBITDA on a 12-month basis remained flat at 2.4x; reported net debt £10.9bn; expect around 2.0 times at the year end
- Interim dividend per share up 4.0% to 83.36 pence, in line with our progressive dividend policy
- Ongoing, multi-year evergreen buyback with £1.45bn underway this year
- Cumulative capital returns from FY21 to HY26 of c.£11.5bn, representing c.77% of market capitalisation at Capital Markets Day in January 2021

* All measures at constant currency unless otherwise stated.

OUTLOOK

Our expectations for the financial year are unchanged and in line with our guidance given in November 2025 and with our medium-term guidance set out at our Capital Markets Day in March 2025. While the conflict in the Middle East has resulted in a more uncertain macroeconomic environment, we have not seen a material impact to date. We will continue to monitor the situation. The longer this persists, the more likely there could be a more meaningful impact on input costs and consumer demand, including duty free. We remain focused on delivering full year results in line with our guidance.

On a constant currency basis, we expect to deliver low-single-digit tobacco and double-digit NGP net revenue growth. Tobacco pricing will continue to more than offset cigarette volume declines and is expected to have more of a benefit in the second half. In NGP we expect a stronger second half, given the negative impact of one-offs in H1, plus new Zone flavour launches and targeted execution.

Group adjusted operating profit is expected to grow in the 3% to 5% range, on a constant currency basis. Growth is expected to accelerate in the second half, driven by flow through of combustible price increases and operational gearing, with a stronger performance in both AAACE and the US. In NGP, we expect continued momentum in Europe and AAACE, and an improved US performance.

After 2030 Strategy costs and the first instalment of the Delaware settlement, we expect to generate free cash flow of at least £2.2 billion in FY26, in line with previous guidance. Growth in operating profit combined with the impact of our ongoing share buyback is expected to result in at least high single-digit adjusted earnings per share for the full year. At current rates, foreign exchange translation is expected to be a headwind of 0-1.0% to net revenue, adjusted operating profit and earnings per share.

Looking beyond the current fiscal year, we remain committed to the plans and medium-term guidance we provided in our 2030 Strategy in March 2025 to generate another five years of sustainable growth and long-term shareholder value through a progressive dividend and an evergreen share buyback.

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

Lukas Paravicini, Chief Executive, and Murray McGowan, Chief Financial Officer, will present the results to investors and analysts via a webcast at 09:00 (BST) on 12 May 2026. The presentation slides will be available from 07:00 (BST) on www.imperialbrandspc.com. A webcast recording and presentation script will be available after the webcast has concluded.

The webcast will be available on <https://edge.media-server.com/mmc/p/2auimbs3>. To participate in the Q&A session, please register in advance via this link <https://register-conf.media-server.com/register/BI88a04ca0676f485ca3a32ba4efb94994>. 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.

DELIVERING CONSISTENTLY

Introduction

We are pleased to report a positive start both to the 2026 fiscal year and to the implementation of our evolved strategy for 2030. We once again delivered a good underlying performance in line with our strategic objectives. Our consistent financial performance continues to drive strong cash generation and underpins our growing shareholder returns.

While staying focused on in-year delivery, we have also made tangible progress both on self-help improvements to deliver greater efficiency and on our long-term transformation to become a stronger challenger business, better able to deliver consistent market share, revenue and profit growth.

Although the conflict in the Middle East has resulted in a more uncertain macroeconomic environment, we remain focused on delivering full year results in line with our guidance. The actions we have taken in the first half, including combustible price increases and transformation activities, mean that we are well placed to deliver the planned step-up in performance in the second half.

Creating sustainable value in combustibles

In combustibles we continue to actively manage our portfolios, carefully balancing pricing, volumes and share to generate sustainable value. At a Group level tobacco net revenue grew +1.5% at constant currency as strong pricing more than offset volume declines.

In Europe, our largest region which accounts for around 41% of tobacco net revenue, we recorded a strong performance with growth in tobacco net revenue of 2.1% at constant currency. Germany remains an attractive, though highly competitive, market and we continued to see an improvement in our share position over the period. We have focused brand equity investments on driving growth in the premium segment, where Davidoff and Gauloises continue to perform well, while also supporting Paramount, our flagship value brand. Our strategy in Spain, another market with positive long-term growth opportunities, continues to be focused on investment in differentiated local brands such as Ducados and Fortuna. In the UK, where the market is pivoting to Next Generation Products, our approach in combustibles remains the prioritisation of value creation in our target segments. Price increases taken across our European portfolio during the first half will support full year financial delivery in the region.

In the US, we have a strong business with a comprehensive portfolio of cigarette brands across all major price points and a distinctive mass market cigar franchise. Here, we delivered tobacco net revenue growth, of 1.5% at constant currency, reflecting the timing of combustible price increases and mix impact due to the growth of the deep discount segment. We saw progress in the premium segment with Winston and KOOL, while, in deep discount, Crowns continued to gain overall market share. In March we launched Malibu, which provides our consumers with a new choice in the growing deep discount segment. Backwoods, our premium mass market cigar brand, grew share of segment, and we are successfully extending the brand into the wraps, meeting the evolving needs of adult tobacco consumers. In the second half, we expect to see stronger revenue and adjusted operating profit performance, underpinned by the flow-through of price increases taken in the first half.

Our Asia, Africa, Australasia and Central and Eastern Europe region (AAACE) recorded growth in tobacco net revenue of 0.8% at constant currency. Behind this headline number, individual markets performed at differing rates. In Australia, while the team continues to capture value with agility, the growing illicit trade precipitated an acceleration of the decline in legal volumes, down by about 50% year-on-year. As we annualise these accelerated declines, we expect Australia to be less of a drag to performance in the second half. By contrast, our Africa cluster, which accounts for over 10% of Group tobacco adjusted operating profit, grew net revenue by around 9%.

Excluding Australia, AAACE tobacco revenue grew 8.8% and adjusted operating profit by 10.8% in the first half.

At the half year, our aggregate market share measure encompassing the US, Germany, Spain, the United Kingdom and Australia was 16 basis points lower than prior year. While market share remains important, we continue to balance share and value. Across our major markets, we see a rapid growth of discount segments, and as a result pricing ladders have been extended. This means the gap in industry gross margins between premium and discount segments is growing, and therefore not all points of market share are equal. Having successfully stabilised our aggregate share across our top five markets, this evolving market dynamic means we continue to evolve and fine tune how we manage our portfolio to take a more segment by segment approach, to create long-term, sustainable value. We will not return to being the industry's leading share donor – the position we were in for many years before 2020.

Building scale in next generation products

In NGP, during the first half we continued to make broad-based progress across all categories, with net revenue up 7.5%, including strong double-digit growth in Europe and AAACE, with market share gains in all three categories. Growth was led by our Heated Tobacco category, underpinned by product innovations developed through deep consumer insights. The continued rollout of our Pulze 3.0 device and our refreshed range of iD heat sticks has been well received by consumers, and we have seen strong growth in our focus markets – Italy, Greece, Poland and Czechia. In other European markets, we saw strong volume growth in our blu kit range in vapour, as consumers continue to migrate from disposable to pod-based products. In modern oral, new flavours and formats have supported continued growth in the Nordic markets and we are pleased with the progress of our Zone brand in the UK. Across our footprint, our performance has also been supported by our investments in training and digital tools for our sales teams, to better equip them to succeed in our increasingly multi-category environment.

In the US, Zone is performing well, growing volume share as we continue to build long-term brand equity. However, one-off Zone promotional activity over the year end was more successful than anticipated and was recorded in H1. As a result, NGP net revenue for the region was lower year-on-year. During the second half we expect momentum to accelerate through recently launched new Zone flavours in conjunction with our channel partners and the non-repeat of promotional costs. Given our strategic focus on modern oral, and the protracted regulatory process to approve new innovations, we have taken the decision to transition our legacy myblu vaping business out of the US market. Our loss making legacy vape business, myblu, with the current product line launched in 2017, makes a small and declining contribution to net revenue. This will also help to reduce NGP losses in H2.

Transforming to become a stronger challenger business

The delivery of our twin strategic priorities – sustainable value in combustibles and scale in NGP – is being enabled by our highly structured transformation programme. We are focused both on self-help activities to drive efficiency and the long-term development of capabilities to ensure we continue to deliver consistent performance to 2030 and beyond. During the first half we made demonstrable progress across our change agenda.

We are on track with the commitment we made at last year's Capital Markets Day of £320 million of annualised savings by the end of our current five-year plan. In particular, we have made good progress on rationalising our factory footprint. We have now concluded social plan negotiations with works council representatives at our Langenhagen factory in Germany and expect to cease production at the site in July 2027.

Separately, we recently announced the sale of our factory in Taiwan.

These two actions, when taken together, are expected to save around £100 million per annum when fully implemented.

Alongside this, we are also continuing to drive manufacturing excellence across our remaining factory footprint, improving quality and safety, and delivering further efficiencies, delivering around £10 million of savings in the first half.

We also see an important opportunity to strengthen our processes, data, and technology, to enable our people to get closer to our customers and consumers and unlock further growth. Imperial Brands plays the role of the industry challenger. As we have consistently said, being a challenger is for us about creating value by getting really close to our consumers, by making highly intentional choices about where to focus our resources and by becoming more agile.

With this in mind, under our 2030 Strategy, we are making targeted investments in consumer capabilities, technology and efficiency.

These will unleash the full potential of our own people, and support more consistent growth across all categories.

To support this ambition, in February we announced a long-term, global partnership with Capgemini, a leading business and technology transformation company. This collaboration will drive improvements in consumer and sales capabilities, give our people access to Capgemini's data-led insights and agentic AI technology tools, and support efficiency gains.

This partnership will also deliver efficiencies and in April, we completed a key milestone with the completion of the transfer to Capgemini of teams in our finance, procurement and global supply chain hubs in Poland, which comprised 386 roles.


The partnership will also support the delivery of projects already in flight, such as the continued rollout of our enterprise-platforms, including SAP, Salesforce and Blue Yonder, with recent go-lives in Australia and New Zealand and in our first major manufacturing facility, Radom in Poland.

Allocating capital with discipline

We will continue to deploy our capital in line with our transparent and well-established framework. We have four priorities: invest behind our strategy to drive sustainable growth; maintain a strong and efficient balance sheet, with year end leverage at the lower end of our 2.0 to 2.5 times net debt to EBITDA range; a progressive dividend per share policy, reflecting the underlying growth of the business; and finally, return surplus capital to shareholders.

Following this framework, the interim dividend for HY26 has been increased by 4.0% on an underlying basis.

In October 2025, we announced our fourth consecutive year of share buybacks with a £1.45 billion programme – and this will be largely completed during FY26. From 2021 to the end of March this year cumulative capital returns, through dividends and share buyback, totalled £11.5 billion. This represents around 77% of our market capitalisation at the Capital Markets Day in January 2021. As announced at last year's Capital Markets Day, we have committed to an evergreen share buyback each and every year up to 2030, with the quantum decided each year in line with our capital allocation framework.



LUKAS PARAVICINI
CHIEF EXECUTIVE OFFICER

EUROPE REGION

ALEŠ STRUMINSKÝ
PRESIDENT, EUROPE REGION

		Half year result		Change	
		2026	2025	Actual	Constant currency
Tobacco volume	bn SE	37.9	39.4	-3.9%	
Tobacco & NGP net revenue	£m	1,595	1,491	+7.0%	+3.3%
Tobacco net revenue	£m	1,439	1,360	+5.8%	+2.1%
NGP net revenue	£m	156	131	+19.1%	+15.3%
Adjusted operating profit	£m	686	630	+8.9%	+8.1%
	Market share	Market share change		Proportion of total tobacco & NGP net revenue	
Germany*	23.1%	+5bps		13%	
United Kingdom	36.8%	-55ps		6%	
Spain	25.7%	-20bps		5%	

* German market share excluding private label volumes; March estimate.

Financial performance driven by tobacco pricing and NGP

Tobacco & NGP net revenue grew 3.3% at constant currency reflecting strong combustible pricing, with tobacco price mix of 6.0%, offsetting volume declines of -3.9%. There was also a strong contribution from the broader market clusters outside the priority markets. NGP net revenue grew 15.3% at constant currency reflecting strong modern oral performance, the continued migration to reusable vapour devices, and positive consumer response to the rollout of our Pulze 3.0 device. At actual rates, tobacco & NGP net revenue grew 7.0%.

Adjusted operating profit grew 8.1% at constant currency, driven by a strong tobacco performance. NGP returned an adjusted operating profit. At actual exchange rates, adjusted operating profit grew 8.9%.

Germany turnaround continued with market share growth

In Germany, we have evolved our focus within the cigarette market and grew market share by +5 basis points over the period, as investments in our strategic initiatives continued to gain traction. Germany remains an attractive and highly competitive market, with market volume decline of -4.8% in HY26, good affordability and a well-signalled excise regime. Our improved sales force effectiveness supports our renewed focus on strategic combustible and NGP brands. We manage our brand portfolio across all key price segments with focused brand equity investments for Davidoff and Gauloises supporting our share growth of the premium segment and for Paramount, our value brand, offering choice to downtrading consumers, in the discount segment.

Spanish performance supported by price increases

In Spain, tobacco industry volumes had a decline of -2.0% compared to the same period last year. While our market share declined -20 basis points, we prioritise value over share, and the decline in share has been reducing over the period driven by focused equity investments in local jewel brands, Fortuna and Ducados, and global brands, West and Paramount, the latter benefiting as consumers continue to downtrade. This has been supported by enhanced sales force effectiveness.

UK market an important profit contributor to the Group

In the UK, we continue to prioritise value creation, focusing on share in the segments that drive sustainable value. The UK market remains an important profit contributor to the Group. Industry volume declines remain relatively high at -17.0%, as the market has been impacted by above inflation excise increases, particularly in fine cut tobacco. We increased prices in February which partially offset the impact of market volume declines. In cigarettes, we continue to gain market share with our value focused brand, Paramount, which we launched last year into this dark market as consumers look for value for money, and we are successfully defending our share of the premium fine cut tobacco with our Golden Virginia brand.

NGP net revenue growth supported by innovation

Our NGP portfolio has delivered net revenue growth of 15.3% at constant currency, supported by product innovations across all three categories. NGP net revenue comprises around 10% of tobacco and NGP net revenue in Europe and around 40% of the growth, all at constant currency. In vaping, consumer preferences continue to move from disposable to pod-based vapour products. Our rechargeable blu kits support this migration and we have over 10% market share in UK, France, Spain Greece and Portugal. In heated technology, our new Pulze 3.0 device, which launched last year into Italy and Greece, continues to gain strong traction with consumers. This has been supported by continued flavour innovation of our iD tobacco sticks and our flavoured non-tobacco iSenzia sticks, which can both be used with the Pulze 3.0 device. In modern oral nicotine, we continue to innovate new flavour variants of both our Zone brand and Skruf, supporting market share gains across our Nordic markets. Though early days, we are pleased with the progress of Zone in the UK, which has gained good traction in independent channels and has latterly moved into larger accounts.

AMERICAS REGION

KIM REED

PRESIDENT AND CEO, AMERICAS REGION

		Half year result		Change	
		2026	2025	Actual	Constant currency
Tobacco volume	bn SE	7.7	8.0	-4.2%	
Tobacco & NGP net revenue	£m	1,187	1,244	-4.6%	+0.6%
Tobacco net revenue	£m	1,175	1,220	-3.7%	+1.5%
NGP net revenue	£m	12	24	-50.0%	-45.8%
Adjusted operating profit	£m	441	485	-9.1%	-4.1%

Financial performance reflects competitive environment

Tobacco & NGP net revenue grew 0.6% on a constant currency basis. Tobacco net revenue benefited from pricing which offset volume declines. NGP net revenue declined 45.8% at constant currency. One-off Zone promotional activity over the year end was more successful than anticipated, and recorded in H1, which reduced net revenue by around £13 million in the first half of this financial year. This is not expected to repeat in the second half. At actual exchange rates, tobacco & NGP net revenue declined -4.6%.

Adjusted operating profit declined -4.1% at constant currency, reflecting additional costs from tariffs on our mass market cigars, on-going costs from the Delaware settlement and the reduction in NGP net revenue. At actual exchange rates, adjusted operating profit declined -9.1%.

Strong pricing in combustibles offset by mix

Our tobacco volumes declined by -4.2%, against an industry volume decline of -5.5% in cigarettes and mass market cigar industry volumes down -5.6%. Industry cigarette declines were lower than in the prior year, driven by growth in the deep discount segment, reflecting the launch of new discount brands and consumer downtrading. Despite the lower rate of market volume decline, the cigarette category continues to be impacted by macroeconomic pressure on consumer disposable income and sales of illicit vaping products.

On a constant currency basis, tobacco net revenue grew by +1.5%, as price increases offset volume declines and mix.

Starting with our target consumers, we focused our investment to build brand equity in the premium and deep discount segments. Together Winston and KOOL gained +23 basis points of share in the premium segment supported by brand extensions launched last year. We recently introduced a new brand, Malibu, in the growing deep discount price segment. Our brand Crowns is now positioned towards the top of this segment, continued to perform strongly and gain market share. Overall, combustible share declined -20bps.

Our brand equity investments were supported by focused marketing events and we continued development of our salesforce excellence to enhance capabilities supported by AI-based solutions.

Backwoods continued to gain share in mass market cigar

Our mass market cigar portfolio market share declined by -39 basis points over the period. At the premium end of the pricing ladder, our continued focus on leaf quality underpins our target consumers' choice of our iconic heritage brand, Backwoods. It once again grew its share of the natural leaf segment, having also taken price increases to offset an increase in tariffs. The extension of the Backwoods brand into wraps continues to grow, reinforcing the brand's quality perception with our target consumers.

NGP net revenue reflects continued rollout of Zone and timing of promotions

Our NGP net revenue declined -45.8% at constant currency as described above. The continued rollout of our modern oral brand, Zone, supported volume growth of over 40% and market share by +18 basis points in the period. This reflects further rollout, with Zone now available in 109,000 stores and is complemented by the launch of new flavour Jalapeno Lime available in both our 6mg and 9mg strengths which have been well received by the trade and consumers. Both supported share of 2.8% of the growing category, against a backdrop of intense competition. We will continue to launch exclusive flavours with channel partners during H2.

Given our strategic focus on modern oral, and the protracted regulatory process to approve new innovations, we have taken the decision to transition our legacy myblu vaping business out of the US market. Our loss making legacy vape business, myblu, with the current product line launched in 2017, makes a small and declining contribution to net revenue.

AFRICA, ASIA, AUSTRALASIA AND CENTRAL & EASTERN EUROPE REGION

PRIYALI KAMATH

PRESIDENT, AFRICA, ASIA, AUSTRALASIA AND CENTRAL & EASTERN EUROPE REGION

		Half year result		Change	
		2026	2025	Actual	Constant currency
Tobacco volume	bn SE	40.2	39.6	+1.5%	
Tobacco & NGP net revenue	£m	947	929	+1.9%	+1.1%
Tobacco net revenue	£m	939	924	+1.6%	+0.8%
NGP net revenue	£m	8	5	+60.0%	+60.0%
Adjusted operating profit	£m	352	371	-5.1%	-3.0%

	Market share	Market share change	Proportion of total of tobacco & NGP net revenue
Australia	31.6%	-55bps	1%

Solid operational and financial performance

Tobacco & NGP net revenue grew 1.1% at constant currency reflecting growing combustible volumes and strong NGP net revenue growth of 60.0% driven by our refocused approach in the region and product innovation. In combustibles, volumes reflect entry into new markets in our Asia, Middle East and Turkey (AMET) cluster which offset the impact of steep Australian market declines. Excluding Australia, tobacco & NGP net revenue grew 9.2% at constant currency. At actual rates, tobacco & NGP net revenue grew 1.9%.

Adjusted operating profit declined -3.0% at constant currency, reflecting the impact of Australia market volume declines. Excluding Australia, AAACE adjusted operating profit grew 12.8%. At actual exchange rates, adjusted operating profit declined -5.1%.

Refined focus in Australia, in a challenging market environment

Australia is one of our five global priority markets. Against the backdrop of steep market volume declines, driven by the introduction of new regulations last year and growth of illicit products, we prioritised value through pricing, with overall market share declining -55bps. Where enforcement actions have been taken against illicit trade, for example in Queensland, we have seen localised improvement in market dynamics, though these have not been widespread.

We have refined our focus on the brands that resonate with our target consumers. With these consumers in mind, and within the new regulatory framework, we refined our Champion blend in premium fine cut tobacco, to meet consumer needs, and in cigarettes we prioritised value with our JPS and Parker & Simpson brands and launched Classics to capture downtraders.

We have strong channel relationships in Australia and have been careful to maintain these while identifying opportunities to optimise our cost base to reflect market dynamics.

Strong combustible contributions from our broader market clusters

We saw further strong growth in our African businesses. As a portfolio of markets, our African cluster has attractive long-term growth opportunities which we tap into with both international and local jewel brands. However, in any given year, we expect differing performances from individual markets. In HY26, we saw strong growth in our sub-Saharan markets of Burkina Faso and Madagascar. In Morocco, taste innovations in our Gauloises brand have resonated with our consumers and we are seeing early signs of stabilisation in market share.

Our Asia, Middle East and Turkey (AMET) cluster performed well with results reflecting strong pricing to offset market size declines and the entry into the Syria market.

NGP net revenue grew strongly over the period

NGP net revenue grew 60.0% driven by growth in heated tobacco and vapour. Our new heated technology device, Pulze 3.0, has resonated with our target consumers in our Central & Eastern Europe cluster and been supported by new flavours in our iD tobacco and tea-based iSenzia sticks, both which can be used with the new device. In vaping, consumers continue to transition from disposable to pod-based systems supported by the rollout of our rechargeable blu bar kit. Having launched in New Zealand last year, we grew market share to 3.7% by the end of the period. We have also grown our market share to over 10% in Slovakia since launch two years ago.

DISTRIBUTION

		Half year result			Change
		2026	2025	Actual	Constant currency
Distribution gross profit	£m	788	764	+3.1%	-1.3%
Adjusted operating profit	£m	169	165	+2.4%	-3.0%
Adjusted operating profit margin	%	21.5	21.6	-15.0bps	-37.0bps
Eliminations	£m	(4)	1	-500.0%	-500.0%
Adjusted operating profit (inc. eliminations)	£m	165	166	-0.6%	-6.0%

Distribution consists of our 50.01% stake in Logista

Logista is 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 delivery to more than 200,000 points of sale across Europe. In line with Logista's diversification strategy, non-tobacco-related business represents over 50% of gross profit.

Financial performance was in line with expectations

Gross profit at £788 million was -1.3% lower on a constant currency basis with good performances in Italy offset by lower gross profit in Spain and France driven by lower profit on tobacco inventory.

Gross Profit reflected the lower contribution from profit on tobacco inventory relative to the prior period

In Iberia, gross profit decline was driven in part by tobacco and related products, with the former impacted by lower manufacturer price increases in Spain than in the prior year. This was combined with a decline in long-distance transport, reflecting lower activity at Transportes El Mosca, where a refocus on client mix is expected to improve profitable sales. Parcel remained broadly stable, with good performance in pharmaceutical and food, offsetting the weakness in frozen activity. The Nacex courier business recorded good performance in the region. Pharmaceutical distribution continues to expand both its customer base and product offering.

In Italy, gross profit was supported by a good performance in tobacco, despite manufacturers price increases leading to a lower profit on inventory compared to the prior year.

In France, gross profit reflects tobacco volume declines, partially offset by price increases following excise tax increases and subsequent manufacturer price increases, although profit on inventory for the period was lower than in the prior year.

Adjusted operating profit

Adjusted operating profit margin decreased by 37 basis points at constant currency. After eliminations, the adjusted operating profit contribution to the Group decreased -6.0% on a constant currency basis. At actual exchange rates, adjusted operating profit decreased 0.6%.

Cash contribution

In line with the rest of Imperial Brands, Logista is part of the inter-company cash pooling arrangement, which further enhances the Group's liquidity. On a 12-month basis, the daily average cash balance loaned to the Group by Logista was c.£1.8 billion, with movements in the cash position during the 12-month period varying from a high of c.£2.6 billion to a low of c.£0.7 billion, primarily due to the timing of excise duty payments. At 31 March 2026, the loan position was c.£1.6 billion compared to c.£1.3 billion at 31 March 2025.

DELIVERING RETURNS

STRENGTHENING OUR PERFORMANCE

During the period, we made a strong start to the implementation of our 2030 Strategy and continued our focused investment in our consumer capabilities, brand building and sales execution. In combustibles, we look to balance market share and value. Having stabilised our aggregate share across our priority markets over the last five years, we continue to evolve our approach to reflect changing market dynamics and our focus on more profitable segments to deliver long-term value. In NGP, we continue to build scale across our regions. Our progress in the first half means we are well placed to deliver our full year guidance and builds on the foundations for delivery over the next five-year phase.

On a constant currency basis, tobacco & NGP net revenue grew 1.8%, and Group adjusted operating profit grew 0.6% on prior year.

Reported revenue increased 0.8%, reflecting stronger tobacco volume in AAACE, growth in NGP and gains in Distribution offsetting weaker volumes in Australia. Reported operating profit decreased -36.5%, reflecting costs associated with the Delaware settlement and implementation of the 2030 Strategy.

Cash generation remains a key focus. The free cash outflow of £663 million reported in the period increased year-on-year reflecting the payment of £150 million to R J Reynolds, following the decision of the Supreme Court of Delaware in December 2025. We remain on track to deliver strong positive free cash flow at full year. Reported net debt increased by £0.5 billion to £10.9 billion and adjusted net debt/EBITDA on a 12-month basis remained flat at 2.4 times.

In line with the ongoing, multi-year share buyback programme announced in October 2022, we initiated a further £1.45 billion of share buyback programme in October 2025. In the period, we completed the remaining £0.1 billion of the FY25 share buyback and we repurchased £0.7 billion of the £1.45 billion share buyback underway in FY26. We also announced an increase in our interim dividend per share of 4.0% for FY26.

Summary income statement

£ million unless otherwise indicated	Half year result			
	2026	Reported 2025	2026	Adjusted 2025
Revenue/net revenue/gross profit*				
Tobacco & NGP revenue/net revenue	8,968	9,245	3,729	3,664
Distribution revenue/gross profit	5,751	5,359	788	764
Operating profit				
Total Tobacco & NGP	776	1,294	1,479	1,486
Distribution	153	161	169	165
Eliminations	(4)	1	(4)	1
Group operating profit	925	1,456	1,644	1,652
Net finance cost	(137)	(162)	(223)	(199)
Share of profit of investments accounted for using the equity method	3	4	3	4
Profit before tax	791	1,298	1,424	1,457
Tax	(242)	(412)	(334)	(342)
Profit for the year	549	886	1,090	1,115
Minority Interests	(74)	(78)	(76)	(80)
Earnings per ordinary share (pence)	59.9	96.7	127.7	123.9
Dividend per share (pence)	83.36	80.16	83.36	80.16

* Tobacco & NGP net revenue is reported revenue less duty and similar items, sale of peripheral products and Distribution (Logista) gross profit. 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.

Group results – adjusted constant currency analysis

£ million unless otherwise indicated	Half year ended 31 March 2025	Foreign exchange	Constant currency movement	Half year ended 31 March 2026	Change	Constant currency change
Tobacco & NGP net revenue						
Europe	1,491	55	49	1,595	7.0%	3.3%
Americas	1,244	(64)	7	1,187	(4.6%)	0.6%
Africa, Asia, Australasia and Central & Eastern Europe	929	8	10	947	1.9%	1.1%
Tobacco & NGP net revenue	3,664	(1)	66	3,729	1.8%	1.8%
Tobacco & NGP adjusted operating profit						
Europe	630	5	51	686	8.9%	8.1%
Americas	485	(24)	(20)	441	(9.1%)	(4.1%)
Africa, Asia, Australasia and Central & Eastern Europe	371	(8)	(11)	352	(5.1%)	(3.0%)
Tobacco & NGP adjusted operating profit	1,486	(27)	20	1,479	(0.6%)	1.3%
Distribution						
Gross profit	764	34	(10)	788	3.1%	(1.3%)
Adjusted operating profit including eliminations	166	9	(10)	165	(0.6%)	(6.0%)
Group adjusted results						
Adjusted operating profit	1,652	(18)	10	1,644	(0.5%)	0.6%
Adjusted net finance costs	(199)	(7)	(17)	(223)	(12.1%)	(8.5%)
Adjusted EPS (pence)	123.9	(2.8)	6.6	127.7	3.1%	5.3%

SALES PERFORMANCE

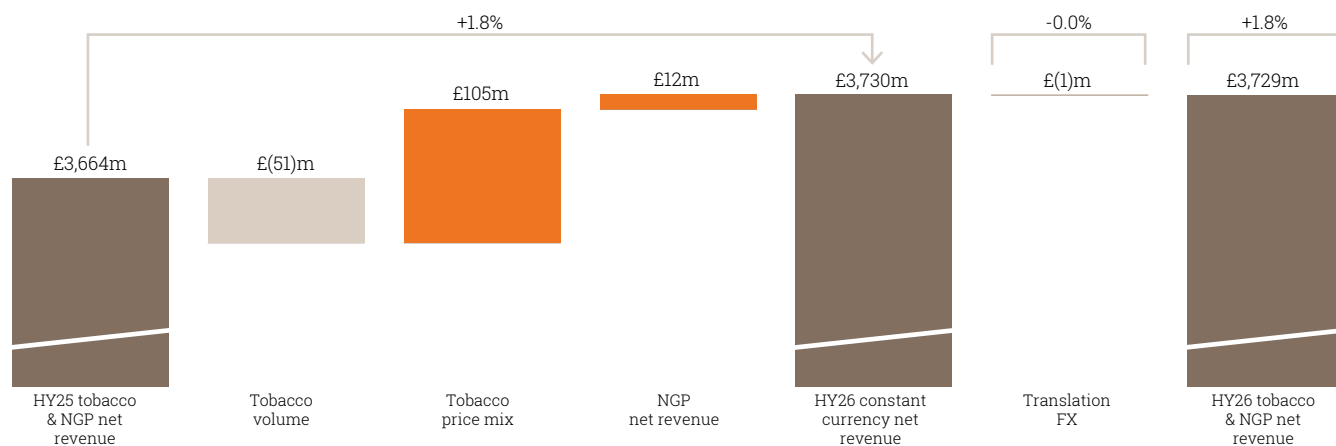
REPORTED REVENUE

+0.8%

TOBACCO & NGP NET REVENUE

+1.8%

- Reported revenue increased 0.8% reflecting stronger volume in AAACE, growth in NGP and gains in Distribution offsetting weaker volumes in Australia.
- Tobacco & NGP net revenue increased 1.8% at constant currency with tobacco +1.5% and NGP +7.5%.
- Tobacco volume was down -1.5%, reflecting new market launches in AAACE offset by wider industry market size declines in Europe and the USA.
- Aggregate market share in our priority markets declined by -16 bps, as we balanced share with value creation.
- Tobacco price mix was +3.0% due to robust pricing partially offset by mix.
- NGP net revenue increased 7.5% at constant currency, as strong growth in Europe and AAACE more than offset declines in USA; one-off modern oral promotional activity in the US over the year end was more successful than anticipated, and recorded in H1, which led to a consequent reduction in NGP net revenue in the first half of this financial year.
- Translation foreign exchange had no impact as sterling strengthened against the USD dollar and offset by weakness against the euro.



OPERATING PROFIT

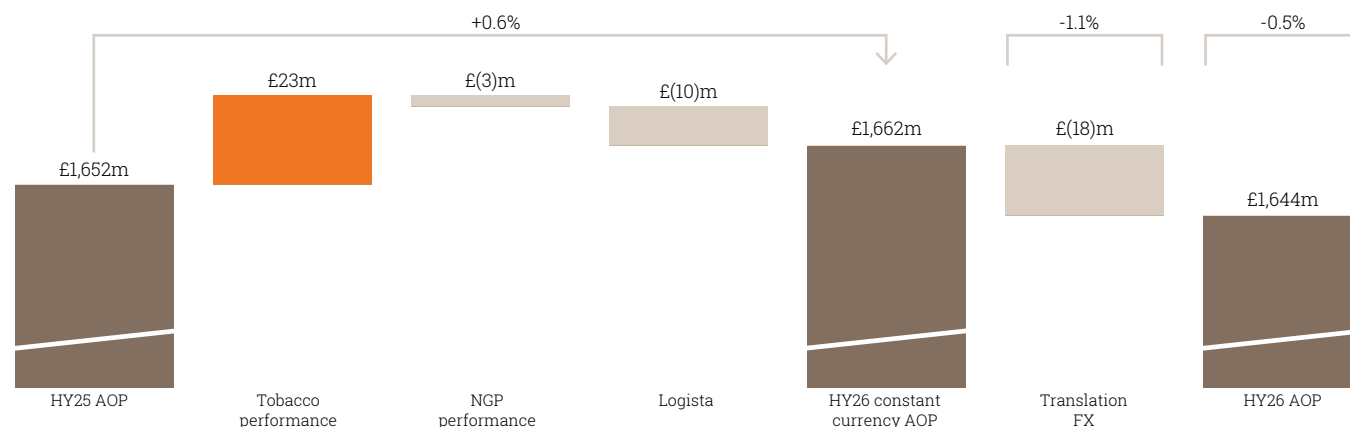
REPORTED OPERATING PROFIT

(36.5)%

GROUP ADJUSTED OPERATING PROFIT

+0.6%

- Reported Group operating profit of £925m declined -36.5% due to costs associated with the Delaware settlement and implementation of 2030 Strategy.
- Adjusted Group operating profit grew 0.6% year-on-year at constant currency as improved tobacco profitability was offset by a decline in adjusted operating profit in Distribution.
- Tobacco adjusted operating profit grew 1.5% at constant currency as pricing gains were supported by robust cost control; reported tobacco operating profit decreased -38.3% at actual rates due to costs associated with the Delaware settlement and implementation of the 2030 Strategy.
- Adjusted NGP losses were £40m, a £3m increase on prior year, at constant currency, reflecting performance in Europe and AAACE offset by the decline in US NGP net revenue in H1; reported NGP operating losses decreased 1.6% at actual rates reflecting costs related to the decision to transition our legacy myblu vaping business out of the US market, which were not present in the prior year, offsetting lower amortisation of intangibles.
- Distribution adjusted operating profit declined -3.0% at constant currency, reflecting lower tobacco profits; reported Distribution operating profit declined -5.0%.
- Translation foreign exchange reflects sterling strengthening against the US dollar partly offset by euro strengthening against sterling.



EARNINGS PER SHARE

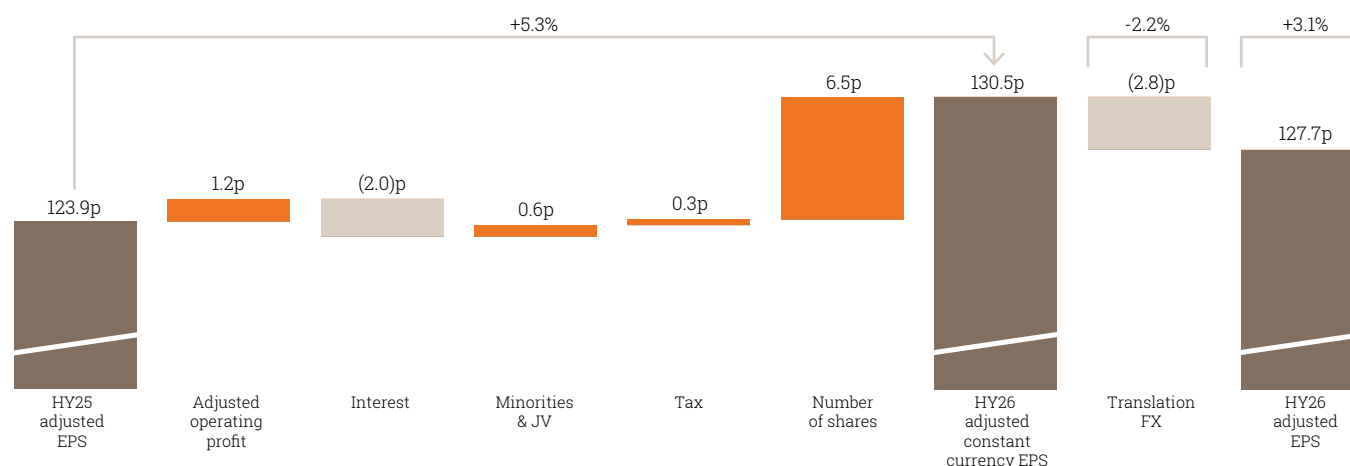
REPORTED EPS

(38.1)%

ADJUSTED EPS

+5.3%

- Reported EPS declined -38.1% to 59.9 pence, as a result of lower operating profits due to the Delaware settlement and 2030 Strategy costs, partly offset by lower tax rate and lower financing costs and reduced share count due to the ongoing share buyback.
- Adjusted EPS was 127.7 pence, up 5.3% at constant currency reflecting reduced share count due to the ongoing share buyback more than offsetting increased finance costs.



Summary cash flow statement*

£ million unless otherwise indicated	Half year result			
		Reported		Adjusted
	2026	2025	2026	2025
Group operating profit	925	1,456	1,644	1,652
Depreciation, amortisation and impairment	326	329	156	146
EBITDA	1,251	1,785	1,800	1,798
Other non-cash movements	315	(20)	(40)	(14)
Operating cash flows before movement in working capital	1,566	1,765	1,760	1,784
Working capital	(1,336)	(1,425)	(1,336)	(1,425)
Tax cash flow	(363)	(372)	(363)	(372)
Cash flows from operating activities	(133)	(32)	61	(13)
Net capital expenditure	(162)	(144)	(162)	(144)
2030 Strategy cash costs	-	-	(37)	(6)
Restructuring	-	-	(7)	(13)
Cash interest	(261)	(239)	(261)	(239)
Minority interest dividends	(107)	(102)	(107)	(102)
Settlement costs of historic legal cases	-	-	(150)	-
Free cash flow	(663)	(517)	(663)	(517)
Acquisitions/disposals	-	(78)	-	(78)
Shareholder dividends	(637)	(906)	(637)	(906)
Contributions to share schemes	-	3	-	3
Repurchase of shares	(809)	(620)	(809)	(620)
Net cash flow	(2,109)	(2,118)	(2,109)	(2,118)
Leases paid	(46)	(48)		
Increase in borrowings	1,795	2,128		
Repayment of borrowings	(567)	(475)		
Cash flow relating to derivative instruments	(7)	20		
Net decrease in cash and cash equivalents	(934)	(493)		

Cash flow

Reported cash outflows from operating activities of £(133) million (2025: £(32) million outflow) include £150 million settlement costs of the Delaware legal case. Adjusted cash flows from operating activities were £61 million (2025: £(13) million outflow) reflecting an improvement in working capital.

As anticipated, gross capital expenditure increased to £182 million (2025: £167 million). Capital expenditure net of the proceeds from the sale of assets, or net capital expenditure, also increased to £162 million (2025: £144 million). Net capital expenditure at the full year is anticipated to be within a 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 98% (2025: 99%) on a 12-month basis.

£ million unless otherwise indicated	Half year result	
	2026	2025
12-month adjusted operating profit	3,980	3,894
12-month cash flow post capital expenditure pre interest and tax	3,899	3,856
12-month adjusted operating cash conversion	98%	99%

Free cash outflow of £(663) million (2025: £(517) million outflow) increased reflecting the payment of £150 million to R J Reynolds, following the decision of the Supreme Court of Delaware in December 2025.

Cash costs of £37 million relate to the implementation of the 2030 Strategy. Restructuring cash costs relating to Board-approved restructuring programmes totalled £7 million (2025: £13 million) and comprised cash spend from the 2021 Strategic Review Programme of £3 million (2025: £7 million) and other programmes £4 million (2024: £6 million). The remaining cash spend from older strategic programmes is ongoing, although not expected to be in excess of the existing provisions.

The net cash outflow of £(2,109) million (2025: £(2,118) million) remained largely similar year-on-year. Lower acquisition costs and reduced dividend payout, reflecting the move to four equal dividend payments in the prior year, were fully offset by the increase in free cash outflow and a higher share buyback. There were no acquisition costs (2025: £(78) million) in the period. The share buyback programme commenced in October 2022 and in October 2025 we announced a further share buyback of up to £1.45 billion of shares in FY26. The £809 million repurchase of shares includes the cash spend of £106 million associated with the remaining £1.25 billion FY25 and the start of the £1.45 billion FY26 share buyback programmes and £1 million by Logista to satisfy their share remuneration schemes.

Adjusted net debt/EBITDA

Adjusted net debt increased by £562 million (2025: £9,956 million) year-on-year driven by adverse foreign exchange movements and the payment of £150 million to R J Reynolds. On a 12-month basis, adjusted net debt/EBITDA remained at 2.4 times.

Reported net debt increased by £472 million to £10,943 million (2025: £10,471 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 £10,518 million (2025: £9,956 million).

£ million	Half year result	
	2026	2025
Reported net debt	(10,943)	(10,471)
Accrued interest	80	67
Lease liabilities	404	394
Fair value of interest rate derivatives	(59)	54
Adjusted net debt	(10,518)	(9,956)
12-month EBITDA	4,301	4,191
Adjusted net debt/EBITDA	2.4x	2.4x

Reconciliation between reported and adjusted performance measures

£ million unless otherwise indicated	Operating profit		Net finance (costs)/income		Earnings per share (pence)	
	2026	2025	2026	2025	2026	2025
	Reported	925	1,456	(137)	(162)	59.9
Amortisation & impairment of acquired intangibles	170	183	-	-	21.4	21.3
Settlement cost of historic legal cases	313	-	-	-	29.6	-
2030 Strategy review programme	210	6	-	-	19.0	0.7
Other adjusting items	26	7	-	-	2.7	0.7
Net fair value and exchange movements on financial instruments	-	-	(93)	(33)	(9.1)	1.2
Post-employment benefits net financing costs	-	-	6	5	0.4	0.4
Taxation settlements interest costs/(income)	-	-	1	(9)	0.1	(1.1)
Recognition of deferred tax assets	-	-	-	-	4.0	4.2
Adjustments above attributable to non-controlling interests	-	-	-	-	(0.3)	(0.2)
Adjusted	1,644	1,652	(223)	(199)	127.7	123.9

Adjusting items

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

In the period to 31 March 2026 adjusting items relate to amortisation of acquired intangibles of £170 million (2025: £183 million) across Tobacco & NGP. Settlement of the Delaware legal case £312 million (2025: nil) and costs relating to our 2030 Strategy £210 million (2025: £6 million) comprising £173m of liabilities and £37m cash costs. Other adjusting items £26 million include Distribution costs £16 million; costs of £7 million relating to the decision to transition our legacy myblu vaping business out of the US market; and structural changes to defined benefit pension schemes £3 million (2025: £7 million).

Finance costs

Adjusted net finance costs were higher at £223 million (2025: £199 million), primarily due to higher average adjusted net debt. Reported net finance costs were £137 million (2025: £162 million), incorporating the impact of net fair value and exchange movements on financial instruments of £93 million (2025: £33 million), post-employment benefits net financing costs of £6 million (2025: £5 million) and £1 million in interest expense from taxation settlements (2025: income of £9 million). The gains on financial instruments are primarily due to fair value gains of £104 million, driven by rising long-term interest rates amid ongoing geopolitical volatility.

Our all-in cost of debt increased to 4.2% (2025: 4.1%).

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 £470 million.

Taxation

Our adjusted effective tax rate is 23.5% (HY25: 23.5%) and the reported effective tax rate is 30.6% (HY25: 31.8%). The Reported tax rate is higher than the Adjusted tax rate due to the utilisation of Deferred Tax Assets recognised in FY24, tax on settlement of historic legal cases, 2030 Strategy review programme costs and tax arising on fair value and foreign exchange movements.

We expect our adjusted effective tax rate for the year ended 30 September 2026 to be between 23.0% to 24.0% (FY25: 23.3%).

The effective tax rate is sensitive to the geographic mix of profits, reflecting a combination of higher rates in certain markets such as the US 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) and increased volatility in global tax law and regulation. Whilst we seek to mitigate the impact of these changes, we anticipate there will be further upward pressure on the adjusted and reported tax rates in the medium term.

Our Group tax strategy is publicly available and can be found in the Governance section of our corporate website.

Exchange rates

Foreign exchange had a negative impact on Group adjusted operating profit and earnings per share at average exchange rates (1.1% and 2.2%, respectively) as sterling strengthened against the US dollar (5.4%) and weakened against the euro (4.3%).

Dividend payments

The Group has paid two dividends in this financial year, the first being 40.08 pence per share in December 2025 and the second being 40.08 pence per share in March 2026.

The Board has approved an interim dividend of 83.36 pence (2025: 80.16 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 41.68 pence (2025: 40.08 pence) per share with the first payment being paid on 30 June 2026 to shareholders registered on 22 May 2026 and the second payment being paid on 30 September 2026 to shareholders registered on 21 August 2026.

Dividend payments	Amount (pence)	Ex-date	Record date	Payment date
First interim	41.68	21-May-26	22-May-26	30-Jun-26
Second interim	41.68	20-Aug-26	21-Aug-26	30-Sep-26
Third interim	To be announced	25-Nov-26	26-Nov-26	31-Dec-26
Final	To be announced	18-Feb-27	19-Feb-27	31-Mar-27

Funding/liquidity

During the half year, we repaid a €650 million bond and issued a new €900 million bond with a coupon of 3.875% maturing in August 2033. The denomination of our closing adjusted net debt continues to be materially all euro. As at 31 March 2026, the Group had committed financing in place of around £13.9 billion, which comprised 4% commercial paper issuances, 24% bank facilities and 72% raised from capital markets.

The Group maintains the €3 billion syndicated multi-currency revolving credit facility provided by 18 lenders, with an initial maturity date of 31 March 2029 and rolling, automatic, annual extensions.

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

Principal risks and uncertainties

Principal Risk Framework

Risk Management is the responsibility of everyone across the Group. Whilst the Board remains 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. We are committed to continuous strengthening of the Group's risk management framework by seeking opportunities to enhance and further standardise the implementation of risk management and controls throughout the Group. The Integrated Assurance Forum continues to oversee the implementation of enhancements to our control framework to align with the new requirements of the Provision 29 of the UK Corporate Governance Code and to oversee the assurance provision for the material risks of the Group.

The Board continues to monitor the principal risks and uncertainties to which the Group is exposed. The approach to managing the principal risks remains consistent with that identified on pages 66-73 of our 2025 Annual Report and Accounts. As part of the continued evolution of the Group's risk management framework, we have updated certain principal risks to better reflect the most significant underlying risks to our organisation. These changes include the previous 'Environment' principal risk being substituted by 'Non-Financial Reporting' to focus on the most material aspect of the risk, and to include wider non-financial reporting risks outside of environmental disclosures. The previous 'Transformation' principal risk has been updated to 'Transformation and Organisation' to reflect the importance of organisational aspects of transformation. Finally, the 'Supply Chain Resilience' principal risk has been updated to 'Manufacturing & Distribution' to focus the scope of the risk on the controllable elements of supply chain risk. The Ethics & Compliance risk was updated to refine the scope of this risk to the most material aspects and to re-align with internal accountabilities. The list below shows a refreshed look at our Principal risks, which remain broadly aligned with those identified in the 2025 Annual Report and Accounts:

Risk	Risk description
Regulatory Change	Risks relating to the impact of future regulatory change on our ability to produce, market and sell our products
Pricing & Excise Change	Risks relating to the impact of future excise changes and our ability to achieve planned pricing
Consumer & Market Trends	Risks relating to the impact of changing consumer behaviour and market trends and size on commercial objectives, for example due to economic pressures and illicit trade in tobacco products
Product Development	Risks relating to effective product development aligned to consumer preferences and regulatory requirements
Technology & Cyber Resilience	Risks relating to the ability of IT infrastructure to support business and regulatory requirements and protect against cyber attack
Non-Financial Reporting	Risks relating to the integrity of non-financial reporting in accordance with prescribed rules and regulations
Transformation & Organisation	Risks relating to the design, implementation and value realisation of transformation initiatives and the capabilities, culture, knowledge and leadership of the organisation
Manufacturing & Distribution	Risks relating to our ability to produce and distribute finished goods in line with plan, quality and cost targets
Ethics & Compliance	Risks relating to the integrity, responsible and ethical behaviour by our organisation, our employees and our business partners

The principal risks and uncertainties are expected to stay substantially the same over the remaining six months of the financial year, while they continue to be closely monitored and may be subject to change.

Enterprise risk profile update

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 the Group's employees. As a multinational we are exposed to a wide variety of operating environments and cultures, and so local assessment of risks and impacts forms a key input to our ongoing management of 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. 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, recessionary conditions and changes to tariff regimes, could impact the Group, its operations and its people. The Group continues to monitor the situation, particularly in the Middle East, including consideration of any potential impacts to people security, product supply, logistics costs and energy prices with crisis response and mitigation plans in progress. The Group has experienced some disruption to shipments and product supply in the region, although mitigation plans are in place to minimise impacts.

FINANCIAL REVIEW CONTINUED

The Group continues to operate in a challenging external environment. The impact of inflation as well as cost increases, caused for example by the Middle East crisis, may continue to place pressure upon our cost base and consumer disposable income, 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. Combustible industry volume decline rates have been broadly in line with the previous year, with some accelerated decline rates (e.g. Australia) being somewhat offset by comparably less pressure on industry volumes in e.g. US. However, there remains a risk that the pace of market size decline and growth of illicit trade may outstrip the forecasted market size declines, which may not be able to be offset with pricing.

The risk of further supply chain disruptions impacting the Group continues to be actively considered across all regions. 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. The Group continues to develop its operational resilience planning across our internal and extended supply chain, key customers and service providers.

Regulatory change aimed at further de-normalising the consumption of tobacco and nicotine products potentially adversely impacts the Group. As well as the 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 combustibles grows. There is also continued pressure on disposable and flavoured vape products, with new restrictions passed or proposed in multiple European markets, which include sub-category bans and increased ingredients restrictions on vape products. The Group continues to prepare for implementation of EUTPD3, with in-market application now expected from 2029 to 2030. In the US, at state level, several legislatures are seeking to pass flavour bans and other legislative proposals impacting combustibles.

The Group is impacted by excise, tax and regulatory risks across all regions and appropriate mitigations continue to be applied to manage the impact of both current and future regulatory change. The EU Tobacco and Excise Directive (EUTED) is now likely to incorporate a four-year transition period from 2028, partially mitigating any potential impacts for the Group, although there remains a risk as the proposed minima, which is still under negotiations, remains high relative to prevailing rates in some key European markets. There is an encouraging trend for some higher tax jurisdictions, such as Australia, to be investing more in anti-illicit trade and regulatory compliance activities. We will continue to encourage such investments as part of our efforts to seek regulation that is predictable, proportionate, and policed.

In the US, one set of Zone PMTAs remain under FDA review with no guarantee of timely or successful outcomes. For another set of Zone PMTAs, the FDA has issued a refuse-to-file (RTF) letter. ITG believes that its Zone application meets the agency's standards and have filed a lawsuit in the U.S. District Court for the District of Columbia challenging the FDA's RTF. As part of those proceedings, our US business reached an agreement with the FDA confirming that the affected products may remain on the market while the case continues and that any potential enforcement action would include advance notice to our US business and an opportunity to challenge the enforcement in court proceedings.

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) and the UK Sustainability Reporting Standards (SRS) S2. The final CSRD and Corporate Sustainability Due Diligence Directive (CSDDD) requirements in the form of the Omnibus have now been approved and came into force in March 2026. Imperial's Non-Financial Reporting Steering Committee ensure we remain on track to disclose in line with the new requirements, including UK SRS S2, CSRD and CSDDD which the Group will be required to comply with in 2027, 2028 and 2030 respectively.

While the Group continues to be exposed to ethics and compliance risks, reflecting the Group's complex and evolving supply chains, reliance on third-party partners and operations in emerging markets, the Group's ESG Committee and People, Governance & Sustainability (PGS) Committee oversee improvements to reporting and investigative capability.

The Group continuously evaluates the risk posed by cyber criminals combined with current geopolitical tensions and the increasing proliferation of Artificial Intelligence and will continue to monitor the effectiveness of our security controls. The Group is actively implementing additional measures to further mitigate cyber risk.

The Group continues to successfully progress with its transformation initiatives in support of delivery of its 2030 Strategy. Our Principal risk regarding Transformation and Organisation captures resulting changes in enterprise risk profile. The Group is closely monitoring and mitigating these through the transformation risk management framework and strong governance, 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 there can be uncertainty in the external environment, however, during past periods of disruption, the Group effectively managed operations across the world and has proved it has an established mechanism to operate efficiently despite this uncertainty. The Directors consider that a one-off discrete event with immediate cash outflow is of greatest impact 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 of c.£500 million, e.g. due to unexpected duty and tax payments; and/or other legal and regulatory risks materialising; and
- A rapid and lasting deterioration to the Group's profitability because markets become closed to tobacco products or there are sustained failures to our tobacco manufacturing and supply chains. These assumed a permanent reduction in profitability of 10% from 1 April 2026.

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 2027, and having assessed the principal risks facing the Group, the Board is of the opinion that the Group as a whole and Imperial Brands PLC have adequate resources to meet their operational needs for a period of twelve months from the date of approval of the financial statements, and concludes that it is appropriate to prepare the financial statements on a going concern basis.

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.imperialbrandspc.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.



MURRAY MCGOWAN
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 2026 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 2026 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
11 May 2026

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT for the six months ended 31 March 2026

£ million unless otherwise indicated	Notes	Unaudited 6 months ended 31 March 2026	Unaudited 6 months ended 31 March 2025	Audited Year ended 30 September 2025
Revenue	3	14,719	14,604	32,171
Duty and similar items		(5,636)	(5,943)	(13,187)
Other cost of sales		(5,916)	(5,529)	(11,982)
Cost of sales		(11,552)	(11,472)	(25,169)
Gross profit		3,167	3,132	7,002
Distribution, advertising and selling costs		(1,203)	(1,200)	(2,469)
Administrative and other expenses		(1,039)	(476)	(1,043)
Operating profit	3	925	1,456	3,490
Investment income		405	256	302
Finance costs		(542)	(418)	(676)
Net finance costs		(137)	(162)	(374)
Share of profit of investments accounted for using the equity method		3	4	12
Profit before tax		791	1,298	3,128
Tax		(242)	(412)	(908)
Profit for the period		549	886	2,220
Attributable to:				
Owners of the parent		475	808	2,071
Non-controlling interests		74	78	149
Earnings per ordinary share (pence)				
- Basic	9	59.9	96.7	251.1
- Diluted	9	59.5	96.2	249.3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 March 2026

	Unaudited 6 months ended 31 March 2026	Unaudited 6 months ended 31 March 2025	Audited Year ended 30 September 2025
£ million			
Profit for the period	549	886	2,220
Other comprehensive income			
Exchange movements	44	191	(20)
Hyperinflation adjustment in the period	5	2	5
Current tax on hedge of net investments and quasi-equity loans	(2)	35	156
Items that may be reclassified to profit and loss	47	228	141
Net actuarial gains/(losses) on retirement benefits	20	15	(27)
Deferred tax relating to net actuarial losses on retirement benefits	(3)	(4)	(5)
Items that will not be reclassified to profit and loss	17	11	(32)
Other comprehensive income for the period, net of tax	64	239	109
Total comprehensive income for the period	613	1,125	2,329
Attributable to:			
Owners of the parent	541	1,046	2,152
Non-controlling interests	72	79	177
Total comprehensive income for the period	613	1,125	2,329

CONSOLIDATED BALANCE SHEET

at 31 March 2026

£ million	Notes	Unaudited 31 March 2026	Unaudited 31 March 2025	Audited 30 September 2025
Non-current assets				
Intangible assets		16,118	16,050	16,208
Property, plant and equipment		1,506	1,590	1,524
Right of use assets		376	367	373
Investments accounted for using the equity method		64	56	66
Retirement benefit assets	5	326	361	314
Trade and other receivables		142	140	133
Derivative financial instruments	10/11	497	330	392
Deferred tax assets		865	869	893
		19,894	19,763	19,903
Current assets				
Inventories		4,579	4,529	4,466
Trade and other receivables		3,000	2,552	2,716
Current tax assets		177	271	146
Cash and cash equivalents	11	497	599	1,439
Derivative financial instruments	10/11	53	142	45
Assets held for sale	12	32	-	-
		8,338	8,093	8,812
Total assets		28,232	27,856	28,715
Current liabilities				
Borrowings	10	(2,169)	(2,766)	(1,070)
Derivative financial instruments	10/11	(43)	(131)	(28)
Lease liabilities	11	(88)	(86)	(89)
Trade and other payables		(9,099)	(8,443)	(10,040)
Current tax liabilities		(471)	(408)	(572)
Provisions	4	(49)	(74)	(55)
Liabilities held for sale	12	(31)	-	-
		(11,950)	(11,908)	(11,854)
Non-current liabilities				
Borrowings	10	(8,659)	(7,735)	(8,524)
Derivative financial instruments	10/11	(715)	(516)	(806)
Lease liabilities	11	(316)	(308)	(313)
Trade and other payables		(140)	(56)	(41)
Deferred tax liabilities		(729)	(800)	(747)
Retirement benefit liabilities	5	(819)	(792)	(801)
Provisions	4	(297)	(211)	(197)
		(11,675)	(10,418)	(11,429)
Total liabilities		(23,625)	(22,326)	(23,283)
Net assets		4,607	5,530	5,432
Equity				
Share capital	6	84	89	87
Share premium and capital redemption		5,856	5,851	5,853
Retained earnings		(2,039)	(1,180)	(1,205)
Exchange translation reserve		133	206	89
Equity attributable to owners of the parent		4,034	4,966	4,824
Non-controlling interests		573	564	608
Total equity		4,607	5,530	5,432

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 March 2026

	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 2025	87	5,853	(1,205)	89	4,824	608	5,432
Profit for the period	-	-	475	-	475	74	549
Exchange movements on retranslation of net assets	-	-	-	50	50	(2)	48
Exchange movements on net investment hedges	-	-	-	(12)	(12)	-	(12)
Exchange movements on quasi-equity loans	-	-	-	8	8	-	8
Hyperinflation adjustment in the period	-	-	5	-	5	-	5
Current tax on hedge of net investments and quasi-equity loans	-	-	-	(2)	(2)	-	(2)
Net actuarial gains on retirement benefits	-	-	20	-	20	-	20
Deferred tax relating to net actuarial gains on retirement benefits	-	-	(3)	-	(3)	-	(3)
Other comprehensive income/(expense)	-	-	22	44	66	(2)	64
Total comprehensive income	-	-	497	44	541	72	613
Transactions with owners							
Costs of employees' services compensated by share schemes	-	-	17	-	17	-	17
Contributions relating to share schemes	-	-	-	-	-	-	-
Repurchase of shares	(3)	3	(711)	-	(711)	-	(711)
Dividends paid	-	-	(637)	-	(637)	(107)	(744)
At 31 March 2026	84	5,856	(2,039)	133	4,034	573	4,607

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

for the six months ended 31 March 2026

	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 2024	91	5,849	(479)	(19)	5,442	587	6,029
Profit for the period	-	-	808	-	808	78	886
Exchange movements on retranslation of net assets	-	-	-	323	323	1	324
Exchange movements on net investment hedges	-	-	-	(127)	(127)	-	(127)
Exchange movements on quasi-equity loans	-	-	-	(6)	(6)	-	(6)
Hyperinflation adjustment in the period	-	-	2	-	2	-	2
Current tax on hedge of net investments and quasi-equity loans	-	-	-	35	35	-	35
Net actuarial gains on retirement benefits	-	-	15	-	15	-	15
Deferred tax relating to net actuarial gains on retirement benefits	-	-	(4)	-	(4)	-	(4)
Other comprehensive income/(expense)	-	-	13	225	238	1	239
Total comprehensive income	-	-	821	225	1,046	79	1,125
Transactions with owners							
Costs of employees' services compensated by share schemes	-	-	17	-	17	-	17
Contributions relating to share schemes	-	-	3	-	3	-	3
Repurchase of shares	(2)	2	(636)	-	(636)	-	(636)
Dividends paid	-	-	(906)	-	(906)	(102)	(1,008)
At 31 March 2025	89	5,851	(1,180)	206	4,966	564	5,530

CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 31 March 2026

£ million	Unaudited 6 months ended 31 March 2026	Unaudited 6 months ended 31 March 2025	Audited Year ended 30 September 2025
Cash flows from operating activities			
Operating profit	925	1,456	3,490
Dividends received from investments accounted for under the equity method	8	7	7
Depreciation, amortisation and impairment	326	329	781
Profit on disposal of non-current assets	-	(4)	(15)
Post-employment benefits	20	(8)	(24)
Share-based payments	15	16	35
Other non-cash items	(3)	(3)	(5)
Unpaid settlement costs of historic legal cases	163	-	-
Movement in provisions	112	(28)	(58)
Operating cash flows before movement in working capital	1,566	1,765	4,211
(Increase) in inventories	(122)	(451)	(300)
(Increase)/decrease in trade and other receivables	(300)	74	10
(Decrease)/increase in trade and other payables	(914)	(1,048)	219
Movement in working capital	(1,336)	(1,425)	(71)
Tax paid	(363)	(372)	(513)
Net cash (used in)/generated from operating activities	(133)	(32)	3,627
Cash flows from investing activities			
Interest received	9	26	73
Proceeds from sale of non-current assets	20	23	46
Purchase of property, plant and equipment	(84)	(89)	(198)
Purchase of intangibles	(98)	(78)	(186)
Purchase of brands and operations	-	(78)	(77)
Net cash used in investing activities	(153)	(196)	(342)
Cash flows from financing activities			
Interest paid	(270)	(265)	(457)
Contributions relating to share schemes	-	3	5
Lease liabilities paid	(46)	(48)	(94)
Increase in borrowings	1,795	2,128	3,899
Repayment of borrowings	(567)	(475)	(3,235)
Cash flows relating to derivative financial instruments	(7)	20	(144)
Repurchase of shares	(809)	(620)	(1,235)
Dividends paid to non-controlling interests	(107)	(102)	(156)
Dividends paid to owners of the parent	(637)	(906)	(1,558)
Net cash used in financing activities	(648)	(265)	(2,975)
Net (decrease)/increase in cash and cash equivalents	(934)	(493)	310
Cash and cash equivalents at start of period	1,439	1,078	1,078
Effect of foreign exchange rates on cash and cash equivalents	(8)	14	51
Cash and cash equivalents at end of period	497	599	1,439

Cash flows relating to purchases of non-current assets

Cash flows totalling £182 million (31 March 2025: £167 million) relating to purchases of non-current assets have been disaggregated to £84 million (31 March 2025: £89 million) relating to purchases of property, plant and equipment and £98 million (31 March 2025: £78 million) relating to purchases of intangibles.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The condensed 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 2026 and 31 March 2025, together with the audited results for the year ended 30 September 2025.

These condensed consolidated financial statements do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The Auditors' Report on the statutory accounts for the year ended 30 September 2025 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 2025 were approved by the Board of Directors on 18 November 2025 and have been filed with the Registrar of Companies.

This condensed set of financial statements for the six months ended 31 March 2026 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 2026 should be read in conjunction with the annual financial statements for the year ended 30 September 2025 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 2025, 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 2025, which are available on our website www.imperialbrandspkc.com.

The financial statements have been prepared under the historical cost convention except where fair value measurement is required under IFRS accounting standards ("IFRS") as described in the accounting policies in the 30 September 2025 annual accounts. The condensed consolidated financial statements are presented in pounds sterling, the presentation currency of the Group, and the functional currency of the Company. All values are rounded to the nearest one million (£1 million) except where otherwise indicated.

Alternative performance measures

Information on Alternative Performance Measures (APMs) is presented within the Supplementary Information section of this document.

Basis for going concern

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

The Group recognises there can be uncertainty in the external environment, however, during past periods of disruption, the Group effectively managed operations across the world and has proved it has an established mechanism to operate efficiently despite this uncertainty. The Directors consider that a one-off discrete event with immediate cash outflow is of greatest impact 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 of c.£500 million, e.g. due to unexpected duty and tax payments; and/or other legal and regulatory risks materialising.
- A rapid and lasting deterioration to the Group's profitability because markets become closed to tobacco products or there are sustained failures to our tobacco manufacturing and supply chains. These assumed a permanent reduction in profitability of 10% from 1 April 2026.

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 2027, and having assessed the principal risks facing the Group, the Board is of the opinion that the Group as a whole and Imperial Brands PLC have adequate resources to meet their operational needs for a period of twelve months from the date of approval of the financial statements, and concludes that it is appropriate to prepare the financial statements on a going concern basis.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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**Significant estimates**

There are no key sources of estimation uncertainties that are considered to have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Other 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;
- Restructuring provisions; and,
- Impact of climate change on forecast financial information.

Other estimate – 2030 Strategy – Langenhagen factory

On 1 October 2025 the Group announced its intention to cease production at its Langenhagen factory in Germany. Following consultation with the works council, an announcement was made on 23 March 2026 that the production at the factory would be phased out with the site finally closing in 2027.

The announcement of the closure of the site has been made to the impacted employees and their representatives. Consultation has now been concluded. As a result of this, a decision has been made to recognise associated charges in line with the requirements of IAS 37 as the valid expectation criteria has been met. Estimates of the future cost of the exit of employees and the remediation of the site have been made and recognised as liabilities totalling £165 million, comprised of a £129 million restructuring provision and a retirement benefit liability of £36 million. Employee costs have been calculated based upon the agreed social package following the consultation discussions and also with regard to items such as post-employment benefits. Site remediation costs are based on best estimates derived with professional advice. These estimates may change going forward.

Other estimate – Impairment indicator assessment

The Group has performed an assessment for impairment indicators relating to the carrying values of goodwill and other intangible assets. No impairment indicators have been identified.

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 judgements are disclosed in relation to these interim financial statements.

Delaware

On 15 December 2025, following a final ruling by the Supreme Court of Delaware and judgment entered, a liability to pay the counterparties £312 million (US\$ 420 million) was recognised by ITG Brands LLC. As part of the ruling, part of the amount to be paid amounting to £106 million (US\$ 140 million) was an interest element calculated using an interest rate that was significantly higher than normal commercial terms. Following consideration, we determined that this amount was not representative of a financing arrangement and, accordingly, it has been recognised within administrative and other expenses consistent with the underlying settlement amount.

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

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, Cote D'Ivoire and Morocco.

Tobacco & NGP

£ million unless otherwise indicated	Unaudited			Unaudited		
	6 months ended 31 March 2026			6 months ended 31 March 2025		
	Tobacco	NGP	Tobacco & NGP	Tobacco	NGP	Tobacco & NGP
Revenue	9,152	215	9,367	9,422	187	9,609
Net revenue	3,553	176	3,729	3,504	160	3,664
Operating profit	837	(61)	776	1,356	(62)	1,294
Adjusted operating profit			1,479			1,486
Adjusted operating profit margin %			39.7			40.6

£ million unless otherwise indicated	Audited		
	Year ended 30 September 2025		
	Tobacco	NGP	Tobacco & NGP
Revenue	21,071	432	21,503
Net revenue	7,948	368	8,316
Operating profit	3,299	(121)	3,178
Adjusted operating profit			3,665
Adjusted operating profit margin %			44.1

Distribution

£ million unless otherwise indicated	Unaudited	Unaudited	Audited
	6 months ended 31 March 2026	6 months ended 31 March 2025	Year ended 30 September 2025
Revenue	5,751	5,359	11,448
Distribution gross profit	788	764	1,530
Operating profit	153	161	305
Adjusted operating profit	169	165	316
Adjusted operating profit margin %	21.4	21.6	20.7

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Revenue

£ million	Unaudited		Unaudited		Audited	
	6 months ended 31 March 2026		6 months ended 31 March 2025		Year ended 30 September 2025	
	Total revenue	External revenue	Total revenue	External revenue	Total revenue	External revenue
Tobacco & NGP						
Europe	5,310	4,911	5,296	4,932	11,960	11,180
Americas	1,512	1,512	1,592	1,592	3,652	3,652
AAACE	2,545	2,545	2,721	2,721	5,891	5,891
Total Tobacco & NGP	9,367	8,968	9,609	9,245	21,503	20,723
Distribution	5,751	5,751	5,359	5,359	11,448	11,448
Eliminations	(399)	-	(364)	-	(780)	-
Total Group	14,719	14,719	14,604	14,604	32,171	32,171

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

Tobacco & NGP net revenue

£ million	Unaudited			Unaudited		
	6 months ended 31 March 2026			6 months ended 31 March 2025		
	Tobacco	NGP	Total	Tobacco	NGP	Total
Europe	1,439	156	1,595	1,360	131	1,491
Americas	1,175	12	1,187	1,220	24	1,244
AAACE	939	8	947	924	5	929
Total Tobacco & NGP	3,553	176	3,729	3,504	160	3,664

£ million	Audited		
	Year ended 30 September 2025		
	Tobacco	NGP	Total
Europe	3,196	280	3,476
Americas	2,822	70	2,892
AAACE	1,930	18	1,948
Total Tobacco & NGP	7,948	368	8,316

Adjusted operating profit and reconciliation to profit before tax

£ million	Unaudited	Unaudited	Audited
	6 months ended 31 March 2026	6 months ended 31 March 2025	Year ended 30 September 2025
Tobacco & NGP			
Europe	686	630	1,638
Americas	441	485	1,233
AAACE	352	371	794
Total Tobacco & NGP	1,479	1,486	3,665
Distribution	169	165	316
Eliminations	(4)	1	7
Adjusted operating profit	1,644	1,652	3,988
Amortisation and impairment of acquired intangibles - Tobacco & NGP	(170)	(179)	(358)
Amortisation of acquired intangibles - Distribution	-	(4)	(11)
2030 Strategy review programme costs - Tobacco & NGP	(210)	(6)	(122)
Settlement costs of historic legal cases - Tobacco & NGP	(313)	-	-
Other - Tobacco & NGP	(10)	(7)	(7)
Other - Distribution	(16)	-	-
Operating profit	925	1,456	3,490
Net finance costs	(137)	(162)	(374)
Share of profit of investments accounted for using the equity method	3	4	12
Profit before tax	791	1,298	3,128

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4. RESTRUCTURING COSTS AND PROVISIONS

£ million	Unaudited			Unaudited
	Restructuring	Employment related claims	Other	31 March 2026
At 1 October 2025	101	91	60	252
Additional provisions charged to the consolidated income statement	132	8	2	142
Amounts used	(9)	(8)	(3)	(20)
Unused amounts reversed	-	(5)	(21)	(26)
Exchange movements	(1)	(1)	-	(2)
At 31 March 2026	223	85	38	346
Current	16	20	13	49
Non-current	207	65	25	297
	223	85	38	346

Analysed as:

£ million	Unaudited	Unaudited	Audited
	31 March 2026	31 March 2025	30 September 2025
Current	49	74	55
Non-current	297	211	197
	346	285	252

Restructuring provisions

£ million	Unaudited	Unaudited	Audited
	31 March 2026	31 March 2025	30 September 2025
2030 Strategy Review Programme	132	-	-
2021 Strategic Review Programme	45	49	49
Other	46	61	52
	223	110	101

Restructuring costs

£ million	Unaudited		Unaudited		Audited	
	6 months ended 31 March 2026		6 months ended 31 March 2025		Year ended 30 September 2025	
	Costs	Cash spend	Costs	Cash spend	Costs	Cash spend
2030 Strategy Review Programme	210	37	6	6	122	21
2021 Strategic Review Programme	-	3	-	7	-	19
Other	-	4	-	6	-	10
	210	44	6	19	122	50

Employment related claims provisions include £21 million (6 months to 31 March 2025: £22 million) relating to local employment requirements including holiday pay and £18 million (6 months to 31 March 2025: £22 million) of distribution requirements relating to employment and duty. An amount of £46 million (6 months to 31 March 2025: £63 million) has been provided for employment related claims arising from a number of legacy legal disputes. Although the Company continues to appeal a number of these claims, 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. The associated provisions are expected to be utilised over the next 2-5 years.

Other provisions include £26 million (6 months to 31 March 2025: £30 million) relating to various local tax or duty requirements, £5 million (6 months to 31 March 2025: £nil) relating to inventory provisions, £nil (6 months to 31 March 2025: £8 million) of market exit provisions and £7 million for factory closure provisions (6 months to 31 March 2025: £9 million).

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

Most of the provisions will also be utilised within the next two years, though certain employee-related and restructuring provisions may be required to be held for a period of up to 10 years where they relate to requirements to provide benefits for defined periods of time after an employee leaves employment.

Langenhagen factory closure

Following the decision to close the Langenhagen factory in Germany, a provision for the associated costs of closure of £129 million was recognised. In addition, a £36 million retirement benefit liability, relating to the closure, was also recognised. The total costs of the closure of the site, including costs incurred to date, are forecast to be £170 million. These charges have all been recognised within 2030 Strategy Review Programme restructuring costs.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. 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. They are Imperial Tobacco Pension Fund (ITPF), Reemtsma Cigarettenfabriken Pension Plan (RCPP) and the ITG Scheme, held by Imperial Tobacco Limited in the UK, Reemtsma Cigarettenfabriken GmbH in Germany and ITG Brands LLC in the USA respectively.

No contributions were paid by the Group into any of the three principal schemes to fund deficits or ongoing accruals in the period to 31 March 2026.

Defined benefit plan assets and liabilities recognised in the consolidated balance sheet

£ million	Unaudited	Unaudited	Audited
	31 March 2026	31 March 2025	30 September 2025
Retirement benefit assets	326	361	314
Retirement benefit liabilities	(819)	(792)	(801)
Net retirement benefit liabilities	(493)	(431)	(487)

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. In addition, a £36 million liability has been recognised within retirement benefit liabilities associated with the closure of the Langenhagen factory in Germany.

Key figures and assumptions used for major plans

£ million unless otherwise stated	Unaudited			Unaudited		
	ITPF	RCPP	ITG Scheme	ITPF	RCPP	ITG Scheme
Defined benefit obligation	1,908	496	218	1,977	499	230
Fair value of scheme assets	(2,164)	-	(246)	(2,267)	-	(261)
Net defined benefit (asset)/liability	(256)	496	(28)	(290)	499	(31)
Principal actuarial assumptions used (% per annum)						
Discount rate	6.1	4.3	5.5	5.7	3.8	5.3
Future salary increases	n/a	3.2	n/a	n/a	3.1	n/a
Future pension increases	3.3	2.2	n/a	3.2	2.1	n/a
Inflation	3.3	2.2	2.3	3.1	2.1	2.3

£ million unless otherwise stated	Audited		
	ITPF	RCPP	ITG Scheme
Defined benefit obligation	1,951	511	224
Fair value of scheme assets	(2,196)	-	(253)
Net defined benefit (asset)/liability	(245)	511	(29)
Principal actuarial assumptions used (% per annum)			
Discount rate	5.7	3.9	5.2
Future salary increases	n/a	3.0	n/a
Future pension increases	3.0	2.0	n/a
Inflation	3.0	2.0	2.3

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6. SHARE CAPITAL

	Unaudited		Unaudited		Audited	
	31 March 2026		31 March 2025		30 September 2025	
	Ordinary shares 10p each		Ordinary shares 10p each		Ordinary shares 10p each	
	Number	£ million	Number	£ million	Number	£ million
Authorised, issued and fully paid						
1 October	869,890,634	87	914,502,882	91	914,502,882	91
Shares cancelled	(25,577,380)	(3)	(23,562,841)	(2)	(44,612,248)	(4)
Closing period	844,313,254	84	890,940,041	89	869,890,634	87

On 8 October 2024, the Board approved a £1,250 million share buyback programme in order to return capital to shareholders, which was completed on 29 October 2025. The Company repurchased 3,501,120 shares for a total consideration of £106 million in the period from 1 October 2025 to 29 October 2025.

On 7 October 2025, the Board approved a £1,450 million share buyback programme in order to return capital to shareholders, which is expected to be completed no later than 28 October 2026. On 30 October 2025 it was announced that in order to execute the first tranche of this buyback, the Group had entered into an irrevocable and non-discretionary arrangement with its broker Morgan Stanley & Co. International Plc ("Morgan Stanley") to buy back up to £725 million of its shares, commencing from 30 October 2025 and expected to end no later than 30 April 2026. In the period from 30 October 2025 to 31 March 2026 22,076,260 shares have been bought back and cancelled at a cost of £693 million, as part of the first tranche of the new buyback programme.

Upon completion of the purchases, all shares were cancelled and transferred to the capital redemption reserve. As at 31 March 2026, the Group has recognised a liability of £33 million for the remaining shares to be purchased. The total stamp duty costs were £4 million and the fees charged for the share repurchases were £1 million. For the half year ended 31 March 2026 the amounts recognised in the share premium and capital redemption reserves were £5,833 million (30 September 2025: £5,833 million) and £23 million (30 September 2025: £20 million) respectively.

7. 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 applies to the Group.

The Group has applied the mandatory exemption under IAS 12 in relation to the accounting for deferred tax assets and liabilities arising from the implementation of the Pillar Two model rules.

The Group has not recorded any significant exposure to Pillar Two income taxes in those jurisdictions where the minimum tax requirement is not met, based on the forecast data. The Group is continuing to review this legislation and monitors the status of implementation of the model rules outside of the UK to assess the potential impact.

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.

Provisions arising from uncertain tax positions taken in the calculation of tax assets and liabilities are included within current and deferred tax liabilities. At 31 March 2026 the total value of these provisions excluding offsetting assets under mutual agreement procedure was £392 million (30 September 2025: £387 million excluding offsetting assets). The assessment of uncertain tax positions is subjective and significant management judgement is required. This judgement is based on current interpretation of legislation, management experience and professional advice. Until matters are finally concluded it is possible that amounts ultimately paid will be different from the amounts provided.

Management have assessed the Group's provision for uncertain tax positions and have concluded that apart from the matters referred to below the provisions in place are not material individually or in aggregate, and that a reasonably possible change in the next financial year would not have a material impact on the results of the Group.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Transfer pricing

The Group has been subject to tax audits relating to transfer pricing matters in several jurisdictions, principally UK, France and Germany. The Group holds a provision of £389 million excluding offsetting assets (30 September 2025: £381 million excluding offsetting assets) in respect of these items. In December 2021 the Group concluded a transfer pricing audit with the French tax authorities. In September 2022 the Group concluded transfer pricing audits with the UK and German tax authorities. Settlements of the French and UK audits were made during 2022. Settlement of the German audit was made during 2023. Mutual Agreement Procedure (MAP) proceedings are currently ongoing in relation to these audits to resolve potential double taxation issues arising from the settlements. Constructive progress has been made during the current year, including engagement on key technical points with the competent authorities, and the Group anticipates further clarity and more concrete outcomes by year end. In September 2023, the German tax authorities commenced an additional, separate transfer pricing audit. Of the total transfer pricing provisions recorded, £185 million relates to challenges raised during this audit. The provision reflects the range of potential outcomes and the associated probabilities.

Transfer pricing/Controlled Foreign Company ("CFC")

Imperial Brands Enterprise Finance Limited (IBEFL) is a corporation which is tax resident in the UK. Reemtsma Cigarettenfabriken GmbH (Reemtsma) holds approx. 83.95% of the shares in IBEFL. As part of the tax audit, the German tax authorities are challenging the application of the German CFC regulations on IBEFL and IBEFL's intercompany transactions. As a result of these challenges the Group maintains a provision for a total amount of £79 million (€96 million).

8. DIVIDENDS**Distributions paid to ordinary equity holders within each financial year**

	Pence per share						£ million	
	Unaudited		Audited		Unaudited		Audited	
	2026	2025	2024	2026	2025	2024		
Cash:								
December	40.08	54.26	51.82	320	455	461		
March	40.08	54.26	51.82	317	451	453		
June	-	40.08	22.45	-	328	193		
September	-	40.08	22.45	-	324	192		
Total	80.16	188.68	148.54	637	1,558	1,299		

The declared interim dividend for 2026 amounts to £651 million based on the number of shares ranking for dividend at 31 March 2026 at 41.68 pence per share each. This will be paid in two stages, one in June 2026 and one in September 2026.

The interim dividend in December 2026 and final dividend in March 2027 will be announced in November 2026 as part of the year end results.

The dividend paid during the half year to 31 March 2026 is £637 million (31 March 2025: £906 million).

9. EARNINGS PER SHARE

£ million	Unaudited	Unaudited	Audited
	6 months ended 31 March 2026	6 months ended 31 March 2025	Year ended 30 September 2025
Earnings: basic and diluted - attributable to owners of the Parent Company	475	808	2,071
Millions of shares			
Weighted average number of shares:			
Shares for basic earnings per share	793.3	835.2	824.8
Potentially dilutive share options	5.7	5.0	5.8
Shares for diluted earnings per share	799.0	840.2	830.6
Pence			
Basic earnings per share	59.9	96.7	251.1
Diluted earnings per share	59.5	96.2	249.3

The weighted average number of shares at 31 March 2026 has reduced over and above prior period ends due to the current share buyback programme.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10. NET DEBT

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

£ million							Unaudited
	Current borrowings	Lease liabilities	Non-current borrowings	Derivative financial instruments	Liabilities from financing activities	Cash and cash equivalents	Total
At 1 October 2025	(1,070)	(402)	(8,524)	(397)	(10,393)	1,439	(8,954)
Reallocation of current borrowings from non-current borrowings	(663)	-	663	-	-	-	-
Cash flow	(450)	54	(778)	7	(1,167)	(934)	(2,101)
Change in accrued interest	10	(8)	38	(1)	39	-	39
Change in fair values	-	-	-	104	104	-	104
New leases, terminations and modifications	-	(49)	-	-	(49)	-	(49)
Exchange movements	4	1	(58)	79	26	(8)	18
At 31 March 2026	(2,169)	(404)	(8,659)	(208)	(11,440)	497	(10,943)

£ million							Unaudited
	Current borrowings	Lease liabilities	Non-current borrowings	Derivative financial instruments	Liabilities from financing activities	Cash and cash equivalents	Total
At 1 October 2024	(1,191)	(386)	(7,506)	(335)	(9,418)	1,078	(8,340)
Reallocation of current borrowings from non-current borrowings	(553)	-	553	-	-	-	-
Cash flow	(986)	55	(667)	(20)	(1,618)	(493)	(2,111)
Change in accrued interest	10	(7)	11	5	19	-	19
Change in fair values	-	-	-	8	8	-	8
New leases, terminations and modifications	-	(52)	-	-	(52)	-	(52)
Exchange movements	(46)	(4)	(126)	167	(9)	14	5
At 31 March 2025	(2,766)	(394)	(7,735)	(175)	(11,070)	599	(10,471)

Average reported net debt during the period was £11,073 million (31 March 2025: £10,298 million). In the period, a €900 million 3.875% bond with a maturity date of February 2033 was issued on 2 February 2026. This has been recognised as a cash flow within non-current borrowings. In addition, a €650 million 3.375% bond was repaid on 30 December 2025. This has been recognised within the £449 million current borrowings cash flow together with a £1,016 million increase in short term borrowings for short term working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

II. FINANCIAL INSTRUMENTS

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

	Unaudited 31 March 2026					
£ 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	-	-	2,621	2,621	2,585	36
Cash and cash equivalents	-	-	497	497	497	-
Derivatives	550	-	-	550	53	497
Total financial assets	550	-	3,118	3,668	3,135	533
Borrowings	-	-	(10,828)	(10,828)	(2,169)	(8,659)
Trade and other payables	-	-	(3,295)	(3,295)	(3,155)	(140)
Derivatives	(563)	(195)	-	(758)	(43)	(715)
Lease liabilities	-	-	(404)	(404)	(88)	(316)
Total financial liabilities	(563)	(195)	(14,527)	(15,285)	(5,455)	(9,830)
Total net financial liabilities	(13)	(195)	(11,409)	(11,617)	(2,320)	(9,297)

	Unaudited 31 March 2025					
£ 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	-	-	2,227	2,227	2,194	33
Cash and cash equivalents	-	-	599	599	599	-
Derivatives	379	93	-	472	142	330
Total financial assets	379	93	2,826	3,298	2,935	363
Borrowings	-	-	(10,501)	(10,501)	(2,766)	(7,735)
Trade and other payables	-	-	(7,576)	(7,576)	(7,576)	-
Derivatives	(564)	(83)	-	(647)	(131)	(516)
Lease liabilities	-	-	(394)	(394)	(86)	(308)
Total financial liabilities	(564)	(83)	(18,471)	(19,118)	(10,559)	(8,559)
Total net financial liabilities	(185)	10	(15,645)	(15,820)	(7,624)	(8,196)

	Audited 30 September 2025					
£ 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	89	-	2,531	2,620	2,585	35
Cash and cash equivalents	-	-	1,439	1,439	1,439	-
Derivatives	435	2	-	437	45	392
Total financial assets	524	2	3,970	4,496	4,069	427
Borrowings	-	-	(9,594)	(9,594)	(1,070)	(8,524)
Trade and other payables	-	-	(3,324)	(3,324)	(3,283)	(41)
Derivatives	(639)	(195)	-	(834)	(28)	(806)
Lease liabilities	-	-	(402)	(402)	(89)	(313)
Total financial liabilities	(639)	(195)	(13,320)	(14,154)	(4,470)	(9,684)
Total net financial liabilities	(115)	(193)	(9,350)	(9,658)	(401)	(9,257)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 recognised in 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 2026 of those borrowings included in the above table is £6,293 million (31 March 2025: £5,686 million, 30 September 2025: £5,764 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	Unaudited	Audited
	31 March 2026	31 March 2025	30 September 2025
Assets			
Interest rate swaps	326	319	253
Forward foreign currency contracts	12	4	4
Cross-currency swaps	212	149	180
Total carrying value of derivative financial assets	550	472	437
Liabilities			
Interest rate swaps	(265)	(367)	(271)
Forward foreign currency contracts	(7)	(2)	(3)
Cross-currency swaps	(486)	(278)	(560)
Total carrying value of derivative financial liabilities	(758)	(647)	(834)
Total carrying value of derivative financial instruments	(208)	(175)	(397)
Analysed as:			
Interest rate swaps	61	(48)	(18)
Forward foreign currency contracts	5	2	1
Cross-currency swaps	(274)	(129)	(380)
Total carrying value of derivative financial instruments	(208)	(175)	(397)

All financial assets and liabilities are carried on the balance sheet at amortised cost, other than derivative financial instruments which are carried at fair value. Derivative fair values are determined based on observable market data such as yield curves, foreign exchange rates and credit default swap prices to calculate the present value of future cash flows associated with each derivative at the balance sheet date (Level 2 classification hierarchy per IFRS 7). Market data is sourced from a reputable financial data provider and valuations are validated by reference to counterparty valuations where appropriate. Some of the Group's derivative financial instruments contain early termination options and these have been considered when assessing the element of the fair value related to credit risk. On this basis the reduction in reported net derivative liabilities due to credit risk is £10 million (31 March 2025: £6 million) and would have been an £12 million (31 March 2025: £8 million) reduction without considering the early termination options. There were no changes to the valuation methods or transfers between hierarchies during the year. With the exception of capital market issuance, the fair value of all financial assets and financial liabilities is considered approximate to their carrying amount. The fair value of borrowings as at 31 March 2026 is estimated to be £10,656 million (31 March 2025: £10,350 million, 30 September 2025: £9,526 million). £10,192 million (31 March 2025: £9,192 million, 30 September 2025: £9,522 million) relates to capital market issuance and has been determined by reference to market prices as at the balance sheet date.

12. ASSETS HELD FOR SALE

With effect from 31 March 2026, all the assets and liabilities of the Spanish entity Compañía de Distribución Integral de Publicaciones and its subsidiaries (Logista Regional de Publicaciones S.A.U., Distribuidora de Publicaciones del Sur S.L., Distribuidora Valenciana de Ediciones S.A.U., Publicaciones y Libros, S.A.U., S.A. Distribuidora de Ediciones and Distribución de Publicaciones Siglo XXI Guadalajara S.L.) have been reclassified as assets and liabilities held for sale. This reclassification was carried out following the decision to undertake the necessary actions to sell this Company and IFRS 5 conditions have been met. In this respect, IFRS 5 does not require the restatement of the comparative balance sheet as at 30 September 2025.

As a result of this reclassification, the assets have been measured at the lower of their carrying amount and fair value (estimated selling price) less costs to sell. This represents a change from the previously applied criterion, under which assets are measured at the lower of their carrying amount and value in use. Value in use includes an estimate of the value expected to be obtained from the continued use of the asset and therefore may differ from its estimated selling price.

The assets held for sale of £32 million as at 31 March 2026 consists of trade and other receivables of £17 million, inventories of £6 million, property, plant and equipment of £5 million and other financial assets of £4 million.

The liabilities held for sale of £31 million as at 31 March 2026 consists of trade and other payables of £27 million and other financial liabilities of £4 million.

The estimation of the fair value of the group of assets classified as held for sale has resulted in the recognition of an impairment amounting to £8 million which has been recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED**13. CONTINGENT LIABILITIES**

The following summary includes updates to matters that have developed since the 2025 Annual Report and Accounts.

USA state settlement agreements

In November 1998, the major United States cigarette manufacturers, including RJ Reynolds Tobacco Company ("RJ Reynolds") and Philip Morris Inc. ("Philip Morris"), entered into the Master Settlement Agreement ("MSA") with 52 US states and territories. 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 LLC ("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 American Inc. ("Reynolds American") and Lorillard, ITGB has been involved in litigation and other disputes with the Previously Settled States, Philip Morris, and RJ Reynolds in the Previously Settled States' state courts and elsewhere. The cases in the Previously Settled States' courts are now resolved, with the Florida court holding ITGB did not assume settlement payment liability through the acquisition and the remainder resolved by settlement. Litigation with RJ Reynolds and Reynolds American related to the acquisition has now also concluded in Delaware.

Delaware

The accounting for the contingent liability associated with the Florida state settlement payments for the Acquired Brands that was being contested in courts in Delaware between ITGB, and Reynolds American with RJ Reynolds was updated within the period. On 15 December 2025, following a final ruling by the Supreme Court of Delaware and judgment entered, a liability to pay the counterparties £312 million (US\$ 420 million) was recognised by ITGB.

Following the Delaware judgment, a payment of US\$ 200 million was made to RJ Reynolds in the first half of the financial year, with the remaining US\$ 234 million to be made in roughly equal instalments over the next three years. For amounts due under the Delaware judgment for 2026 and on an annual basis thereafter, ITGB reimburse RJ Reynolds for Florida state settlement payments for the Winston, Salem, Kool and Maverick brand sales each year as detailed in the Delaware judgment, which is estimated at up to approximately US\$ 23 million annually, unless and until it joins the Florida Settlement Agreement.

All of the charge of £312 million has been recognised within administrative and other expenses. The charge has been excluded from the calculation of Adjusted Operating Profit. Amounts payable to RJ Reynolds are included within trade and other payables. Of the total balance, £54 million is classified as current, with the remaining £108 million classified as non-current.

Competition authority investigations**Spain**

On 12 April 2019 the Spanish National Commission on Markets and Competition (CNMC) announced penalties against Philip Morris Spain, Altadis, JT International Iberia and Logista. Altadis and Logista received fines of €11.4 million and €20.9 million, respectively, from the CNMC. According to the decision, Altadis and Logista were alleged to have infringed competition law by participating in an exchange of sales volume data between 2008 and February 2017. The CNMC considered that this conduct had the effect of restricting competition in the Spanish tobacco market. In June 2019, both Altadis and Logista commenced appeals to the CNMC's decision, and the fines imposed in the Spanish High Court. In September 2019 Altadis and, separately, Logista arranged bank guarantees for the full amount of the fines with the result that payment of the fines had been suspended pending the outcome of the appeals. Therefore, provision for these amounts was not considered appropriate.

On 7 November 2025, Altadis was notified of the judgment from the Spanish High Court, annulling the CNMC's decision and the penalty imposed on Altadis, which is now entitled to cancel the bank guarantee arranged for the fine. Logista was subsequently notified of the High Court's ruling on 11 November 2025, which also confirmed the annulment of the penalty imposed on Logista. According to the judgment, the alleged exchange of sales volume data between 2008 and February 2017 did not have the effect of restricting competition in the Spanish tobacco market. The CNMC decided not to appeal the Spanish High Court's judgment and therefore the Spanish Supreme Court has decreed the High Court's ruling is final. This brings the case to a conclusion.

14. POST BALANCE SHEET EVENTS**Taiwan site sale**

On 8 May 2026 the Group announced the sale of a cigarette manufacturing facility located in Miaoli County, Taiwan. Completion is expected in July 2026, with sale proceeds of £49 million and a net profit on disposal of the property less site exit costs of circa £15 million.

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 2026 (6 months to 31 March 2025: none) that have materially affected the financial position or performance of the Group during that period.

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, 2030 Strategy review programme costs, fair value adjustment and impairment of other financial assets, structural changes to defined benefit pension schemes, fair value and exchange gains and losses on financial instruments, post-employment benefits net financing cost, settlement of historic legal cases, market exit costs 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.

Changes in adjusting items policy

The Imperial Brands PLC Audit Committee discussed adjusting items policy in its meeting on 28 January 2026. A decision was made to treat costs associated with historic legal cases as adjusting items on the grounds that they do not represent the underlying costs of the business. In addition, a decision was made to align the recognition of the restructuring costs of the Group to those that are included within the underlying accounts of Logista, as prepared to meet Spanish Stock Exchange requirements. In previous years, Logista enacted certain restructuring costs that were not adjusted in the Group's accounts as they were not part of the Board approved programme.

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, 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	Unaudited	Audited
	6 months ended 31 March 2026	6 months ended 31 March 2025	Year ended 30 September 2025
Amortisation and impairment of acquired intangibles	(170)	(183)	(369)
2030 Strategy review programme costs	(210)	(6)	(122)
Settlement cost of historic legal cases	(313)	-	-
Other	(26)	(7)	(7)
Total adjusting administrative and other expenses	(719)	(196)	(498)
Total non-adjusting administrative and other expenses	(320)	(280)	(545)
Administrative and other expenses	(1,039)	(476)	(1,043)

ALTERNATIVE PERFORMANCE MEASURES CONTINUED

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 on acquisition 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.

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 £209 million (31 March 2025: £208 million, 30 September 2025: £425 million) of which £173 million (31 March 2025: £183 million, 30 September 2025: £369 million) relates to acquired intangibles and is adjusting and £36 million (31 March 2025: £25 million, 30 September 2025: £56 million) relates to internally generated intangibles and is non adjusting. In the period to 31 March 2026 adjusting items all relate to amortisation; £170 million (31 March 2025: £179 million, 30 September 2025: £358 million) is attributable to Tobacco & NGP and £3 million (31 March 2025: £4 million, 30 September 2025: £11 million) is attributable to Distribution and has been included within other adjusting items above.

2030 Strategy review programme costs

Significant one-off costs incurred in major rationalisation and optimisation initiatives together with their related tax effects are excluded from our adjusted performance measures. These include 2030 Strategy review programme costs incurred as part of fundamental multi-year transformational change projects but does not include costs related to ongoing cost reduction activity. These costs have been approved by the Board, and can include impairment of property, plant and equipment which is surplus to requirements. These costs are required in order to address structural issues associated with operating within the Tobacco sector that have required action to both modernise and right-size the organisation, ultimately delivering an operating model suitable for the future of the business. The Group's view is that as these costs are both significant and one-off in nature, excluding them allows a clearer presentation of the underlying costs of the business. Costs relating to the 2030 Strategy programme have been recognised in the period ended 31 March 2026. Costs relating to this programme are expected to be incurred in subsequent reporting periods, up to 2030, and will also be treated as adjusting items.

The total cost of this programme is expected to be c.£740 million of which c.£600 million is anticipated to be cash costs. The majority of the cash spend, c.£500 million is expected to be split between FY27 and FY28. 2030 Strategy review programme costs for the period ended 31 March 2026 total £210 million (31 March 2025: £6 million, 30 September 2025: £122 million) of which £37 million was paid during the period.

Settlement cost of historic legal cases

This charge relates to the US state settlement agreement which was determined within the Delaware Supreme Court. Please see note 13 for details.

Other adjusting items

i. Market exit costs

As part of our strategic realignment in March 2026, a decision was made to transition out of the EVP business in the United States. Costs of £7 million were incurred primarily relating to the write off of licensing costs and associated contract termination costs.

ii. Logista specific adjusting items

Logista specific adjusting items totalling £16 million comprised of £8 million for the impairment of property assets, £5 million for restructuring costs and £3 million for the amortisation of acquired intangibles.

iii. Structural changes to defined benefit pension schemes

These are non-recurring pension scheme restructuring costs. A credit of £1 million has been incurred due to the closure of the pension plan to future accrual for our colleagues in Puerto Rico, a defined contribution cost of £4 million has been recorded reflecting the total value of transition defined contribution payments due to the impacted colleagues payable over the next three years.

For the year ended September 2025, a total of £7 million was reported due to the closure and settlement of defined benefits in Ireland and Australia.

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

£ million	Unaudited	Unaudited	Audited
	6 months ended 31 March 2026	6 months ended 31 March 2025	Year ended 30 September 2025
Share of profit of investments accounted for using the equity method	3	4	12

ALTERNATIVE PERFORMANCE MEASURES CONTINUED

Adjusting items recognised within tax

£ million	Unaudited 6 months ended 31 March 2026	Unaudited 6 months ended 31 March 2025	Audited Year ended 30 September 2025
Deferred tax on amortisation of acquired intangibles	-	5	17
Tax on net foreign exchange and fair value losses and gains on financial instruments	(21)	(43)	(168)
Tax on post-employment benefits net financing costs	3	2	5
Tax on 2030 Strategy review programme costs	59	-	38
Tax on interest settlements	-	-	(2)
Tax on settlement costs of historic legal cases	78	-	-
Tax on other adjusting items	5	1	-
Recognition and utilisation of deferred tax assets	(32)	(35)	(66)
Uncertain tax positions	-	-	64
Prior year adjustments	-	-	40
Other non-adjusting taxation charges	(334)	(342)	(836)
Reported tax	(242)	(412)	(908)

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, 2030 Strategy review programme costs, post-employment benefits net financing costs and other adjusting items.

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 and utilisation 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 utilisation of previously recognised Deferred Tax Assets which, upon recognition, were excluded from the adjusted tax charge, are similarly excluded.

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.

ALTERNATIVE PERFORMANCE MEASURES CONTINUED

DEFINITIONS AND RECONCILIATIONS OF ALTERNATIVE PERFORMANCE MEASURES

A) Tobacco & NGP net revenue

Tobacco & Next Generation Products (NGP) net revenue comprises associated revenue less duty and similar items, excluding peripheral products. Management considers this an important measure in assessing the performance of Tobacco & NGP operations.

The Group recognises revenue on sales to Logista, a Group company, within its reported Tobacco & NGP revenue figure. As the revenue calculation includes sales made to Logista from other Group companies but excludes Logista's external sales, this metric differs from revenue calculated under IFRS accounting standards. For the purposes of alternative performance measures on net revenue the Group 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

£ million	Unaudited 6 months ended 31 March 2026			Unaudited 6 months ended 31 March 2025		
	Tobacco	NGP	Total	Tobacco	NGP	Total
Revenue	9,152	215	9,367	9,422	187	9,609
Duty and similar items	(5,597)	(39)	(5,636)	(5,916)	(27)	(5,943)
Sales of peripheral products	(2)	-	(2)	(2)	-	(2)
Net revenue	3,553	176	3,729	3,504	160	3,664

£ million	Audited Year ended 30 September 2025		
	Tobacco	NGP	Total
Revenue	21,071	432	21,503
Duty and similar items	(13,120)	(64)	(13,184)
Sales of peripheral products	(3)	-	(3)
Net revenue	7,948	368	8,316

B) Distribution gross profit

Distribution gross profit comprises the Distribution segment revenue less the cost of distributed products. Management considers this an important measure in assessing the performance of Distribution operations.

Reconciliation from Distribution revenue to Distribution gross profit

£ million	Unaudited	Unaudited	Audited
	6 months ended 31 March 2026	6 months ended 31 March 2025	Year ended 30 September 2025
Distribution revenue	5,751	5,359	11,448
Distribution cost of sales	(4,963)	(4,595)	(9,918)
Distribution gross profit	788	764	1,530

ALTERNATIVE PERFORMANCE MEASURES CONTINUED

C) Adjusted operating profit

Adjusted operating profit is calculated as operating profit amended for a number of adjustments, the principal changes are detailed below. This measure is separately calculated and disclosed for Tobacco, NGP and Distribution where appropriate.

Reconciliation from profit before tax to adjusted operating profit

£ million	Unaudited	Unaudited	Audited
	6 months ended 31 March 2026	6 months ended 31 March 2025	Year ended 30 September 2025
Profit before tax	791	1,298	3,128
Net finance costs	137	162	374
Share of profit of investments accounted for using the equity method	(3)	(4)	(12)
Operating profit	925	1,456	3,490
Amortisation and impairment of acquired intangibles	170	183	369
2030 Strategy review programme costs	210	6	122
Settlement costs of historic legal cases	313	-	-
Other	26	7	7
Total adjustments	719	196	498
Adjusted operating profit	1,644	1,652	3,988

Reconciliation from Tobacco & NGP operating profit to adjusted operating profit

£ million	Unaudited			Unaudited		
	Tobacco	NGP	Total	Tobacco	NGP	Total
Operating profit/(loss)	837	(61)	776	1,356	(62)	1,294
Amortisation and impairment of acquired intangibles	156	14	170	160	19	179
2030 Strategy review programme costs	210	-	210	6	-	6
Settlement costs of historic legal cases	313	-	313	-	-	-
Other	3	7	10	7	-	7
Adjusted operating profit/(loss)	1,519	(40)	1,479	1,529	(43)	1,486

£ million	Unaudited			Audited		
	Tobacco	NGP	Total	Tobacco	NGP	Total
Operating profit/(loss)	3,299	(121)	3,178	3,299	(121)	3,178
Amortisation and impairment of acquired intangibles	313	45	358	313	45	358
2030 Strategy review programme costs	122	-	122	122	-	122
Settlement costs of historic legal cases	-	-	-	-	-	-
Other	7	-	7	7	-	7
Adjusted operating profit/(loss)	3,741	(76)	3,665	3,741	(76)	3,665

Reconciliation from Distribution operating profit to Distribution adjusted operating profit

£ million	Unaudited	Unaudited	Audited
	6 months ended 31 March 2026	6 months ended 31 March 2025	Year ended 30 September 2025
Distribution operating profit	153	161	305
Other	16	4	11
Distribution adjusted operating profit	169	165	316

ALTERNATIVE PERFORMANCE MEASURES CONTINUED

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

	Unaudited 6 months ended 31 March 2026	Unaudited 6 months ended 31 March 2025	Audited Year ended 30 September 2025
£ million			
Reported net finance costs	137	162	374
Fair value gains on derivative financial instruments	389	206	227
Fair value losses on derivative financial instruments	(285)	(198)	(219)
Exchange (losses)/gains on financing activities	(11)	25	5
Net fair value and exchange gains on financial instruments	93	33	13
Interest income on net defined benefit assets	9	9	18
Interest cost on net defined benefit liabilities	(15)	(14)	(29)
Post-employment benefits net financing costs	(6)	(5)	(11)
Tax interest (cost)/income	(1)	9	38
Effect of discounting on long-term provisions	-	-	(1)
Adjusted net finance costs	223	199	413
Comprising			
Interest income on bank deposits	(7)	(7)	(14)
Interest cost on lease liabilities	8	7	15
Interest cost on bank and other loans	222	199	412
Adjusted net finance costs	223	199	413

ALTERNATIVE PERFORMANCE MEASURES CONTINUED

F) Adjusted tax charge

The adjusted tax charge is calculated by amending the reported tax charge for significant one-off tax charges or credits, as detailed in the table below. The adjusted tax rate is calculated as the adjusted tax charge divided by the adjusted operating profit before tax.

Reconciliation from reported tax to adjusted tax charge

Reported tax for the six months ended 31 March 2026 has been calculated on the basis of a forecast effective rate for the year ended 30 September 2025.

£ million	Unaudited	Unaudited	Audited
	6 months ended 31 March 2026	6 months ended 31 March 2025	Year ended 30 September 2025
Reported tax	242	412	908
Deferred tax on amortisation and impairment of acquired intangibles	-	5	17
Tax on net foreign exchange and fair value losses and gains on financial instruments	(21)	(43)	(168)
Tax on post-employment benefits net financing costs and income	3	2	5
Tax on 2030 Strategy review programme costs	59	-	38
Tax on interest settlements	-	-	(2)
Tax on settlement costs of historic legal cases	78	-	-
Tax on other adjusting items	5	1	-
Recognition and utilisation of deferred tax assets	(32)	(35)	(66)
Uncertain tax positions	-	-	64
Prior year adjustments	-	-	40
Adjusted tax charge	334	342	836

G) Adjusted earnings per share

Adjusted earnings is calculated by amending the reported basic earnings for all of the adjustments recognised in the calculation of the adjusted operating profit, adjusted finance costs and adjusted tax charge metrics as detailed above. Adjusted earnings per share is calculated by dividing adjusted earnings by the weighted average number of shares.

Reconciliation from reported to adjusted earnings and earnings per share

£ million unless otherwise indicated	Unaudited		Unaudited		Audited	
	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	59.9	475	96.7	808	251.1	2,071
Amortisation and impairment of acquired intangibles	21.4	170	21.3	178	42.7	352
2030 Strategy review programme costs	19.0	151	0.7	6	10.2	84
Settlement costs of historic legal cases	29.6	235	-	-	-	-
Other adjusting items	2.7	21	0.7	6	0.8	7
Net fair value and exchange movements on financial instruments	(9.1)	(72)	1.2	10	18.9	155
Post-employment benefits net financing costs and income	0.4	3	0.4	3	0.7	6
Tax interest cost/(income)	0.1	1	(1.1)	(9)	(4.4)	(36)
Effect of discounting on long-term provisions	-	-	-	-	0.1	1
Recognition and utilisation of deferred tax assets	4.0	32	4.2	35	8.0	66
Uncertain tax positions	-	-	-	-	(7.8)	(64)
Prior year adjustments	-	-	-	-	(4.8)	(40)
Adjustments above attributable to non-controlling interests	(0.3)	(2)	(0.2)	(2)	(0.5)	(4)
Adjusted	127.7	1,014	123.9	1,035	315.0	2,598
Adjusted diluted	126.9	1,014	123.2	1,035	312.8	2,598

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 period 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.

ALTERNATIVE PERFORMANCE MEASURES CONTINUED

I) Adjusted net debt

Management monitors the Group's borrowing levels using adjusted net debt which excludes interest accruals, lease liabilities and the fair value of derivative financial instruments providing commercial hedges.

Adjusted net debt calculation

£ million	Unaudited	Unaudited	Audited
	31 March 2026	31 March 2025	30 September 2025
Reported net debt	(10,943)	(10,471)	(8,954)
Accrued interest	80	67	123
Lease liabilities	404	394	402
Fair value of interest rate derivatives	(59)	54	23
Adjusted net debt	(10,518)	(9,956)	(8,406)

Average adjusted net debt during the period was £10,539 million (31 March 2025: £9,665 million).

J) Adjusted net debt to adjusted 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 depreciation, amortisation and impairments. The reconciliation from adjusted operating profit to adjusted EBITDA is shown below.

£ million	Unaudited	Unaudited	Audited
	6 months ended 31 March 2026	6 months ended 31 March 2025	Year ended 30 September 2025
Adjusted operating profit (see section C above)	1,644	1,652	3,988
Depreciation, amortisation and impairments	156	146	311
Adjusted EBITDA	1,800	1,798	4,299

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	Unaudited	Audited
	6 months ended 31 March 2026	6 months ended 31 March 2025	Year ended 30 September 2025
Net cash (used in)/generated from operating activities	(133)	(32)	3,627
Tax	363	372	513
Net capital expenditure	(162)	(144)	(338)
Settlement costs of historic legal cases	150	-	-
2030 Strategy review programme costs	37	6	21
Restructuring	7	13	29
Cash flow post capital expenditure pre interest and tax	262	215	3,852
Adjusted operating profit	1,644	1,652	3,988
Adjusted operating cash conversion	16 %	13 %	97 %

L) Free cash flow

Free cash flow is operating profit adjusted for certain cash and non cash items. The principal adjustments are depreciation, working capital movements, net capex, restructuring cash flows, tax cash flows, cash interest and minority interest dividends.

Reconciliation from net cash generated from operating activities to free cash flow

£ million	Unaudited	Unaudited	Audited
	6 months ended 31 March 2026	6 months ended 31 March 2025	Year ended 30 September 2025
Net cash (used in)/generated from operating activities	(133)	(32)	3,627
Net capital expenditure	(162)	(144)	(338)
Cash interest	(261)	(239)	(384)
Minority interest dividends	(107)	(102)	(156)
Free cash flow	(663)	(517)	2,749

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 adjusted EBITDA multiple	This is an alternative performance measure. Adjusted net debt is defined within section I of the supplementary information. Adjusted 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 to 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.

Financial terms	
Constant currency	Removes the effect of exchange rate movements on the translation of the results of our overseas operations. The Group translates current year results at prior year foreign exchange rates.
Dividend per share	Dividend per share represents the total annual dividends, being the sum of the paid interim dividend and the proposed final dividend for the financial year.
DBO	Dividend Benefit Obligation.
GAAP	Generally accepted accounting principles.
EBITDA	Earnings before interest, taxation, depreciation and amortisation.
EPS	Earnings per share.
Free cash flow	This is an alternative performance measure which is defined within section L of the supplementary information.
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 multiple	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.

GLOSSARY CONTINUED

Other	
AAACE	Africa, Asia and Australasia and Central & Eastern Europe
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Distribution	Logistics segment
ESG	Environmental, social and governance
EVP	Electronic Vape Products.
EY	Ernst & Young LLP
FCT	Fine Cut Tobacco
FDA	US Food and Drug Administration
FMC	Factory Made Cigarettes
HT	Heated Tobacco
HTP	Heated Tobacco Products
ITPF	Imperial Tobacco Pension Fund
MMC	Mass Market Cigars
MOND	Modern Oral Nicotine Delivery
MPI	Manufacturer's Price Increase
NGP	Next Generation Products
NTM	Non-tobacco materials
Priority 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