Delivering superior returns
Building scale in next generation products

REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2026

BUSINESS HIGHLIGHTS*

- Sixth consecutive year of broad-based growth; delivering on strategic priorities.
- Tobacco net revenue growth of 1.7% (reported tobacco revenue declined -5.0%).
- Next Generation Products net revenue up 11.4%, third year of market share growth in all three categories (reported NGP revenue growth +17.8%).
- Distribution adjusted operating profit up 4.1% reflecting recovery in Transport (reported operating profit up 2.0%).
- Adjusted operating profit up 3.7% (reported operating profit down 10.2%, reflecting strategic investments and Delaware settlement).
- Adjusted earnings per share up 8.8% driven by adjusted operating profit growth and share count reduction (reported earnings per share declined -3.3%, largely driven by operating profit).
- Strong cash generation, with free cash flow of £2.6bn.
- Increased capital returns: FY26 dividend per share up 4% and £1.5bn share buyback for FY27 commenced.
- Growing momentum behind transformation; on track to deliver at least £320m of annual cost savings by 2030.

* All measures at constant currency unless otherwise stated.

Financial summary

		Reported			Adjusted[2]			
Twelve months ended 30 September 2026		**2026**	2025	Change	**2026**	2025	Actual	Constant currency[3]
Revenue	£m	**31,677**	32,171	-1.5%	**–**	–	–	–
Tobacco & NGP net revenue[1]	£m	**–**	–	–	**8,506**	8,316	+2.3%	+2.1%
Tobacco & NGP operating profit	£m	**2,819**	3,178	-11.3%	**3,789**	3,665	+3.4%	+3.7%
Operating profit	£m	**3,134**	3,490	-10.2%	**4,130**	3,988	+3.6%	+3.7%
Earnings per share	P	**242.9**	251.1	-3.3%	**341.0**	315.0	+8.3%	+8.8%
Net debt	£m	**(9,126)**	(8,954)	–	**(8,786)**	(8,406)	–	–
Dividend per share	P	**166.72**	160.32	+4.0%	**166.72**	160.32	+4.0%	+4.0%

1. Tobacco & NGP net revenue is reported revenue less duty and similar items and sale of peripheral products and Distribution (Logista) revenue.
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 Officer

"We continue to perform and transform. This is our sixth consecutive year of growth in tobacco & NGP net revenue and adjusted operating profit. In NGP, once again we grew net revenues at double digit and market share in all categories. At the same time, we have made tangible progress on our transformation to become more consumer-centric, agile, data led and efficient.

"In combustibles, we successfully managed market share, pricing and volumes to deliver sustainable, growing revenue and profit. Our long-term investments in brands and sales execution continue to drive growth in the US and Germany, our two largest markets, as well as broad-based delivery across other market clusters. In NGP our strong organic growth was supported by the acquisitions of Black Buffalo in the US and Helwit in Sweden.

"While continuing to invest in and build future consumer capabilities, underpinned by new technologies, we are confident of achieving at least £320 million of annual savings by 2030. We have delivered annualised savings of £90 million, with actions taken since the programme began supporting future annualised savings of £180 million – more than half of our target.

"Our strategy continues to deliver superior returns, with our FY26 share buyback of £1.45 billion completed, 4% annual growth in our dividend per share, and an increase in our share buyback for FY27 to £1.5 billion. Our expectations for the coming year are in line with our medium-term guidance."

OPERATIONAL HIGHLIGHTS

Driving sustainable value in combustibles

- Strong performance across all key markets resulted in tobacco net revenue growth of 1.7%, driven by pricing of +5.1% offsetting volume declines of -3.4%
- Americas delivered strong tobacco net revenue growth of +3.3%, reflecting robust pricing and improving market volume dynamics
- Europe managed volume, value and share across the portfolio, with tobacco net revenue declining -0.5%; excluding private label, tobacco net revenue grew +0.4%, reflecting good execution in Germany and UK and strong performance from market clusters.
- AAACE, tobacco net revenue grew 2.9% reflecting strong performances in Africa, Asia Middle East & Turkey market clusters, offset by performance in Australia. Excluding Australia, tobacco net revenue in AAACE grew 7.6%
- Aggregate cigarette volume share across US, Germany, Spain, UK and Australia down –15bps, similar to position at half year

Building scale in Next Generation Products

- Multi-category approach delivering market share gains in all three categories and strong volume growth in all regions; another year of double-digit net revenue growth; growing profitability in Europe
- In modern oral, Zone in US continuing to deliver strong volume growth, with addition of Black Buffalo addressing complementary consumer segments; in Nordics new product launches in Skruf and Zone performing well and acquisition of Helwit expands our portfolio; in UK Zone growing share
- New pod-based blu bar and blu kit ranges performing well as markets continue to transition to rechargeable systems across Europe; growing market share in UK, France, Germany and New Zealand; double-digit market shares in UK, France and Spain.
- Heated product sales growing strongly, driven by Pulze 3.0 and new iD sticks, particularly in Italy, Poland, Czechia and Greece.
- New 'Smokeless' category from FY27, including both NGP and traditional oral nicotine delivery (TOND) business in Nordics; in FY26 TOND delivered £135 million net revenue and £77 million adjusted operating profit, equating to FY26 Smokeless category with £554 million net revenue and adjusted operating profit of £14 million

Progress on Transformation

- Confident of achieving at least £320m cost savings per annum by 2030
- Delivered £90m of annualised savings in FY26; actions taken since the transformation programme began support future annualised future savings of £180m
- Strong momentum behind manufacturing footprint rationalisation; completed consultation in Langenhagen
- Continuing to invest in our consumer capabilities and new technologies; Strategic partnership with Capgemini to support growth and deliver efficiencies: continued rollout of enterprise platforms. Go-live of our new ERP platform in Australasia and our Radom manufacturing facility in Poland
- During FY26, we completed programmes that will lead to a reduction of 2,100 roles globally, and we expect a further reduction of between 2,100 and 2,500 roles by the end of 2030. Throughout this transformation, we are committed to following appropriate consultation processes and supporting our people

FINANCIAL DELIVERY*

Tobacco & NGP net revenue growth driven by resilient tobacco pricing

- Tobacco volumes down -3.4% (to 180.6bn SE) driven by declines in Europe, reflecting the planned reduction in German private label production due to the closure of the Langenhagen factory, together with market declines and improving market backdrop in the US and growth in our AAACE region
- Solid tobacco pricing of 5.1% delivered tobacco net revenue growth of 1.7%
- NGP net revenue up 11.4% as strong growth in Europe and AAACE more than offset declines in US as we withdrew our legacy myblu vape from the market
- Tobacco & NGP net revenue up 2.1%, driven by a broad base of markets
- Reported tobacco & NGP revenue declined -4.6%, reflecting lower excise taxes due to volume declines in high excise markets such as Australia and the UK, and the reduction in German private label production, partly offset by stronger tobacco volume in our AMET and African market clusters and NGP growth

Delivering growth in adjusted operating profit

- Group adjusted operating profit grew 3.7% on prior year, driven primarily by improved profitability in tobacco
- Reported operating profit declined -10.2% reflecting higher costs relating to the Delaware settlement charges and 2030 Strategy activities
- Tobacco adjusted operating profit increased 3.5%, driven by pricing offsetting volume declines and increased investment; reported tobacco operating profit declined -12.3% due to costs associated with the Delaware settlement and implementation of 2030 Strategy
- NGP adjusted operating loss of £63m, a £5m improvement on prior year, reflecting growing profitability in Europe, offset by the inclusion of Black Buffalo in the US; reported NGP operating losses declined £48m, reflecting, lower amortisation of intangibles and the impact of the fair value assessment of Auxly, offset by costs relating to transitioning myblu out of the US market
- Distribution adjusted operating profit including eliminations increased 3.1%, driven by an improvement in long-distance transportation
- Adjusted EPS grew by 8.8% reflecting an increase in earnings of 3.0% and reduced share count more than offsetting increased finance charges and higher tax and minority interest costs
- Reported EPS declined -3.3% as a result of lower operating profits due to the Delaware settlement and 2030 Strategy costs and higher financing costs offset by a lower tax charge and reduced share count due to the ongoing share buyback

Free cash flow supporting investment and shareholder returns

- Free cash flow of £2.6bn, reflecting adjusted operating cash conversion of c.102%
- Adjusted net debt £8.8bn (FY25: £8.4bn); adjusted net debt to EBITDA at 2.0x (FY25: 2.0x); reported net debt £9.1bn (FY25: £9.0bn).
- FY26 dividend per share up 4.0% to 166.72 pence, in line with our progressive dividend policy
- Ongoing, multi-year evergreen buyback: FY26 £1.45bn completed; £1.5bn underway for FY27, reflecting confidence in future performance
- Cumulative capital returns from FY21 to FY26 of over £13bn, representing over 21% of issued share capital since the buyback commenced in October 2022

* All measures at constant currency unless otherwise stated.

OUTLOOK

Our expectations for the coming year are in line with the medium-term guidance set out at our Capital Markets Day in March 2025. 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 in NGP we will continue to focus on and invest in the most relevant profit pools in our accessible footprint, maintaining double digit growth through consumer-focused innovation and consumer acquisition. In FY27, we will combine our traditional oral nicotine and NGP net revenue and adjusted operating profit and refer to it as "Smokeless".

For FY27, Group adjusted operating profit is expected to grow at a similar level to FY26, on a constant currency basis, primarily driven by continued profit growth from our combustible tobacco business. The usual second half weighting of performance is expected to be more pronounced than in FY26. Headwinds caused by disruption to our supply chain in Ukraine, the result of an attack on our facilities, will have a short-term impact during the first half of FY27, whilst the benefits of pricing, transformation efficiencies and duty drawback in the US will be weighted to the second half.

After 2030 Strategy costs, including the closure of our Langenhagen factory during the year, and the second instalment of the Delaware settlement, we expect to generate free cash flow of at least £2.2 billion in FY27, in line with the guidance provided at the Capital Markets Day in March 2025. We expect FY27 to be a significant year for 2030 Strategy cash costs. Growth in adjusted 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 0.5% to 1.5% to net revenue, adjusted operating profit and earnings per share.

The geopolitical and macroeconomic backdrop continues to be uncertain, with the potential future impact of the Middle East conflict, on both costs and consumer behaviour, remaining difficult to assess. However, the power of our brands, depth of our portfolios and diverse growth levers across our global markets mean we are well placed to navigate any future volatility.

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 12-month average to the end of September (MAT – moving annual trend), unless otherwise stated. Aggregate market share is a weighted average across markets within our footprint.

Other Information

Investor Contacts

John Crosse	+44 (0)7484 967 842
Jennifer Ramsey	+44 (0)7974 615 739
Henry Dodd	+44 (0)7941 648 421

Media Contacts

Jonathan Oliver	+44 (0)7740 096 018
Simon Evans	+44 (0)7967 467 684

Analyst Presentation Webcast

Lukas Paravicini, Chief Executive Officer, and Murray McGowan, Chief Financial Officer, will present the results to investors and analysts via a webcast at 09:00 (GMT) on 17 November 2026. The presentation slides will be available from 07.00 (GMT) on www.imperialbrandsplc.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/xo6yaq4p. To participate in the Q&A session, please register in advance via this link https://register-conf.media-server.com/register/BI5b22b8df500142958edd79fe41c1be92. You will then receive the dial-in details and your own PIN to access the live Q&A session.

Cautionary Statement

Certain statements in this announcement constitute or may constitute forward-looking statements. Any statement in this announcement that is not a statement of historical fact including, without limitation, those regarding the Company's future expectations, operations, financial performance, financial condition and business is or may be a forward-looking statement. Such forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those projected or implied in any forward-looking statement. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this announcement. As a result, you are cautioned not to place any reliance on such forward-looking statements. The forward-looking statements reflect knowledge and information available at the date of this announcement and the Company undertakes no obligation to update its view of such risks and uncertainties or to update the forward-looking statements contained herein. Nothing in this announcement should be construed as a profit forecast or profit estimate and no statement in this announcement should be interpreted to mean that the future earnings per share of the Company for current or future financial years will necessarily match or exceed the historical or published earnings per share of the Company. This announcement has been prepared for, and only for the members of the Company, as a body, and no other persons. The Company, its Directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this announcement is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed.

Performing & Transforming

In line with our strategic objectives, we are pleased to report another year of strong operational and financial delivery. In combustibles we continue to successfully manage pricing, volumes and share to drive sustainable revenue growth, which translates into accelerated growth in adjusted operating profit and adjusted earnings per share and underpins our growing shareholder returns. In next generation products we are building scale in the major profit pools where we choose to compete, and we are delivering on our long-established purpose: forging a path to a healthier future for moments of relaxation and pleasure. At the same time, we are making tangible progress on our transformation to become a more consumer-focused, agile, data-led and efficient organisation.

Delivering consistently

Since our transformation journey began in 2021, this is our sixth consecutive year of growth in tobacco and NGP net revenue and adjusted operating profit, both at constant currency. Against a challenging backdrop, we delivered 1.7% growth in tobacco net revenue and an 11.4% improvement in NGP net revenue, which translated into adjusted operating profit growth of 3.7%, all at constant currency, in line with our medium-term guidance. Adjusted profit growth, combined with the impact of our evergreen share buyback, has driven an 8.8% increase in adjusted earnings per share, at constant currency. As anticipated, we saw a significant acceleration in the second half with an H2 year-on-year improvement in adjusted operating profit of 5.9%, at constant currency, driven largely by the benefit of pricing. This broad-based operational and financial performance has enabled us to improve capital returns, with increases in both dividend per share and our 'evergreen' buyback, while ensuring we can continue to invest in building scale in NGP and in our capabilities. On a reported basis, tobacco and NGP revenue declined -4.6%, Group operating profit declined -10.2% and earnings per share declined -3.3%.

This operational performance was achieved despite a challenging backdrop, which included a highly volatile geopolitical and macroeconomic environment, and a significant step-down in the size of the legal market in Australia. Our broad-based growth reflects the diversity and resilience of our market footprint, the strength of our brand portfolios, and in-year benefits from the start of our long-term transformation.

Driving sustainable value in combustibles

Our focused and consistent investment in consumer insights, brand building and sales execution is building a materially stronger combustible tobacco business. As the business has evolved over time, it has become less relevant to focus on aggregate share across just five markets, as we see a growing contribution from a wider range of markets across our combustible portfolio. Share remains important, and we track 27 brand/market combinations across our three regions. Over the past year, across our major markets, we have successfully managed market share, pricing and volume to drive sustainable value, in line with our 2030 Strategy.

In the US, which accounts for c.32% of tobacco & NGP adjusted operating profit, we see attractive opportunities for long-term growth in what is a highly affordable and sustainable market. Our long-term investments in sales execution and building brand equity across our broad portfolio, which spans all major price points, have enabled us to respond with agility to the evolving market environment and competitor behaviour. We continued to see progress in the premium segment with Winston and KOOL gaining segment share of 22 bps, 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. In mass market cigars, the extension of the Backwoods brand into wraps continues to drive growth and underpins the brand's quality perception with our target consumers. This broad-based operational progress delivered tobacco net revenue growth, of 3.3% at constant currency in the US.

Like the US, Germany, our second-largest market, continues to be highly attractive. We have a strong portfolio of brands across all key pricing tiers including Davidoff and Gauloises in Premium, JPS in mid-tier and Paramount in the value tier, giving us the flexibility to actively manage volume, price and share across our brand portfolio to grow value. During FY26, Davidoff gained segment share in premium, and in discount Paramount gained overall market share. We also launched JPS Classic to increase our portfolio flexibility. We now have visibility of the excise plan to 2030, which includes a much higher increase in the first year, and then more moderate increases in subsequent years. While we expect this to have a short-term impact on consumer demand in FY27, we continue to see a long runway of sustainable growth. The structural fundamentals are robust, and this remains a highly affordable market.

In our broader markets, our African cluster was again the stand-out performer with tobacco & NGP net revenue up 9.3% and adjusted operating profit up 10.7%. This cluster now represents 11.5% of tobacco operating profit. We are succeeding by using our challenger playbook to leverage our strong market positions and serve our increasingly affluent consumers, who are seeking more high-quality, premium experiences. We also see other growth engines emerging with our Southeastern Europe cluster and Asia, Middle East and Turkey cluster growing adjusted operating profit by 31.7% and 45.9%, respectively. This broad-based operational progress was delivered despite headwinds including supply constraints due to factory disruptions which are expected to continue to have an impact into the first half of FY27.

Building scale in next generation products

In next generation products, we focus on the largest profit pools where we have existing routes to market. Within those markets, we serve focused consumer types, building differentiated brands they love and innovating to meet their specific needs. Globally, we once again grew NGP net revenue at a double-digit rate and grew share and volume in all categories and all regions, as we build scale, in line with our 2030 Strategy.

In the modern oral category, we grew share with volumes growing 27.8%. During the year, we developed our consumer proposition through two bolt-on acquisitions of brands with differentiated product features and new consumer segments – Black Buffalo in the US, and Helwit in Sweden. In the vape category, our pod-based blu kit range continues to build share in our largest markets including the UK, Spain and France.

In the heated product category, we have been making strong progress through the combination of our Pulze 3.0 device, refreshed range of iD sticks and value focus. Our differentiated proposition is building a loyal consumer following and in our largest profit pools including Italy and Greece we have grown share strongly and moved into profitability at a market level.

From FY27, we will move from reporting on next generation product performance to a new 'Smokeless' category, which includes both existing NGP categories and our traditional tobacco-based oral business (TOND), which is focused on the Nordics. This change aligns with the approach taken by global peers and reflects the fact that TOND is a potentially reduced harm category lower on the relative risk scale than combustible tobacco. In FY26, this 'Smokeless' category recorded £554 million net revenue, and made an adjusted operating profit of £14 million.

Becoming a more consumer-centric, agile, data-led and efficient organisation

We have made good progress against the long-term transformation goals we outlined at our Capital Markets Day in March 2025. We are investing in new consumer capabilities and ways of working, underpinned by technology and data, while continuing to drive efficiency.

Working with our strategic partners Capgemini, we have begun a multi-year programme to deliver efficiencies and new data and AI capabilities across all functions and markets. This includes the creation of an Intelligent Business Hub, which houses the shared services managed by Capgemini.

Our programmes to refocus our factory footprint, manufacturing excellence to drive safety, quality and efficiency, and savings from procurement, planning and logistics are all on track.

During FY26, we completed programmes that will lead to a reduction of 2,100 roles globally, and we expect a further reduction of between 2,100 and 2,500 roles by the end of 2030. Throughout this transformation, we are committed to following appropriate consultation processes and supporting our people.

Together, these actions have delivered £90 million of annualised savings in FY26. Since the 2030 Strategy began, actions we have taken underpin a future £180 million of annualised savings, more than half of our target, and give us confidence in delivering at least £320 million of annualised savings by the end of current strategic period in 2030, in line with the commitments we made at our Capital Markets Day last year.

Allocating capital efficiently

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 adjusted 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 dividend for FY26 has been increased by 4.0% on an underlying basis. In October 2026, we announced our fifth consecutive year of share buybacks with a £1.5 billion programme – and this will be largely completed during FY27. As announced at last year's Capital Markets Day, we have committed to an 'evergreen' share buyback every year up to 2030, with the quantum decided each year in line with our capital allocation framework.

Over the past six years from FY21 to FY26, while continuing to invest in business growth, we have delivered over £13 billion of cumulative capital returns to shareholders, and we have reduced our issued share capital by over 21% since the buyback programme commenced in October 2022.

Forging a path to a healthier future

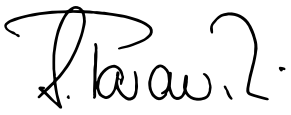
As our NGP business develops, we are making an increasingly material contribution to harm reduction. Alongside our commitments to offering adult smokers attractive smoke-free alternatives, we continue to engage with policymakers to ensure that industry regulation evolves in a balanced and enforceable direction. It is important to continue building trust in NGP categories among smokers seeking to quit, while minimising unintended use, outlawing irresponsible actors, and ensuring enforcement authorities are adequately resourced. In the US, there have been encouraging regulatory developments with the Federal Food and Drug Administration committed to extending the range of potentially reduced risk products available to adult consumers, and we have also seen greater enforcement of illicit products. Over the next year, the European Union will be developing a new Tobacco Products Directive, covering the regulation of all nicotine products, we are actively engaging to secure an outcome which is proportionate, and supported by data and science. At the same time, we continue to make progress on our other ESG ambitions, including our commitment to become Net Zero across our value chain by 2040.

Chair transition

At the end of November 2026, Thérèse Esperdy retires after a decade on our Board and seven years as Chair. On behalf of everyone at Imperial Brands, I want to thank Thérèse for her outstanding leadership. Under Thérèse's stewardship, Imperial Brands has turned around its core tobacco business, developed a compelling NGP portfolio and delivered c.£15 billion in capital returns to shareholders. Working closely with John Rishton, who succeeds Thérèse as Chair, we will continue to stay focused on implementing our evolved strategy – driving consistent, sustainable performance while transforming to build our future.

Outlook

Nicotine continues to be a growth sector. Looking to FY27, despite geopolitical and macroeconomic headwinds, we remain confident of delivering growth across our key metrics in line with our medium-term guidance. In combustibles, our focus on brand building and sales execution will continue to drive sustainable value. In NGP, consumer-centric innovation and a focus on the largest accessible profit pools will enable us to build greater scale. At the same time, we will make further progress on our transformation to become more consumer-focused, agile, data-led and efficient. In this way, we will continue to develop and grow in line with our vision to be the strong challenger business in our industry and our purpose of forging a path to a healthier future for moments of relaxation and pleasure.



LUKAS PARAVICINI
CHIEF EXECUTIVE OFFICER

Europe region

ALEŠ STRUMINSKÝ
PRESIDENT, EUROPE REGION

AT A GLANCE

TOBACCO VOLUME CHANGE

-7.8%

-4.0% excluding private label volumes

TOBACCO & NGP NET REVENUE CHANGE*

+0.9%

TOBACCO NET REVENUE CHANGE*

-0.5%

NGP NET REVENUE CHANGE*

+16.8%

ADJUSTED OPERATING PROFIT CHANGE*

+6.5%

* Change at constant currency.

Financial performance reflects disciplined execution across the region

Tobacco & NGP net revenue grew 0.9% at constant currency, while tobacco net revenue declined as a consequence of our decision to reduce low-margin private label manufacturing in Germany, due to the planned closure of our Langenhagen factory. Excluding private label, tobacco net revenue grew 0.4%, reflecting strong pricing with price mix of 4.4% offsetting volume declines of 4.0%. At actual exchange rates, tobacco & NGP net revenue grew 3.0%.

Adjusted operating profit grew 6.5% at constant currency, driven by a strong tobacco performance and growing NGP profitability. At actual rates, adjusted operating profit grew 8.3%.

Successfully managing volume, value and share across the combustible portfolio

Germany is a highly attractive market, and we see a long runway of sustainable growth. Market fundamentals are robust and despite the recently announced excise changes, this remains a highly affordable market. During FY26, market volumes declined -4.1% and we delivered good financial performance though our cigarette market share declined -5bps. Our strong brand portfolio across key pricing tiers includes Davidoff and Gauloises in premium, JPS in mid-tier and Paramount in the value tier, giving us the flexibility to actively manage volume, price and share across our brand portfolio to grow value. During the year, Davidoff gained segment share in premium, in discount Paramount gained overall market share and we also launched JPS Classic to increase our portfolio flexibility. Into FY27, we anticipate a short-term impact on volumes, which we expect to normalise over time, due to the higher than usual excise increase which will take effect in January 2027, a result of the front loading of the excise plan. With the strength and diversity of our overall Group portfolio, we expect to be able to manage the shortfall this creates to our plan for FY27, of up to £20 million, and deliver in line with our Group medium-term targets.

Spain continues to perform well with industry cigarette volumes declining -2.3% year-on-year as pricing increased for the fifth consecutive year. Our discount brand, Paramount, gained share and we continued with focused investments in our more premium local jewel brands Fortuna and Nobel. Our focus on delivering value drove strong net tobacco revenue and adjusted operating profit growth above the Group average.

The UK is an important value contributor to the Group. While industry cigarette volume declines remain relatively high at -16.5%, nicotine consumption remains resilient. Disciplined execution and strong portfolio management meant while market share declined -70bps in the year, adjusted operating profit declined by only low single-digit percent year-on-year. Our value focused cigarette brand, Paramount, which launched last year, doubled its market share.

In our broader market portfolio, we had strong tobacco net revenue and adjusted operating profit growth above the Group average and positive volume growth, in our Southeast Europe cluster, driven notably by our premium brand, Davidoff, in Romania and Bulgaria and our discount brand, West, in Italy. This cluster represents over 3% of total tobacco net revenue.

NGP net revenue growth supported by innovation

Our NGP portfolio has delivered net revenue growth of 16.8% at constant currency, supported by product innovations and market share growth across all three categories. NGP net revenue in Europe comprises around 9% of tobacco & NGP net revenue at constant currency. In modern oral nicotine, we continue to innovate new flavour variants of our Zone and Skruf brands, supporting share gains across strong revenue and operating profit growth in our Nordic market cluster. Our product portfolio was enhanced by the acquisition of Helwit in Sweden, which broadens our access to a wider set of consumers.

In vaping, consumer preferences continue to move from disposable to pod-based rechargeable vapour products. Our rechargeable blu kits support this migration and we have more than 10% market share in the UK, France, Spain, Greece and Portugal. Consumers tell us they choose blu for its authentic flavours, and we have enhanced our proposition with the launch of "True Flavours", powered by AuthentiTaste™. In heated technology, our Pulze 3.0 device, which we launched last year continues to gain strong traction with over 4% market share in Italy and Greece, supported by blend innovation in our iD tobacco sticks and flavour innovation in our tea-based iSenzia sticks.

		Full year result		Change	
		2026	2025	Actual	Constant currency
Tobacco volume	bn SE	**78.8**	85.4	-7.8%	–
Tobacco & NGP net revenue	£m	**3,582**	3,476	+3.0%	+0.9%
Tobacco net revenue	£m	**3,245**	3,196	+1.5%	-0.5%
NGP net revenue	£m	**337**	280	+20.4%	+16.8%
Adjusted operating profit	£m	**1,774**	1,638	+8.3%	+6.5%

	Market share**	Market share change	Proportion of total tobacco & NGP net revenue
Germany*	19.1%	-5bps	13%
United Kingdom	36.2%	-70bps	6%
Spain	26.4%	-2bps	5%

* German market share including private label volumes.

** Market share on FMC-only basis.

Americas region

PAOLA POCCI
PRESIDENT AND CEO, AMERICAS REGION

AT A GLANCE

TOBACCO VOLUME CHANGE

-4.8%

TOBACCO & NGP NET REVENUE CHANGE*

+2.8%

TOBACCO NET REVENUE CHANGE*

+3.3%

NGP NET REVENUE CHANGE*

-17.1%

ADJUSTED OPERATING PROFIT CHANGE*

+3.6%

* Change at constant currency.

Financial performance reflects strong combustible pricing and active share management

Tobacco & NGP net revenue grew at 2.8% on a constant currency basis. Tobacco net revenue growth of 3.3% benefited from strong pricing which offset volume declines. At actual exchange rates, tobacco & NGP net revenue increased +0.1%.

Adjusted operating profit grew 3.6% at constant currency. Improved combustible tobacco performance was partially offset by increased investment behind our oral nicotine brands, Zone and Black Buffalo. At actual exchange rates, adjusted operating profit declined -1.9%.

Strong pricing and easing volume declines in tobacco

The US is an attractive market with good affordability and a more supportive regulatory environment. Industry cigarette volume declines of -5.2% are closer to the long-term average as competitors have launched new brands into the deep discount segment that they had previously under-served.

During the year we responded with agility to this evolving market environment. On a constant currency basis, tobacco net revenue increased by 3.3%, as strong pricing of +8.1% offset volume declines and mix. Our year-on-year market share performance (-15bps) is a strong performance in the context of a market going through a significant transition as competitors reshape their portfolios.

We take a multi-year, portfolio approach to how we manage our brands across the pricing ladder in the US and apply our challenger mindset to stay agile. Over the last six years, this approach has enabled us to gain 174bps of market share and 17.9% growth in net revenue. Over the past year, in the premium segment, we gained combined segment share for our brands, Winston and KOOL, of +22bps. Lower in the pricing ladder, our Crowns brand has gained share over multiple years, and during the year we leveraged this position to deliver more value, reflecting our agile approach to brand management. As we adjusted our pricing on our Crowns brand, we launched Malibu which offers consumers more choice at an attractive price point.

Backwoods performance benefiting from brand loyalty

At the premium end of the pricing ladder in mass market cigars, our continued focus on leaf quality underpins the target consumer's choice of our iconic heritage brand, Backwoods. The extension of the Backwoods brand into wraps continues to drive growth and underpins the brand's quality perception with our target consumers.

Modern oral remains focus in NGP

In modern oral, we grew our market share to 3.1% over the period, with 20.5% volume growth in Zone as we continued its rollout and Black Buffalo, which we acquired in May. Zone is now available in 114k stores, and, during the summer, we launched new flavours, including Jalapeno Lime and Spicy Mango, through exclusive channel partner promotions. Modern oral continues to be a highly competitive market and while volumes grow, the market retail sales price per can has declined. Against the backdrop of an intensely competitive segment, market share in Zone held at around 2.7%.

As anticipated, NGP net revenue declined reflecting the one-off £13 million of promotions active over prior year end and our decision to transition out of our legacy myblu vaping product during the second half of the year, both of which were highlighted in our half year results. Excluding myblu and the acquisition of Black Buffalo, NGP revenue growth was double-digit. We continue to monitor the US vape market while developing a product refined for the US consumer, which we will submit for regulatory approval when appropriate to bring to market in future years.

		Full year result		Change	
		2026	2025	Actual	Constant currency
Tobacco volume	bn SE	**17.1**	18.0	-4.8%	–
Tobacco & NGP net revenue	£m	**2,896**	2,892	+0.1%	+2.8%
Tobacco net revenue	£m	**2,840**	2,822	+0.6%	+3.3%
NGP net revenue	£m	**56**	70	-20.0%	-17.1%
Adjusted operating profit	£m	**1,210**	1,233	-1.9%	+3.6%

Africa, Asia, Australasia and Central & Eastern Europe

PRIYALI KAMATH
PRESIDENT, AFRICA, ASIA, AUSTRALASIA AND CENTRAL & EASTERN EUROPE

AT A GLANCE

TOBACCO VOLUME CHANGE

+1.5%

TOBACCO & NGP NET REVENUE CHANGE*

+3.2%

TOBACCO NET REVENUE CHANGE*

+2.9%

NGP NET REVENUE CHANGE*

+38.9%

ADJUSTED OPERATING PROFIT CHANGE*

-1.8%

* Change at constant currency.

Solid operational and financial performance

Tobacco and NGP net revenue grew 3.2% at constant currency reflecting growing combustible volumes and strong net revenue growth in both tobacco and NGP. Excluding Australia, tobacco and NGP net revenue grew 8.0% reflecting strong performances in our broader market clusters. At actual rates tobacco & NGP net revenue grew +4.1%.

Adjusted operating profit declined -1.8% at constant currency, reflecting the mix impact of the decline of higher margin Australian volumes. Excluding Australia, adjusted operating profit grew 5.9%. At actual exchange rates, adjusted operating profit grew 1.4%.

Tobacco performance driven by Africa and Asia, Middle East & Turkey (AMET) clusters

Both our Africa and AMET market clusters delivered financial growth ahead of the Group average. As a portfolio of markets, the African cluster has attractive long-term growth opportunities in which we sell both international and local jewel brands. In FY26 we saw particularly strong growth in Burkina Faso and Madagascar, where we have been investing in building the equity and portfolio coverage with strong pricing in local jewel brands and the introduction of Dunhill in Burkina Faso. In Morocco, taste innovations in our Gauloises brand underpinned the consumer value proposition and the brand market share has improved as a result.

Our AMET cluster also delivered volume growth reflecting our re-entry into the Syrian market and strong pricing to offset market size declines elsewhere. Investment in brand equity supported growth in the premium segment with global brand, Davidoff, in Taiwan and Saudi Arabia.

In our Central and Eastern Europe (CEE) cluster, Davidoff continues to gain share in the premium segments in six of our eight markets in the cluster.

In Australia, we restructured our operating model as we transitioned to a smaller, profitable business, given the market backdrop. Volumes were down year-on-year -39.0%, with declines moderating in the second half of the year as some states stepped up their enforcement activities. We currently anticipate that volume declines will moderate through FY27 and FY28.

NGP net revenue grew strongly over the period

NGP net revenue grew 38.9% driven by growth in heated tobacco and vapour. Our new heated tobacco device, Pulze 3.0, has resonated with our target consumers in our Central & Eastern Europe cluster and has been supported by the rollout of new flavours in our iD tobacco and tea-based iSenzia sticks, both of which can be used with the new device. We gained share in all our markets, growing to over 5% in Czechia. In vaping, having launched blu in New Zealand last year, we have now grown our market share to 4.4%. We have also grown our market share to over 10% in Slovakia since launch two years ago.

		Full year result		Change	
		2026	2025	Actual	Constant currency
Tobacco volume	bn SE	**84.7**	83.5	+1.5%	–
Tobacco & NGP net revenue	£m	**2,028**	1,948	+4.1%	+3.2%
Tobacco net revenue	£m	**2,002**	1,930	+3.7%	+2.9%
NGP net revenue	£m	**26**	18	+44.4%	+38.9%
Adjusted operating profit	£m	**805**	794	+1.4%	-1.8%

	Market share*	Market share change	Proportion of total tobacco & NGP net revenue
Australia	27.5%	-80bps	1%

* Market share on FMC-only basis.

Distribution

AT A GLANCE

GROSS PROFIT CHANGE*

+1.7%

ADJUSTED OPERATING PROFIT CHANGE EXCLUDING ELIMINATIONS*,**

+4.1%

ADJUSTED OPERATING MARGIN CHANGE EXCLUDING ELIMINATIONS*,**

+50bps

ADJUSTED OPERATING PROFIT CHANGE INCLUDING ELIMINATIONS*,**

+3.1%

* Change at constant currency.

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

		Full year result		Change	
		2026	2025	Actual	Constant currency
Distribution gross profit*	£m	**1,593**	1,530	+4.1%	+1.7%
Adjusted operating profit	£m	**337**	316	+6.6%	+4.1%
Adjusted operating profit margin	%	**21.2**	20.7	+50bps	+50bps
Eliminations	£m	**4**	7	-42.9%	-42.9%
Adjusted operating profit (inc. eliminations)	£m	**341**	323	+5.6%	+3.1%

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

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.

Financial performance was in line with expectations

Gross profit at £1,593 million grew 1.7% on a constant currency basis with good performances in Italy and Spain (excluding the impact of profit on inventory) offset by lower gross profit in France driven by the decline in tobacco volumes.

Gross Profit reflected strong tobacco and pharmaceutical performance and weakness in transportation

In Iberia, gross profit decline was driven mainly by tobacco and related products, with the former impacted by lower manufacturer price increases in Spain than in the prior year. Transport delivered gross profit growth, reflecting restructuring measures taken at Transportes El Mosca which have started to deliver improved results and support a more profitable business mix. In Parcel performance remained broadly stable, with good performance in pharmaceutical and food, offsetting the weakness in frozen goods. 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 and related products, with profit on inventory in line with 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, which supported higher profit on inventory than in the prior year.

Adjusted operating Profit

Adjusted operating profit margin increased by 50 basis points at constant currency. After eliminations, the adjusted operating profit contribution to the Group increased 3.1% on a constant currency basis. At actual exchange rates, adjusted operating profit increased +5.6%.

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.£1.9 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 30 September 2026, the loan position was c.£2.3 billion compared to c.£2.2 billion at 30 September 2025.

Delivering returns

MURRAY McGOWAN
CHIEF FINANCIAL OFFICER

SUMMARY FINANCIAL INFORMATION

TOBACCO VOLUME CHANGE
-3.4%
outperforming wider industry market size declines across our footprint

REPORTED OPERATING PROFIT CHANGE
-10.2%
reflecting operating performance, offset by costs associated with the Delaware settlement and 2030 Strategy charges

REPORTED BASIC EPS
242.9 pence
2025: 251.1 pence

TOBACCO & NGP NET REVENUE CHANGE
+2.1%
at constant currency, driven by tobacco price mix and NGP growth

GROUP ADJUSTED OPERATING PROFIT CHANGE
+3.7%
at constant currency, driven by tobacco pricing, reduced NGP losses and Distribution

ADJUSTED EPS GROWTH
+8.8%
at constant currency

ADJUSTED OPERATING CASH CONVERSION
102%
2025: 97%

FREE CASH FLOW
£2.6bn
2025: £2.7bn

ADJUSTED NET DEBT/EBITDA
2.0x
2025: 2.0x

Strengthening our performance
Since our transformation journey began in 2021, this is our sixth consecutive year of growth in tobacco and NGP net revenue and adjusted operating profit, both at constant currency. This is underpinned by our continued focused investment in our consumer capabilities, brand building and sales execution. In tobacco, we look to balance market share and value, and we have continued to build share in NGP, both organically and through bolt-on acquisitions.

On a constant currency basis, tobacco & NGP net revenue grew 2.1%, and Group adjusted operating profit grew 3.7% on prior year.

Reported revenue decreased -1.5%, reflecting volume declines in high excise markets such as Australia and the UK, lower duty due to the reduction in German private label production, partly offset by stronger tobacco volumes in our AMET and African market clusters, growth in NGP and gains in Distribution. Reported operating profit decreased -10.2%, reflecting costs associated with the Delaware settlement and implementation of our 2030 Strategy.

Cash generation remains a key focus, and we have delivered £2.6 billion of free cash flow, with a 102% adjusted operating cash conversion. This included the payment of c.£150 million to R J Reynolds, following the decision of the Supreme Court of Delaware in December 2025. The strong cash generation has enabled us to invest in line with our strategy, returning around £2.8 billion to shareholders in FY26 via dividend and share buyback. Adjusted net debt increased to £8.8bn with adjusted net debt/EBITDA remaining at 2.0x in FY26.

We have announced a £1.5 billion share buyback for FY27, which we expect to complete no later than 29 October 2027. The £1.45 billion share buyback for FY26 is now complete and during the period we repurchased 52,466,859 shares, or 6.5% of our share capital as at 30 September 2025. We are also increasing our dividend per share by 4.0% for FY26.

The growth in adjusted operating profit alongside the reduction in share count, as a result of the ongoing share buyback, drove growth in adjusted earnings per share of 8.8% at constant currency. On a reported basis, earnings per share decreased -3.3%.

Our expectations for the coming year are in line with the medium-term guidance set out at our Capital Markets Day in March 2025. 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 in NGP we will continue to focus on and invest in the most relevant profit pools in our accessible footprint, maintaining double digit growth through consumer-focused innovation and consumer acquisition. In FY27, we will combine our traditional oral nicotine and NGP net revenue and adjusted operating profit and refer to it as "Smokeless".

For FY27, Group adjusted operating profit is expected to grow at a similar level to FY26, on a constant currency basis, primarily driven by continued profit growth from our combustible tobacco business. The usual second half weighting of performance is expected to be more pronounced than in FY26. Headwinds caused by disruption to our supply chain in Ukraine, the result of an attack on our facilities, will have a short-term impact during the first half of FY27, whilst the benefits of pricing, transformation efficiencies and duty drawback in the US will be weighted to the second half.

After 2030 Strategy costs, including the closure of our Langenhagen factory during the year, and the second instalment of the Delaware settlement, we expect to generate free cash flow of at least £2.2 billion in FY27, in line with the guidance provided at the Capital Markets Day in March 2025. We expect FY27 to be a significant year for 2030 Strategy cash costs. Growth in adjusted 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 0.5% to 1.5% to net revenue, adjusted operating profit and earnings per share.

The geopolitical and macroeconomic backdrop continues to be uncertain, with the potential future impact of the Middle East conflict, on both costs and consumer behaviour, remaining difficult to assess. However, the power of our brands, depth of our portfolios and diverse growth levers across our global markets mean we are well placed to navigate any future volatility.

Summary income statement

	Reported		Adjusted	
£ million unless otherwise indicated	**2026**	2025	**2026**	2025
Revenue/net revenue/gross profit*				
Tobacco & NGP revenue/net revenue	**19,689**	20,723	**8,506**	8,316
Distribution revenue/gross profit	**11,988**	11,448	**1,593**	1,530
Operating profit				
Total Tobacco & NGP	**2,819**	3,178	**3,789**	3,665
Distribution	**311**	305	**337**	316
Eliminations	**4**	7	**4**	7
Group operating profit	**3,134**	3,490	**4,130**	3,988
Net finance cost	**(397)**	(374)	**(450)**	(413)
Share of profit of investments accounted for using the equity method	**11**	12	**11**	12
Profit before tax	**2,748**	3,128	**3,691**	3,587
Tax	**(700)**	(908)	**(864)**	(836)
Profit for the year	**2,048**	2,220	**2,827**	2,751
Minority Interests	**(151)**	(149)	**(164)**	(153)
Earnings per ordinary share (pence)	**242.9**	251.1	**341.0**	315.0
Dividend per share (pence)	**166.72**	160.32	**166.72**	160.32

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

Alternative performance measures (APM)

When managing the performance of our business we focus on non-GAAP measures, which we refer to as alternative performance measures (APM). 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.

During both the current and prior year, the Group's revenue and operating profit metrics have been analysed in Tobacco and NGP categories and the disclosures within this report continue to be prepared on that basis. From 2027 the Group will run its business on the basis of new Combustibles and Smokeless categories, requiring changes to relevant performance metrics.

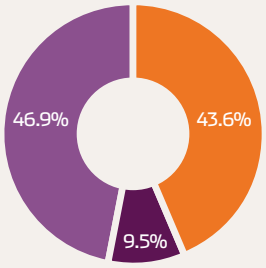
Reconciliations between reported and adjusted measures are included in the Supplementary Information. Percentage growth figures for adjusted results are given on a constant currency basis, where the effects of exchange rate movements on the translation of the results of our overseas operations are removed.

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

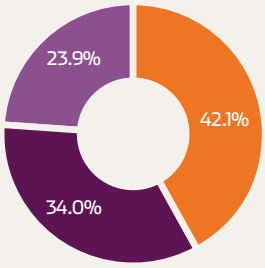
£ million unless otherwise indicated	Full year ended 30 September 2025	Foreign exchange	Constant currency movement	Full year ended 30 September 2026	Change	Constant currency change
Tobacco & NGP net revenue						
Europe	3,476	**74**	**32**	**3,582**	**3.0%**	**0.9%**
Americas	2,892	**(78)**	**82**	**2,896**	**0.1%**	**2.8%**
Africa, Asia, Australasia and Central & Eastern Europe	1,948	**17**	**63**	**2,028**	**4.1%**	**3.2%**
Tobacco & NGP net revenue	8,316	**13**	**177**	**8,506**	**2.3%**	**2.1%**
Tobacco & NGP adjusted operating profit						
Europe	1,638	**30**	**106**	**1,774**	**8.3%**	**6.5%**
Americas	1,233	**(68)**	**45**	**1,210**	**(1.9%)**	**3.6%**
Africa, Asia, Australasia and Central & Eastern Europe	794	**25**	**(14)**	**805**	**1.4%**	**-1.8%**
Tobacco & NGP adjusted operating profit	3,665	**(13)**	**137**	**3,789**	**3.4%**	**3.7%**
Distribution						
Gross profit	1,530	**37**	**26**	**1,593**	**4.2%**	**1.7%**
Adjusted operating profit including eliminations	323	**8**	**10**	**341**	**5.6%**	**3.1%**
Group adjusted results						
Adjusted operating profit	3,988	**(5)**	**147**	**4,130**	**3.6%**	**3.7%**
Adjusted net finance costs	(413)	**(9)**	**(28)**	**(450)**	**9.0%**	**6.8%**
Adjusted EPS (pence)	315.0	**(1.6)**	**27.6**	**341.0**	**8.3%**	**8.8%**

VOLUMES, BILLION STICK EQUIVALENT
(SE)



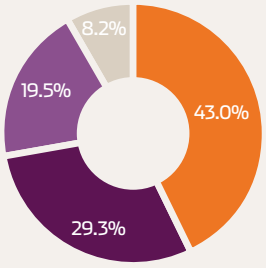
Europe	78.8bn SE
Americas	17.1bn SE
AAACE	84.7bn SE

TOBACCO & NGP NET REVENUE
(ACTUAL FX RATE), £ MILLION



Europe	£3,582m
Americas	£2,896m
AAACE	£2,028m

ADJUSTED OPERATING PROFIT
(ACTUAL FX RATE), £ MILLION



Europe	£1,774m
Americas	£1,210m
AAACE	£805m
Distribution	£341m

SALES PERFORMANCE

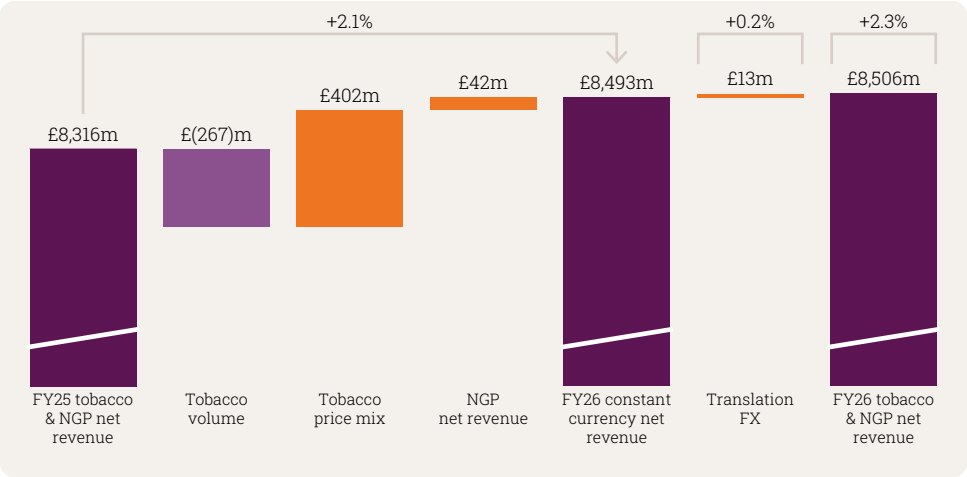
REPORTED REVENUE

-1.5%

TOBACCO & NGP NET REVENUE

+2.1%

- Reported revenue declined -1.5% reflecting lower excise taxes due to volume declines in high excise markets such as Australia and the UK, and the reduction in German private label production, partly offset by stronger tobacco volume in our AMET and African market clusters, growth in NGP and gains in Distribution.
- Tobacco & NGP net revenue increased 2.1% at constant currency with tobacco +1.7% and NGP +11.4%.
- Tobacco volumes down -3.4% (to 180.6bn SE) driven by declines in Europe, reflecting the planned reduction in German private label production together with market declines, an improving market backdrop in the US and growth in our AAACE region.
- Tobacco price mix was +5.1% due to robust pricing partially offset by mix.
- NGP net revenue increased 11.4% at constant currency, as strong growth in Europe and AAACE more than offset declines in US. Excluding the benefit from the sales of Black Buffalo in the US following its acquisition in May and the impact from the transition out of our legacy myblu vaping product in the US, growth was +14.1%.
- Translation foreign exchange had a small impact as sterling strengthened against the US dollar offset by weakness against the euro.



OPERATING PROFIT

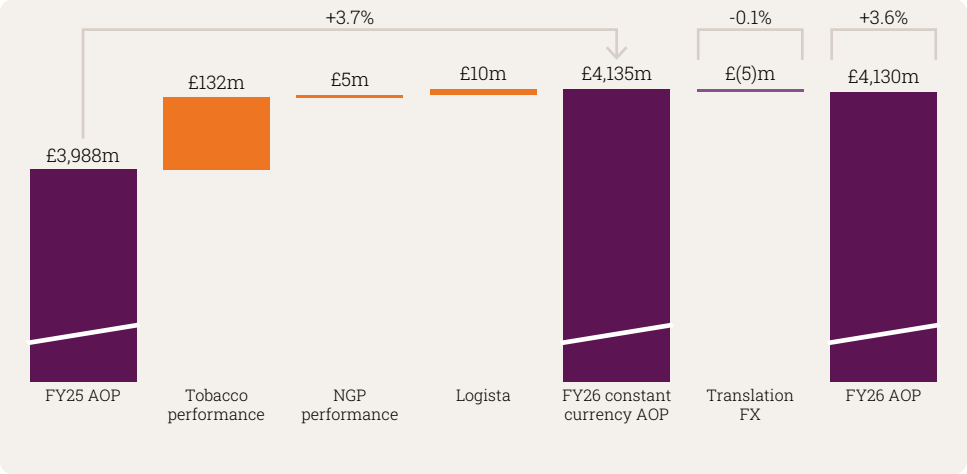
REPORTED OPERATING PROFIT

-10.2%

GROUP ADJUSTED OPERATING PROFIT

+3.7%

- Reported Group operating profit of £3,134m declined -10.2% due to costs associated with the Delaware settlement and the 2030 Strategy activities.
- Adjusted Group operating profit grew 3.7% year-on-year at constant currency as tobacco profitability improved into the second half of the year, as guided.
- Tobacco adjusted operating profit grew 3.5% at constant currency as pricing gains were supported by robust cost control and the benefits of the divestment of our Finance, Procurement and Supply chain hubs in Poland to Capgemini and the net benefit of the disposal of our Taiwan facility. Reported tobacco operating profit decreased -12.3% at actual rates due to costs associated with the Delaware settlement and 2030 Strategy activities.
- Adjusted NGP losses were £63m, down £5m on prior year at constant currency, reflecting growing profitability in Europe, offset by the inclusion of Black Buffalo in the US, following its acquisition in May. Reported NGP operating losses decreased £48m reflecting lower amortisation of intangibles costs and the impact of the fair value assessment of Auxly, offset by costs related to the decision to transition our legacy myblu vaping business out of the US market during the period.
- Distribution adjusted operating profit increased 4.1% at constant currency, reflecting a recovery in long-distance transportation; reported Distribution operating profit increased 2.0%.
- Translation foreign exchange was a small impact reflecting sterling strengthening against the US dollar partly offset by weakening against the euro.



EARNINGS PER SHARE

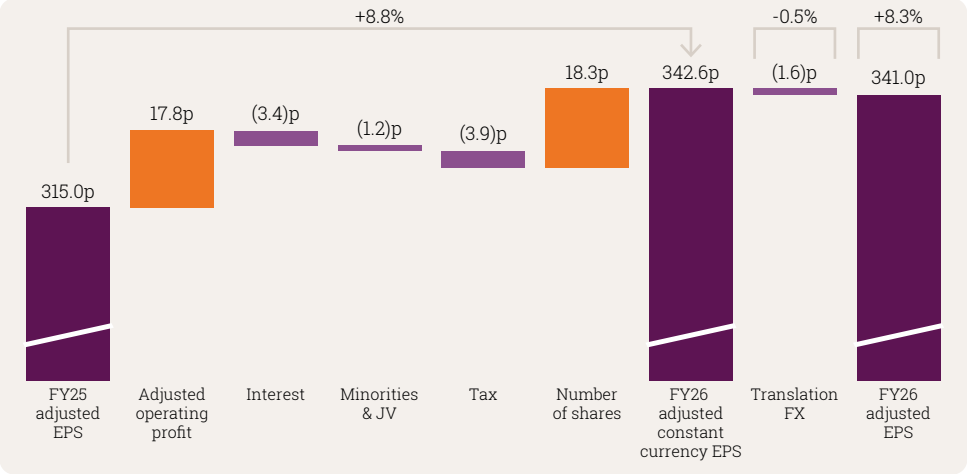
REPORTED EPS

-3.3%

ADJUSTED EPS

+8.8%

- Reported EPS declined -3.3% as a result of lower operating profits due to the Delaware settlement and 2030 Strategy costs and higher financing costs offset by a lower tax charge and reduced share count due to the ongoing share buyback.
- Adjusted EPS was 341.0 pence, up 8.8% at constant currency reflecting growth in adjusted operating profit and reduced share count due to the ongoing share buyback which more than offset increased finance costs and higher tax and minority interest charges.



Summary cash flow statement

£ million unless otherwise indicated	Reported 2026	Reported 2025	Adjusted 2026	Adjusted 2025
Group operating profit	**3,134**	3,490	**4,130**	3,988
Depreciation, amortisation and impairment	**671**	781	**326**	311
EBITDA	**3,805**	4,271	**4,456**	4,299
Profit on disposal of assets	**(27)**	(15)	**(27)**	(15)
Other non-cash movements	**311**	(45)	**(22)**	(23)
Operating cash flows before movement in working capital	**4,089**	4,211	**4,407**	4,261
Working capital	**113**	(71)	**113**	(71)
Tax cash flow	**(642)**	(513)	**(642)**	(513)
Cash flows from operating activities	**3,560**	3,627	**3,878**	3,677
Net capital expenditure	**(326)**	(338)	**(326)**	(338)
2030 Strategy cash costs	**–**	–	**(118)**	(21)
Restructuring	**–**	–	**(17)**	(29)
Cash interest	**(439)**	(384)	**(439)**	(384)
Minority interest dividends	**(159)**	(156)	**(159)**	(156)
Settlement costs of historical legal cases	**–**	–	**(150)**	–
Other	**–**	–	**(33)**	–
Free cash flow	**2,636**	2,749	**2,636**	2,749
Acquisitions/disposals	**(155)**	(77)	**(155)**	(77)
Shareholder dividends	**(1,277)**	(1,558)	**(1,277)**	(1,558)
Contributions to share schemes	**14**	5	**14**	5
Repurchase of shares	**(1,540)**	(1,235)	**(1,540)**	(1,235)
Net cash flow	**(322)**	(116)	**(322)**	(116)
Leases paid	**(102)**	(94)		
Increase in borrowings	**2,921**	3,899		
Repayment of borrowings	**(2,058)**	(3,235)		
Cash flow relating to derivative instruments	**(9)**	(144)		
Net increase in cash and cash equivalents	**430**	310		

Cash flow

Reported cash flows from operating activities of £3,560 million (2025: £3,627 million) includes £150 million settlement costs of the Delaware legal case. Adjusted cash flows from operating activities were £3,878 million (2025: £3,677 million) reflecting an improvement in working capital.

As anticipated, gross capital expenditure increased to £405 million (2025: £384 million). Capital expenditure net of the proceeds from the sale of assets, or net capital expenditure, decreased to £326 million (2025: £338 million), reflecting an increase in the proceeds of sale of assets to £79 million (FY25: £46 million). Net capital expenditure is anticipated to remain within a range of £300 million to £350 million in FY27 supporting projects to drive simplified and efficient operations in line with our strategic plan.

Adjusted operating cash conversion was 102% (2025: 97%).

£ million unless otherwise indicated	2026	2025
Adjusted operating profit	**4,130**	3,988
Cash flow post capital expenditure pre interest and tax	**4,194**	3,852
Adjusted operating cash conversion	**102%**	97%

Free cash flow of £2,636 million (2025: £2,749 million) decreased 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 £118 million relate to the implementation of the 2030 Strategy. Restructuring cash costs relating to historical Board-approved restructuring programmes totalled £17 million (2025: £29 million) and comprised cash spend from the 2021 Strategic Review Programme of £9 million (2025: £19 million) and other programmes £8 million (2025: £10 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 £322 million (2025: £116 million outflow) deteriorated compared to the prior year driven by higher acquisition costs and increased share buyback. Acquisition costs of £(155) million (2025: £(77) million) relate to purchase of Black Buffalo, a US modern oral nicotine company, Helwit, the Swedish modern oral nicotine pouch company, as well as deferred payment for purchase of modern oral nicotine pouches. The reduction in cash dividend reflects the timing of dividend payments in the prior year as we moved to four equal dividend payments. In FY26 this reduction was largely offset by the increase in share buyback. The £1,540 million repurchase of shares includes the cash spend of £106 million associated with the remaining £1.25 billion FY25 and £1.42 billion of the £1.45 billion FY26 share buyback programmes and £2 million by Logista to satisfy their share remuneration schemes. The share buyback programme commenced in October 2022 and in October 2026 we announced a further share buyback of up to £1.5 billion of shares in FY27.

Return on invested capital

Return on invested capital (ROIC) increased by 80 basis points, driven by a reduction in average annual invested capital. ROIC is 21.5% (2025: 20.7%).

Adjusted operating profit increased by £142 million.

Our FY26 invested capital has decreased compared to the prior year mainly due to the foreign exchange impact on intangible assets.

£ million	2026	2025
Reported operating profit	**3,134**	3,490
Adjusting items (APM section within Supplementary Information)	**996**	498
Adjusted operating profit	**4,130**	3,988
Equivalent tax charge	**(966)**	(929)
Net adjusted operating profit after tax	**3,164**	3,059
Working capital	**(2,956)**	(2,858)
Intangible assets	**16,007**	16,208
Property, plant and equipment	**1,518**	1,524
Invested capital	**14,569**	14,874
Average annual invested capital	**14,722**	14,801
Return on invested capital	**21.5%**	20.7%

Adjusted net debt/EBITDA

Adjusted net debt increased by £380 million to £8,786 million (2025: £8,406 million) in the year. Continued strong cash generation supported additional return of capital to shareholders via a share buyback. Adjusted net debt/EBITDA is flat on the prior year at 2.0x.

Reported net debt increased by £172 million to £9,126 million (2025: £8,954 million). Excluding accrued interest, lease liabilities and the fair value of interest rate derivatives providing commercial hedges of interest risk, Group adjusted net debt was £8,786 million (2025: £8,406 million).

£ million	2026	2025
Reported net debt	**(9,126)**	(8,954)
Accrued interest	**128**	123
Lease liabilities	**398**	402
Fair value of interest rate derivatives	**(186)**	23
Adjusted net debt	**(8,786)**	(8,406)
Adjusted EBITDA	**4,456**	4,299
Adjusted net debt/EBITDA	**2.0x**	2.0x

Reconciliation between reported and adjusted performance measures

	Operating profit		Net finance (costs)/income		Earnings per share (pence)	
£ million unless otherwise indicated	2026	2025	2026	2025	2026	2025
Reported	**3,134**	3,490	**(397)**	(374)	**242.9**	251.1
Amortisation & impairment of acquired intangibles	**338**	369	**–**	–	**42.6**	42.7
2030 Strategy review programme	**327**	122	**–**	–	**31.1**	10.2
Settlement cost of historical legal cases	**313**	–		–	**30.2**	–
Fair value adjustment to financial asset (Auxly)	**(36)**	–	**–**	–	**(5.9)**	–
Other adjusting items	**54**	7	**–**	–	**6.7**	0.8
Net fair value and exchange movements on financial instruments	**–**	–	**(71)**	(13)	**(14.6)**	18.9
Post-employment benefits net financing costs	**–**	–	**15**	11	**1.2**	0.7
Taxation settlements interest costs/(income)	**–**	–	**3**	(38)	**0.4**	(4.4)
Effect of discounting on long-term provisions			**0**	1	**0.0**	0.1
Recognition of deferred tax assets	**–**	–	**–**	–	**8.1**	8.0
Uncertain tax positions					**0.0**	(7.8)
Prior year adjustments					**0.0**	(4.8)
Adjustments above attributable to non-controlling interests	**–**	–	**–**	–	**(1.7)**	(0.5)
Adjusted	**4,130**	3,988	**(450)**	(413)	**341.0**	315.0

Adjusting items

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

In the period to 30 September 2026 adjusting items relate to amortisation of acquired intangibles of £338 million (2025: £369 million) across Tobacco & NGP, settlement of the Delaware legal case £313 million (2025: nil), fair value adjustment to Auxly of £(36) million (2025: nil) and costs relating to our 2030 Strategy £327 million (2025: £122 million).

In March 2025, the Group announced the 2030 Strategy Review Programme which is a multi-year programme expecting to run to the end of 2030. The total cost of this programme is expected to be c.£740 million of which c.£600 million are anticipated to be cash costs. The majority of the cash spend of c.£500 million is expected to be split between FY27 and FY28.

During the period to 30 September 2026, the total costs recognised for this programme were £327 million (2025: £122 million) including costs relating to the closure of the Langenhagen factory in Germany of £182 million, and costs associated with wider organisational changes required to support the 2030 Strategy Review Programme of £145 million.

Of the £327 million total costs recognised in FY26, cash spend was £118 million. Non-cash costs in FY26 mainly relate to provisions for future cash payments and a retirement benefit liability.

Costs for the closure of the Langenhagen factory include £164 million of non-cash costs and £18 million of cash costs in FY26. Following the decision to close the factory, a provision for £77 million of people related costs and for £18 million of site decommissioning costs were recognised. In addition, a retirement benefit liability of £69 million, relating to the closure, was also recognised. Cash costs of £18 million were recognised for project, legal, consultancy and machinery relocation.

Costs related to wider organisational changes include £100 million of cash costs and £45 million of non-cash costs. The organisational change costs include £26 million of internal programme resource cash costs, £26 million of external partner support cash costs and £49 million of severance and £44 million of other costs, which are split between cash and non-cash costs. These combined costs are associated with the design and deployment of a cross-business shared services support model that will deliver multiple services to multiple parts of the Group.

Other adjusting items £54 million include Distribution costs £26 million; costs of £9 million relating to the decision to transition our legacy myblu vaping business out of the US market; structural changes to defined benefit pension schemes £3 million (2025: £7 million), £9 million Black Buffalo acquisition costs and £10 million costs related to the Ukraine crisis.

Finance costs

Adjusted net finance costs were higher at £450 million (2025: £413 million), due to the refinancing of maturing lower cost debt at higher rates. Reported net finance costs were £397 million (2025: £374 million), incorporating the impact of net fair value and foreign exchange gains on financial instruments of £71 million (2025: £13 million), post-employment benefits net financing costs of £15 million (2025: £11 million) and net tax settlement interest expense of £3 million (2025: £38 million income). Net fair value gains of £57 million on financial instruments primarily reflect an increase in forward interest rates in the year, due to global inflationary pressures. This resulted in gains of £209 million on net pay-fixed interest rate swaps. These gains were partially offset by losses of £152 million on cross-currency swaps, due to US$ fixed interest flows not benefiting from the higher market rates.

Our all-in cost of debt modestly increased to 4.4% (2025: 4.3%) reflecting the previously mentioned factors.

Interest rates remain higher than they were prior to the start of FY23 and therefore we still anticipate refinancing maturing, lower-cost debt at higher rates. As a result, we expect upward pressure on finance costs going forward, although hedging is in place for approximately 82% of our expected average debt in FY27.

Taxation

Our adjusted effective tax rate is 23.4% (2025: 23.3%) and the reported effective tax rate is 25.5% (2025: 29.0%). The slight increase in the adjusted effective tax rate primarily reflects the change in profits mix to higher taxed jurisdictions, one off taxes and Uncertain Tax Provisions. The reported tax rate is higher than the adjusted tax rate due to the utilisation of deferred tax assets recognised in FY24, tax arising on fair value and foreign exchange movements and amortization of intangibles.

We expect our adjusted effective tax rate for the year ended 30 September 2027 to be in the range 24.5% to 25.0%.
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 (0.1% and 0.5%, respectively) as sterling strengthened against the US dollar (2.6%) and weakened against the euro (2.4%).

Dividend payments

The Group has paid two interim dividends in relation to this financial year, the first being 41.68 pence per share in June 2026 and the second being 41.68 pence per share in September 2026.

The Board has approved a further interim dividend of 41.68 pence (2025: 40.08 pence) per share and will propose a final dividend of 41.68 pence per share, bringing the total dividend for the year to 166.72 pence. This represents a 4.0% increase to the amount of 160.32 pence per share paid in the prior year and is in line with the Group's progressive dividend policy.

The annual dividend represents a payout ratio of 68.6% with respect to basic earnings per share.

The third interim dividend will be paid on 31 December 2026 to shareholders registered on 27 November 2026. Subject to AGM approval, the proposed final dividend will be paid on 31 March 2027 to shareholders registered on 19 February 2027.

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	41.68	26-Nov-26	27-Nov-26	31-Dec-26
Final	41.68	18-Feb-27	19-Feb-27	31-Mar-27

Funding/liquidity

During the year, we repaid our €650 million February 2026 bond and repaid the remaining US$400 million balance of our US$750 million July 2026 bond and the remaining £188 million balance of our £500 million September 2026 bond in line with their respective natural maturities. We also issued bonds of €900 million with a coupon of 3.875% maturing in August 2033 and bonds totalling US$1.5 billion: US$750 million with a coupon of 4.875% maturing in February 2032, and US$750 million with a coupon of 5.5% maturing in July 2036. Overall, borrowing increased by £863 million in the year, with a £2,921 million increase in borrowings offset by a £2,058 million repayment of borrowings. We swapped the new US dollar bonds to euro, therefore closing adjusted net debt continues to be materially all euro.

As at 30 September 2026, the Group had committed financing in place of around £13.6 billion, which comprised 24% bank facilities and 76% raised from capital markets, and the maturity date of the Group's €3 billion syndicated multi-currency revolving credit facility was extended to 29 March 2030. The Group also entered into five 364-day committed bilateral credit facilities totalling £600m, maturing in September 2027, and two £100m six-month committed bilateral credit facilities, one maturing in March 2027 and the other in September 2027.

The Group remains fully compliant with all obligations under its financing arrangements and remains committed to retaining its investment grade ratings.

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 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 October 2026.

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

Under the reverse stress test scenario, after considering mitigation actions including reductions of capital expenditure, dividend payments and the share buyback programme, we have modelled that a reduction in EBITDA of up to 50% would lead the Group to have sufficient headroom until 30 November 2027. The Group believes this reverse stress test scenario to be remote given the relatively small impact on our trading performance and bad debt levels seen during previous periods of disruption, including the COVID-19 pandemic and recent geopolitical events.

Based on its review of future cash flows covering the period through to 30 November 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.



MURRAY McGOWAN
CHIEF FINANCIAL OFFICER

Financial Statements

The figures and financial information for year ended 30 September 2025 do not constitute the statutory financial statements for that year. Those financial statements have not yet been delivered to the Registrar. The auditors have reported on those accounts and their report was (i) unqualified, (ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006 in respect of the accounts. The financial statements have been prepared in accordance with our accounting policies published in our financial statements available on our website www.imperialbrandsplc.com.

CONSOLIDATED INCOME STATEMENT
for the year ended 30 September 2026

£ million unless otherwise indicated	Notes	2026	2025
Revenue	3	**31,677**	32,171
Duty and similar items		**(12,015)**	(13,187)
Other cost of sales		**(12,424)**	(11,982)
Cost of sales		**(24,439)**	(25,169)
Gross profit		**7,238**	7,002
Distribution, advertising and selling costs		**(2,564)**	(2,469)
Administrative and other expenses		**(1,540)**	(1,043)
Operating profit	4	**3,134**	3,490
Investment income	5	**460**	302
Finance costs	5	**(857)**	(676)
Net finance costs		**(397)**	(374)
Share of profit of investments accounted for using the equity method	15	**11**	12
Profit before tax		**2,748**	3,128
Tax	8	**(700)**	(908)
Profit for the year		**2,048**	2,220
Attributable to:			
Owners of the parent		**1,897**	2,071
Non-controlling interests		**151**	149
Earnings per ordinary share (pence)			
• Basic	10	**242.9**	251.1
• Diluted	10	**241.3**	249.3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 September 2026

£ million	Notes	2026	2025
Profit for the year		**2,048**	2,220
Other comprehensive income			
Exchange movements		**5**	(20)
Hyperinflation adjustment in the year	1	**6**	5
Current tax on hedge of net investments and quasi-equity loans		**(63)**	156
Items that may be reclassified to profit and loss		**(52)**	141
Net actuarial gains/(losses) on retirement benefits	24	**38**	(27)
Deferred tax relating to net actuarial losses on retirement benefits		**(26)**	(5)
Items that will not be reclassified to profit and loss		**12**	(32)
Other comprehensive (expense)/income for the year, net of tax		**(40)**	109
Total comprehensive income for the year		**2,008**	2,329
Attributable to:			
Owners of the parent		**1,870**	2,152
Non-controlling interests		**138**	177
Total comprehensive income for the year		**2,008**	2,329

CONSOLIDATED BALANCE SHEET
at 30 September 2026

£ million	Notes	2026	2025
Non-current assets			
Intangible assets	12	**16,007**	16,208
Property, plant and equipment	13	**1,518**	1,524
Right of use assets	14	**367**	373
Investments accounted for using the equity method	15	**71**	66
Investment carried at fair value through profit or loss	21	**36**	-
Retirement benefit assets	24	**296**	314
Trade and other receivables	17	**120**	133
Derivative financial instruments	21/22	**606**	392
Deferred tax assets	23	**799**	893
		19,820	19,903
Current assets			
Inventories	16	**3,937**	4,466
Trade and other receivables	17	**3,115**	2,716
Current tax assets	8	**166**	146
Cash and cash equivalents	18	**1,882**	1,439
Derivative financial instruments	21/22	**61**	45
		9,161	8,812
Total assets		**28,981**	28,715
Current liabilities			
Borrowings	20	**(1,420)**	(1,070)
Derivative financial instruments	21/22	**(116)**	(28)
Lease liabilities	14	**(94)**	(89)
Trade and other payables	19	**(10,008)**	(10,040)
Current tax liabilities	8	**(627)**	(572)
Provisions	25	**(144)**	(55)
		(12,409)	(11,854)
Non-current liabilities			
Borrowings	20	**(9,018)**	(8,524)
Derivative financial instruments	21/22	**(723)**	(806)
Lease liabilities	14	**(304)**	(313)
Trade and other payables	19	**(180)**	(41)
Deferred tax liabilities	23	**(772)**	(747)
Retirement benefit liabilities	24	**(761)**	(801)
Provisions	25	**(221)**	(197)
		(11,979)	(11,429)
Total liabilities		**(24,388)**	(23,283)
Net assets		**4,593**	5,432
Equity			
Share capital	26	**82**	87
Share premium and capital redemption	26	**5,858**	5,853
Retained earnings		**(1,978)**	(1,205)
Exchange translation reserve		**44**	89
Equity attributable to owners of the parent		**4,006**	4,824
Non-controlling interests		**587**	608
Total equity		**4,593**	5,432

The financial statements on pages 131 to 211 were approved by the Board of Directors on 17 November 2026 and signed on its behalf by:

MURRAY McGOWAN
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2026

£ 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 year	-	-	1,897	-	1,897	151	2,048
Exchange movements on retranslation of net assets	-	-	-	(166)	(166)	(13)	(179)
Exchange movements on net investment hedges	-	-	-	139	139	-	139
Exchange movements on quasi-equity loans	-	-	-	45	45	-	45
Hyperinflation adjustment in the year	-	-	6	-	6	-	6
Current tax on hedge of net investments and quasi-equity loans	-	-	-	(63)	(63)	-	(63)
Net actuarial gains on retirement benefits	-	-	38	-	38	-	38
Deferred tax relating to net actuarial losses on retirement benefits	-	-	(26)	-	(26)	-	(26)
Other comprehensive income/(expense)	-	-	18	(45)	(27)	(13)	(40)
Total comprehensive income	-	-	1,915	(45)	1,870	138	2,008
Transactions with owners							
Costs of employees' services compensated by share schemes	-	-	38	-	38	-	38
Contributions relating to share schemes	-	-	14	-	14	-	14
Repurchase of shares	(5)	5	(1,454)	-	(1,454)	-	(1,454)
Deferred tax on share-based payments	-	-	(9)	-	(9)	-	(9)
Dividends paid	-	-	(1,277)	-	(1,277)	(159)	(1,436)
At 30 September 2026	82	5,858	(1,978)	44	4,006	587	4,593

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED
for the year ended 30 September 2025

£ 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 year	-	-	2,071	-	2,071	149	2,220
Exchange movements on retranslation of net assets	-	-	-	429	429	28	457
Exchange movements on net investment hedges	-	-	-	(377)	(377)	-	(377)
Exchange movements on quasi-equity loans	-	-	-	(100)	(100)	-	(100)
Hyperinflation adjustment in the year	-	-	5	-	5	-	5
Current tax on hedge of net investments and quasi-equity loans	-	-	-	156	156	-	156
Net actuarial losses on retirement benefits	-	-	(27)	-	(27)	-	(27)
Deferred tax relating to net actuarial losses on retirement benefits	-	-	(5)	-	(5)	-	(5)
Other comprehensive income/(expense)	-	-	(27)	108	81	28	109
Total comprehensive income	-	-	2,044	108	2,152	177	2,329
Transactions with owners							
Costs of employees' services compensated by share schemes	-	-	34	-	34	-	34
Contributions relating to share schemes	-	-	5	-	5	-	5
Repurchase of shares	(4)	4	(1,259)	-	(1,259)	-	(1,259)
Changes in non-controlling interests	-	-	4	-	4	-	4
Deferred tax on share-based payments	-	-	4	-	4	-	4
Dividends paid	-	-	(1,558)	-	(1,558)	(156)	(1,714)
At 30 September 2025	87	5,853	(1,205)	89	4,824	608	5,432

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 September 2026

£ million	2026	2025
Cash flows from operating activities		
Operating profit	**3,134**	3,490
Dividends received from investments accounted for using the equity method	**8**	7
Depreciation, amortisation and impairment	**671**	781
Profit on disposal of non-current assets	**(27)**	(15)
Market exit savings	**(5)**	-
Post-employment benefits	**13**	(24)
Share-based payments	**38**	35
Fair value adjustment to financial asset	**(36)**	-
Unpaid settlement costs of historical legal cases	**163**	-
Other non-cash items	**(4)**	(5)
Movement in provisions	**134**	(58)
Operating cash flows before movement in working capital	**4,089**	4,211
Decrease/(increase) in inventories	**461**	(300)
(Increase)/decrease in trade and other receivables	**(443)**	10
Increase in trade and other payables	**95**	219
Movement in working capital	**113**	(71)
Tax paid	**(642)**	(513)
Net cash generated from operating activities	**3,560**	3,627
Cash flows from investing activities		
Interest received	**25**	73
Proceeds from the sale of non-current assets	**79**	46
Purchase of property, plant and equipment	**(187)**	(198)
Purchase of intangibles	**(218)**	(186)
Purchase of businesses - net of cash acquired	**(145)**	-
Purchase of brands and operations	**(10)**	(77)
Net cash used in investing activities	**(456)**	(342)
Cash flows from financing activities		
Interest paid	**(464)**	(457)
Lease liabilities paid	**(102)**	(94)
Contributions relating to share schemes	**14**	5
Increase in borrowings	**2,921**	3,899
Repayment of borrowings	**(2,058)**	(3,235)
Cash flows relating to derivative financial instruments	**(9)**	(144)
Repurchase of shares	**(1,540)**	(1,235)
Dividends paid to non-controlling interests	**(159)**	(156)
Dividends paid to owners of the parent	**(1,277)**	(1,558)
Net cash used in financing activities	**(2,674)**	(2,975)
Net increase in cash and cash equivalents	**430**	310
Cash and cash equivalents at start of year	**1,439**	1,078
Effect of foreign exchange rates on cash and cash equivalents	**13**	51
Cash and cash equivalents at end of year	**1,882**	1,439

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements comprise the results of the Company, a public company limited by shares, incorporated in England and Wales, and its subsidiary undertakings, together with the Group's share of the results of its associates and joint arrangements. The Company's registered number is 03236483 and its registered address is 121 Winterstoke Road, Bristol, BS3 2LL.

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("UK-adopted IAS").

The financial statements have been prepared under the historical cost convention except where fair value measurement is required under IFRS Accounting Standards ("IFRS") as described below in the accounting policies on financial instruments, and on a going concern basis.

The consolidated financial statements are presented in pounds sterling, the presentation currency of the Group, and the functional currency of the Company. All values are rounded to the nearest one million (£1 million) except where otherwise indicated.

Alternative performance measures

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

Basis for going concern

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

The Group recognises there can be uncertainty in the external environment, however, during past periods of disruption, 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 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 October 2026.

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

Under the reverse stress test scenario, after considering mitigation actions including reductions of capital expenditure, dividend payments and the share buyback programme, we have modelled that a reduction in EBITDA of up to 50% would lead the Group to have sufficient headroom until 30 November 2027. The Group believes this reverse stress test scenario to be remote given the relatively small impact on our trading performance and bad debt levels during previous periods of disruption, including the COVID-19 pandemic and recent geopolitical events.

Based on its review of future cash flows covering the period through to 30 November 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.

Imperial Brands PLC (the Company) provides guarantees to a number of subsidiaries under section 479A of the Companies Act 2006, whereby the subsidiaries, incorporated in the UK and Ireland, are exempt from the requirements of the Act relating to the audit of individual accounts for the financial year ending 30 September 2026. See note VIII Guarantees of the Imperial Brands PLC financial statements for further details.

IAS 1 Presentation of Financial Statements requires the disclosure of material accounting policy information as part of the notes to the accounts and these are set out below. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence a decision that the primary users of general purpose financial statements make on the basis of those financial statements.

Material accounting policies, have been applied consistently other than where new policies have been adopted.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Basis of consolidation

Subsidiaries are those entities controlled by the Group. Control exists when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

The acquisition method of accounting is used to account for the purchase of subsidiaries. The excess of the value transferred to the seller in return for control of the acquired business together with the fair value of any previously held equity interest in that business over the Group's share of the fair value of the identifiable net assets is recorded as goodwill.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless costs cannot be recovered.

Material accounting policies

Foreign currency

Items included in the financial statements of each Group company are measured using the currency of the primary economic environment in which the company operates (the functional currency).

The income and cash flow statements of Group companies using non-sterling functional currencies are translated to sterling (the Group's presentational currency) at average rates of exchange in each period. Assets and liabilities of these companies are translated at rates of exchange ruling at the balance sheet date. The differences between retained profits and losses translated at average and closing rates are taken to reserves, as are differences arising on the retranslation of the net assets at the beginning of the year.

Transactions in currencies other than a company's functional currency are initially recorded at the exchange rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at exchange rates ruling at the balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement with exchange differences arising on trading transactions being reported in operating profit, and those arising on financing transactions being reported in net finance costs unless as a result of net investment hedging they are reported in other comprehensive income.

The Group designates as net investment hedges certain external borrowings and derivatives up to the value of the net assets of Group companies that use non-sterling functional currencies after deducting permanent intercompany loans. Gains or losses on these hedges that are regarded as highly effective are transferred to other comprehensive income, where they offset gains or losses on translation of the net investments that are recorded in equity, in the exchange translation reserve.

The Group's financial results are principally exposed to euro and US dollar exchange rates, which are detailed in the table below:

	2026		2025	
	Closing rate	**Average rate**	Closing rate	Average rate
Euro	**1.1696**	**1.1542**	1.1459	1.1824
US dollar	**1.3280**	**1.3414**	1.3439	1.3064

Revenue recognition

For the Tobacco & Next Generation Products (Tobacco & NGP) business, revenue comprises the invoiced value for the sale of goods net of sales taxes, rebates and discounts. Revenue is based on the completion of performance obligations that constitute the delivery of goods. The performance obligation is recognised as complete at the point in time when a Group company has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

The Group recognises income arising from the licensing of intellectual property, occurring in the ordinary course of business, which is treated as revenue. Licensing revenue will be recognised over the period of the licence. The licences granted are distinct from other promises in the contract.

For the Distribution business, revenue comprises the invoiced value for the sale of goods and services net of sales taxes, rebates and discounts when goods have been delivered or distribution services have been provided. The Distribution business only recognises commission revenue on purchase and sale transactions in which it acts as a commission agent. Distribution and marketing commissions are included in revenue. Revenue is recognised on products on consignment when these are sold by the consignee. The performance obligations associated with distribution services, which include fees for distributing certain third-party products, are linked to the successful distribution of products for customers.

Payments are made to both direct and indirect customers for rebates, discounts and other promotional activities. Direct customers are those to which the Group supplies goods or services. Indirect customers are other entities within the supply chain to the end consumer. Rebates and discounts are deducted from revenue. Where the contract with customers has an entitlement to variable consideration due to the existence of retrospective rebates and discounts, revenue is estimated based on the amount of consideration expected to be received. This estimation is a determination of the most likely amount to be received using all known factors including historical experience. As the provision of distribution services typically involves product delivery tasks undertaken in a short period of time, revenue and any associated rebates and discounts relating to these services do not normally span an accounting year end.

Payments for promotional activities will also be deducted from revenue where the payments relate to goods or service that are closely related to or indistinct from associated sales of goods or services to that customer. The calculated costs are accrued and accounted for as incurred and matched as a deduction from the associated revenues (i.e. excluded from revenues reported in the Group's consolidated income statement).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Duty and similar items

Duty and similar items includes duty and levies having the characteristics of duty. In countries where duty is a production tax, duty is included in revenue and in cost of sales in the consolidated income statement. Duty is regarded as a sales tax and excluded from revenue where:

- duty becomes payable to the tax authority when the goods are sold;
- there is an obligation to change the sales price when a change in the rate of duty is imposed; and
- there is a requirement to identify the duty separately on sales information such as invoices.

Payments made in the USA under the Master Settlement Agreement (MSA) are recognised in other cost of sales. See note 30 for information relating to contingent liabilities associated with the MSA.

Taxes

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years. Current tax assets and liabilities are offset to the extent the entity has a legally enforceable right to set off the recognised amounts, and it intends to either settle on a net basis or realise the asset and settle the liability simultaneously.

Uncertain tax positions are assessed and measured on an issue by issue basis within the jurisdictions where we operate using management's estimate of the most likely outcome. Where management determines that a greater than 50% probability exists that the tax authorities would accept the position taken in the tax return, amounts are recognised in the consolidated financial statements on that basis. Where the amount of tax payable or recoverable is uncertain, the Group recognises a liability or asset based on either: management's judgement of the most likely outcome; or, when there is a wide range of possible outcomes, a probability weighted average approach. The Group recognises interest on late paid taxes as part of financing costs. The Group recognises penalties, if applicable, as part of administrative and other expenses when the charges are considered to be arbitrary and not directly part of the applicable tax code. Where this is not the case they are recorded with the tax charge.

Deferred tax is provided in full on temporary differences between the carrying amount of assets and liabilities in the financial statements and the tax base, except if it arises from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be realised. Deferred tax is determined using the tax rates that have been enacted or substantively enacted at the balance sheet date, and are expected to apply when the deferred tax liability is settled or the deferred tax asset is realised.

Deferred tax assets and deferred tax liabilities are offset to the extent the entity has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either: the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Dividends

Final dividends are recognised as a liability in the period in which the dividends are approved by shareholders, whereas interim dividends as approved by the Board of Directors are recognised in the period in which the dividends are paid.

Intangible assets – goodwill

Goodwill represents the excess of value transferred to the seller in return for control of the acquired business together with the fair value of any previously held equity interest in that business over the Group's share of the fair value of the identifiable net assets.

Goodwill is tested at least annually for impairment and carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the consolidated income statement and cannot be subsequently reversed. If any negative goodwill arises this is recognised immediately in the consolidated income statement. For the purpose of impairment testing, goodwill is allocated to groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Intangible assets – other

Other intangible assets are initially recognised in the consolidated balance sheet at historical cost unless they are acquired as part of a business combination, in which case they are initially recognised at fair value. They are shown in the balance sheet at historical cost less accumulated amortisation and impairment. The Group does not operate a revaluation model and therefore assets are not subject to ongoing revaluations.

These assets consist mainly of acquired trademarks, intellectual property, product development, acquired customer relationships and computer software. The Davidoff cigarette trademark is considered by the Directors to have an indefinite life based on the fact that it is an established international brand with global potential. Trademarks with indefinite lives are not amortised but are reviewed annually for impairment. The carrying value of Davidoff is subject to an annual impairment review under the requirements of IAS 36 as the Group does not currently foresee a limit to the period over which the asset is expected to generate net cash inflows. The most recent assessment indicates that the carrying value is not impaired.

Intellectual property (including trademarks), product development, supply agreements (including customer relationships) and computer software are amortised over their estimated useful lives as follows:

Intellectual property	5 - 30 years	straight line
Supply agreements	3 - 15 years	straight line
Software	3 - 15 years	straight line
Product development	3 - 10 years	straight line

Property, plant and equipment

Property, plant and equipment are recognised in the consolidated balance sheet at historical cost or at their initial fair value where they are acquired as part of an acquisition, subject to depreciation or impairment. The Group does not operate a revaluation model and therefore assets are not subject to ongoing revaluations.

Land is not depreciated and depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on other property, plant and equipment so as to write down the initial cost of each asset to its residual value over its estimated useful life as follows:

Property	up to 50 years	straight line
Plant and equipment	2 - 20 years	straight line/reducing balance
Fixtures and motor vehicles	2 - 15 years	straight line

The assets' residual values and useful lives are reviewed and, if appropriate, adjusted at each balance sheet date.

Financial instruments and hedging

Financial assets and financial liabilities, in respect of financial instruments, are recognised on the Group's consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Receivables held under a hold to collect business model are stated at amortised cost. Receivables held under a hold to sell business model, which are expected to be sold via a non-recourse factoring arrangement, are separately classified as fair value through profit or loss, within trade and other receivables.

The calculation of impairment provisions is subject to an expected credit loss model, involving a prediction of future credit losses based on past loss patterns. The approach involves the recognition of provisions relating to potential future impairments, in addition to impairments that have already occurred. The expected credit loss approach involves modelling of historical loss rates, and consideration of the level of future credit risk. Expected loss rates are then applied to the gross receivables balance to calculate the impairment provision.

Cash and cash equivalents include cash in hand and deposits held on call, together with other short-term highly liquid investments.

Investments held at fair value through profit and loss include quoted equity investments which are valued based on the most recent market price.

Non-derivative financial liabilities, including borrowings and trade payables, are stated at amortised cost. For borrowings, their carrying value includes accrued interest payable, as well as unamortised issue costs. Current liabilities include amounts where the entity does not have the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.

The Group transacts derivative financial instruments to manage the underlying exposure to foreign exchange and interest rate risks. The Group does not transact derivative financial instruments for trading purposes. Derivative financial instruments are initially recorded at fair value. Derivative financial assets and liabilities are included in the consolidated balance sheet at fair value, and include accrued interest receivable and payable where relevant. However, as the Group has decided (as permitted under IFRS 9) not to cash flow or fair value hedge account for its derivative financial instruments, changes in fair values are recognised in the consolidated income statement in the period in which they arise unless the derivative qualifies and has been designated as a net investment hedging instrument in which case the changes in fair values, attributable to foreign exchange, are recognised in other comprehensive income.

Right of use assets
The Group has lease contracts relating to property and other assets (which predominantly relates to motor vehicles).

The Group recognises right of use assets, at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments which depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Lease payments include the exercise of purchase options if determined reasonably certain to be exercised and termination payments if the lease term reflects the exercise of an option to terminate.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate, defined as the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accumulation of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight line basis over the lease term in cost of sales or distribution, advertising and selling costs.

Short-term leases, leases of low value assets and practical expedients applied
The Group has applied a number of practical expedients permitted by IFRS 16 Leases. These include:
- the exclusion of leases where the lease term ends within 12 months of the commencement of the lease or date of initial application; and
- the exclusion of leases of low value assets, defined as those of less than US$ 5,000.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in first out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Inventory is considered for obsolescence or other impairment issues and an associated provision is booked where necessary.

Leaf tobacco inventory which has an operating cycle that exceeds 12 months is classified as a current asset, consistent with recognised industry practice.

Provisions
A provision is recognised in the consolidated balance sheet when the Group has a legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle that obligation, and a reliable estimate of the amount can be made.

A provision for restructuring is recognised when the Group has approved a detailed formal restructuring plan, and the restructuring has either commenced or has been publicly announced, and it is more likely than not that the plan will be implemented, and the amount required to settle any obligations arising can be reliably estimated. Future operating losses are not provided for.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Group. Contingent liabilities are not recognised, only disclosed, unless the possibility of a future outflow of resources is considered remote, in which case disclosure is not given. A disclosure that would seriously prejudice the position of the Group is also not disclosed.

Retirement benefit schemes

For defined benefit schemes, the amount recognised in the consolidated balance sheet is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of the scheme assets to the extent that they are demonstrably recoverable either by refund or a reduction in future contributions. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The service cost of providing retirement benefits to employees during the year is charged to operating profit. Past service costs are recognised immediately in operating profit, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time.

All actuarial gains and losses, including differences between actual and expected returns on assets and differences that arise as a result of changes in actuarial assumptions, are recognised immediately in full in the statement of comprehensive income for the period in which they arise. An interest charge is made in the consolidated income statement by applying the rate used to discount the defined benefit obligations to the net defined benefit liability of the schemes. Interest income and costs arising on defined benefit assets and liabilities are presented net in the consolidated income statement.

For defined contribution schemes, contributions are recognised as an employee benefit expense when they are due.

Treasury shares

When the Company purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted on consolidation from equity attributable to owners of the parent until the shares are reissued or disposed of. When such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, increases equity attributable to owners of the parent. When such shares are cancelled they are transferred to the capital redemption reserve.

Where the Group enters into a contract with a third party that contains an obligation to repurchase its own shares for cash or another financial asset, a financial liability is recognised for the present value of the redemption amount. One example is an obligation under a forward contract to repurchase shares in Imperial Brands PLC for cash. The financial liability is recognised initially at the present value of the redemption amount, and is reclassified from equity. Subsequently, the financial liability is measured in accordance with IFRS 9, and is revalued at subsequent reporting points as appropriate. If the contract expires without delivery, the carrying amount of the financial liability is reclassified to equity.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

OTHER ACCOUNTING POLICIES

Joint ventures

The Group applies IFRS 11 Joint Arrangements to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. The financial statements of joint ventures are included in the Group financial statements using the equity accounting method, with the Group's share of net assets included as a single line item entitled "Investments accounted for using the equity method". In the same way, the Group's share of earnings is presented in the consolidated income statement below operating profit entitled "Share of profit of investments accounted for using the equity method".

Share-based payments

The Group applies the requirements of IFRS 2 Share-based Payment to both equity-settled and cash-settled share-based employee compensation schemes. The majority of the Group's schemes are equity-settled.

Equity-settled share-based payments are measured at fair value at the date of grant and are expensed over the vesting period, based on the number of instruments that are expected to vest. For plans where vesting conditions are based on total shareholder returns, the fair value at the date of grant reflects these conditions. Earnings per share and net revenue vesting conditions are reflected in the estimate of awards that will eventually vest. For cash-settled share-based payments, a liability equal to the portion of the services received is recognised at its current fair value at each balance sheet date. Where applicable the Group recognises the impact of revisions to original estimates in the consolidated income statement, with a corresponding adjustment to equity for equity-settled schemes and current liabilities for cash-settled schemes. Fair values are measured using appropriate valuation models, taking into account the terms and conditions of the awards.

The Group funds the purchase of shares to satisfy rights to shares arising under share-based employee compensation schemes. Shares acquired to satisfy those rights are held in Employee Share Ownership Trusts. The Employee Share Ownership Trust is a separate entity which is consolidated within the Group. On consolidation, these shares are accounted for as a deduction from equity attributable to owners of the parent. When the rights are exercised, equity is increased by the amount of any proceeds received by the Employee Share Ownership Trusts.

Hyperinflation

The Turkish economy was designated hyperinflationary from April 2022. The Group has applied IAS 29 Financial Reporting in Hyperinflationary Economies to its Turkish operations with effect from 1 October 2021. The adjustments required by IAS 29 are set out below:

- Adjustment of historical cost non-monetary assets and liabilities from their date of initial recognition to the balance sheet date at the date of adoption of the standard (1 October 2021) to reflect the changes in purchasing power of the currency caused by inflation, as measured by the official Consumer Price Index (CPI) published by the Turkish Statistical Institute (TurkStat);
- Adjustment of the components of the income statement and cash flow statement for the inflation index since their generation, with a balancing entry in the income statement and a reconciling item in the cash flow statement, respectively;
- Adjustment of the income statement to reflect the impact of inflation on holding monetary assets and liabilities in local currency, where necessary;
- The financial statements of the Group's Turkish operations have been translated into sterling at the closing exchange rate at 30 September 2026;
- The impact of adjustments to non-monetary assets recognising inflation from the adoption date to the closing balance sheet date, on translation into sterling at the closing balance sheet rate has been recognised within other comprehensive income.

The TurkStat CPI index was 4,367.96 at 30 September 2026 (3,367.22 at 30 September 2025 and 2,526.16 at 30 September 2024). The inflation index for the year is therefore 1.2972 (2025: 1.3329). The impact on the Group's results remains immaterial.

New accounting standards

There have been no changes to accounting standards that have significantly impacted the accounting or disclosures within the financial statements for the year ended 30 September 2026.

New accounting standards that are effective after the year ended 30 September 2026

There are a number of amendments and clarifications to IFRS, effective in future years and, with the exception of IFRS 18 Presentation and Disclosure in Financial Statements, none of these are expected to significantly impact the Group's consolidated results or financial position.

IFRS 18 - Presentation and Disclosure in Financial Statements

IFRS 18 'Presentation and Disclosure in Financial Statements' is effective for the year ended 30 September 2028 and will involve a change to the structure of the primary financial statements. IFRS 18 'Presentation and Disclosure in Financial Statements' was issued by the IASB in April 2024 and has been endorsed by the UKEB. IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and introduces new presentation and disclosure requirements, particularly for the income statement. It does not affect the recognition or measurement of items within the financial statements.

The Group is finalising its impact assessment on its accounting disclosures that will arise on the adoption of the standard. The standard will be applicable for the accounting period beginning 1 October 2027 and retrospective application will be required with restatement of the comparative disclosures derived from the financial statements for the financial year commencing 1 October 2026.

The requirements that will be introduced under the new accounting standard seek to improve the financial statements disclosures in the following ways:

- Standardisation of certain accounting captions within the income statement aimed to provide better comparability of accounting performance between similar entities allowing the users of the accounts to better understand relative levels of performance. There is a requirement to analyse income and expense into; operating, investing, financing, taxation and discontinued operations categories. This categorisation is similar to the presentation currently within the cash flow statement. The standard also sets out mandatory income statement sub-total captions which includes operating profit, profit before financing and income tax and profit for the period;.
- The standard gives detailed guidance which will be used in the assessment on whether to aggregate or disaggregate accounting items through out the financial statements. Items are required to be considered for aggregation where there are similarities in the characteristics of the transactions involved;.
- Lastly, there will be a requirement to disclose information relating to management-defined performance measures (MPMs). MPMs are performance-based items which are not defined under IFRS. The MPMs are similar in nature to Alternative Performance Measures (APMs) that the Group currently discloses within its supplementary section, though definition of MPMs under IFRS 18 is narrower. Unlike APMs, MPM disclosure will be a mandatory requirement under the new accounting standard.

The ongoing Group accounting standard assessment has currently identified the following impacts expected to be factored into the financial statement on adoption of the standard:

Presentational changes to Income Statement

There is a mandatory requirement to present an operating profit sub-total within the income statement. The Group already presents information at an operating profit level. We do not currently expect there to be significant changes to the expected level of income and expenses recognised within operating profit.

There is a requirement to recognise separate investing and financing categories within the income statement. The Group currently recognises the share of investments accounted for using equity method as a separate line item within the income statement. On adoption of the standard, these are expected to be recognised within the investing category.

The Group currently recognises all income and expenses on financial instruments and derivatives within the net finance costs. There will be a requirement to disaggregate the finance income and expenses with income on relevant financial assets to be recognised within the investing category and cost associated with relevant liabilities will be recognised within financing category.

The Group already discloses a taxation line within the income statement, and it is not expected that there will be any significant changes arising on the recognition of those costs on adoption of the standard.

Operating Expenses by Nature

The Group currently presents expenses in the consolidated income statement by function. IFRS 18 introduces additional disclosure requirements in the Notes to the Financial Statements. This will require a functional breakdown of depreciation, amortisation, impariment losses and reversal of impairment losses, employee benefits, inventory write-downs and reversal of previous inventory write-downs.

Disaggregation

As part of the impact assessment the Group has undertaken, we have performed an analysis of transactions recorded within the income statement and balance sheet to identify any similarities in the nature of transactions or balances. This is being done in order to identify situations where existing disclosures require a disaggregated presentation. Conversely, there may be existing line items that justify an aggregated presentation. As a result of this, we have identified that the current distribution, advertising and selling cost overhead disclosure which is currently shown on the face of the income statement may require disaggregated disclosure. In addition to this, there are a small number of individually significant items where additional disclosures will be required primarily relating to duty and similar items.

Management-defined Performance Measures

The Group has historically given a significant level of non-IFRS performance metrics (APMs) within its supplementary information section which appends IFRS financial statements. The metric which the Group has included within its APM disclosure has historically been self-defined and outside the scope of IFRS. The MPM requirements which have been introduced by IFRS 18 provide a definition of which items are now required to be disclosed on a mandatory basis. This MPM definition is narrower than that used by Group. We expect no significant changes to the definition or reconciliation of these items. The Group will continue to disclose additional supplementary information over and above the requirements of IFRS 18 within its supplementary information.

There is a requirement under IFRS 18 for the tax and non-controlling interests (NCI) impacts of the MPMs to be presented within the same reconciliation note as pre-tax adjustments. This will require some reformatting of tax adjustments that are currently disclosed within the adjusted tax charge reconciliation which forms part of the supplementary information section. This is purely a presentational change.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and judgements associated with accounting entries which will be affected by future events. Estimates and judgements are continually evaluated based on historical experience, and other factors, including current information that helps form a forward-looking view of expected future outcomes.

Estimates involve the determination of the quantum of accounting balances to be recognised. Judgements typically involve decisions such as whether to recognise an asset or liability.

The actual amounts recognised in the future may deviate from these estimates and judgements.

Estimates

Significant estimates

Companies are required to state whether estimates have a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next financial year. We have reviewed the items below where estimation uncertainty exists. While a number of these areas do involve estimation of the carrying value of assets or liabilities that are potentially significant within the context of the financial statements, the Group considers the probability of a significant risk of material adjustment to be low. None of these estimates are expected to present a material adjustment to the carrying amount of assets and liabilities in the next financial year.

Other estimates

Other estimates involve other uncertainties, such as those carrying lower risk, which have a smaller potential impact or would be expected to crystallise over a longer time frame than a significant estimate. These items, listed below, are only disclosed where this provides material relevant information.

Black Buffalo Inc. Acquisition

During the year, the Group acquired the Black Buffalo Incorporated business in the United States for an initial cash consideration of US$ 153 million (£114 million) and contingent consideration of up to US$ 150 million (£111 million).

As part of the acquisition accounting process, the Group has allocated the purchase price of this business to the identifiable tangible and intangible assets, (including goodwill), other assets and liabilities. The Group has engaged external consultants to assist in the valuation of identifiable intangible assets. On acquisition, the intangible assets have been valued at fair value using the income method. The valuation process is based on associated future cash flows and is also dependent on assumptions about economic factors and business strategy. Goodwill represents the excess of value transferred to the seller in return for control of the acquired business. As part of this exercise, goodwill of US$ 89 million (£67 million), brand intangible assets of US$ 135 million (£100 million) and net deferred tax liabilities of US$ 21 million (£15 million) have been recognised within the acquisition balance sheet as accounting adjustments.

The contingent consideration payable is based on certain regulatory and sales targets (Performance Earnout) being met. The regulatory component is based on achieving accreditation for the product from a relevant regulatory authority. The estimation of the fair value of the regulatory component has been based on Management's assessment of the probability of obtaining accreditation. This valuation is considered to be Level 3 under the IFRS 13 valuation hierarchy.

The fair value of Performance Earnout has been calculated using a Monte Carlo Simulation (MCS). MCS is a widely accepted valuation technique used to estimate the value of contingent consideration arrangements where future payoffs are dependent on uncertain performance metrics. Based on this calculation, the total contingent consideration recognised within the initial acquisition accounting has been estimated as US$ 61 million (£45 million). For details relevant to this acquisition, please see note 11.

Determination of useful economic life of intangible assets

For non-goodwill intangible assets, there is a need to estimate the useful economic life of each asset. This includes determining whether the asset has an indefinite useful economic life, or not. The Davidoff trademark has a significant market share and positive cash flow growth expectations. There are no regulatory or contractual restrictions on the use of this trademark, and there are no plans to significantly redirect resources elsewhere which would reduce the value of this asset. Consequently, in the view of management, the Davidoff trademark does not have a foreseeable and definite end to its ability to generate future cash flows and hence it is not amortised. The carrying value of Davidoff is subject to an annual impairment review under the requirements of IAS 36. The most recent assessment indicates that the carrying value is not impaired.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Amortisation and impairment of intangible assets

For non-indefinite life assets, which are amortised, the useful economic life and recoverable amounts are estimated based upon the expectation of the time period during which an intangible asset will support future cash flows, and the quantum of those cash flows. Due to estimation uncertainties the useful economic lives and associated amortisation rates have to be reviewed and revised where necessary. In addition, where there are indications that the current carrying value of an intangible asset is greater than its recoverable amount, an impairment to the carrying value of the asset may be required. Factors considered important that could trigger an impairment review of intangible assets include the following:

- significant underperformance relative to historical or projected future operating results;
- significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- significant negative industry or economic trends.

The complexity of the estimation process and issues related to the assumptions, risks and uncertainties inherent in the application of the Group's accounting estimates in relation to intangible assets can affect the amounts reported in the financial statements, especially the estimates of the expected useful economic lives and the carrying values of those assets. If business conditions significantly change it is possible that materially different amounts could be reported in the Group's financial statements in future periods. Indefinite life intangible assets, including goodwill, are subject to annual impairment testing where an assessment of the carrying value of the asset against its recoverable amount is undertaken. There are long-term uncertainties associated with estimating the value of the recoverable amount, particularly with regard to long-term cash flow growth rates which are influenced by the future size and shape of the tobacco sector. While long-term growth rates currently used in impairment assessments are based on current best estimates of future performance, there may be changes in these assumptions when conducting impairment tests in subsequent years. Details of goodwill and intangible asset impairment assessments are included in note 12.

Corporate income taxes

Where tax liabilities have been judged to exist, estimation is often required to determine the potential future tax payments. The Group is subject to tax in numerous jurisdictions and significant estimation is required in determining the provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises provisions for tax based on estimates of the taxes that are likely to become due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made. Consideration of the valuation estimates related to tax provisions is given in note 8 to these financial statements.

Other legal proceedings and disputes

Where a liability is determined there can be a degree of estimation of the potential level of damages expected. Key areas of estimation uncertainty include consideration as to the expected future amount to be paid out in the event the claim succeeds. In some situations where a probability risk calculation is required to determine the amount of an associated provision, both the quantum of future payments and the probability of those payments crystallising needs to be considered, both factors having a degree of uncertainty. More detail as to the considered position of these claims is given in note 25 and note 30 of the financial statements. To the extent that the Group's assessments at any time do not reflect subsequent developments or the eventual outcome of any claim, its future financial statements may be materially affected, with a favourable or adverse impact upon the Group's operating profit, financial position and liquidity.

Climate change

The Group has a designated programme to manage and mitigate climate-related risks. The effect of climate change is not considered to have a material effect on the estimates in the financial statements. Governmental and societal responses to climate change risks are still developing and consequently financial statements cannot capture all possible future outcomes as these are not yet known or don't have sufficient certainty to be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of UK-adopted IAS. Please refer to the following sections for further discussion on the impact of climate change relating to going concern assumptions in note 1, intangible assets impairment assumptions in note 12 and recoverability of deferred tax assets in note 23.

Judgements

Paragraph 122 of IAS 1 requires disclosure of judgements made by management in applying an entity's accounting policies, other than those relating to estimation uncertainty. Paragraph 125 of IAS 1 requires more wide-ranging disclosures of judgements that depend on management assumptions about the future, and other major sources of estimation uncertainty ("significant judgements").

Corporate income taxes

Judgement is involved in determining whether the Group is subject to a tax liability or not in line with tax law. The Group is subject to income tax in numerous jurisdictions and significant judgement is required in determining whether there is a liability requiring a provision for tax. Recognition of tax liabilities in situations where there is uncertainty is based on precedent in similar tax cases and external advice as to whether challenges by tax authorities are likely to result in future tax payments being made. The recognition of a tax liability involves consideration of the probability of tax authorities accepting the position taken in the tax return and there is therefore some uncertainty.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the temporary differences, losses and credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The Group has determined that it cannot recognise deferred tax assets on the temporary differences, tax losses and tax credits carried forward for certain subsidiaries. Further details of the estimates related to deferred taxes are given in note 23 to these financial statements.

Legal proceedings and disputes

The Group reviews outstanding legal cases following developments in the legal proceedings at each balance sheet date, considering the nature of the litigation, claim or assessment; the legal processes and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought; the progress of the case (including progress after the date of the financial statements but before those statements are issued); the opinions or views of legal counsel and other advisers; experience of similar cases; and any decision of the Group's management as to how it will respond to the litigation, claim or assessment. Judgement is required as to whether a liability exists. A provision will only be recognised where it is probable that the Group will be required to settle a claim.

Delaware

On 15 December 2025, following a final ruling by the Supreme Court of Delaware and judgment entered, a liability to pay the counterparties £313 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.

3. SEGMENT INFORMATION

Imperial Brands comprises two distinct businesses – Tobacco & NGP and Distribution. The Tobacco & NGP business comprises the manufacture, marketing and sale of Tobacco & NGP and Tobacco & NGP-related products, including sales to (but not by) the Distribution business. The Distribution business comprises the distribution of Tobacco & NGP products for associated manufacturers, including Imperial Brands, as well as a wide range of products and services. The Distribution business is run on an operationally neutral basis ensuring all customers are treated equally, and consequently transactions between the Tobacco & NGP and Distribution businesses are undertaken on an arm's length basis reflecting market prices for comparable goods and services.

The function of the Chief Operating Decision Maker (defined in IFRS 8), which is to review performance and allocate resources, is performed by the Board and the Chief Executive, who are regularly provided with information on the Group's segments. This information is used as the basis of the segment revenue and profit disclosures provided below. The main profit measure used by the Board and the Chief Executive is adjusted operating profit. Segment balance sheet information is not provided to the Board or the Chief Executive.

The Group's reportable segments are Europe, Americas, Africa, Asia, Australasia and Central & Eastern Europe (AAACE) and Distribution. Operating segments are comprised of geographical groupings of business markets. The main Tobacco & NGP business markets within the Europe, Americas and AAACE reportable segments are:

Europe – United Kingdom, Germany, Spain, 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

			2026			2025
£ million unless otherwise indicated	**Tobacco**	**NGP**	**Tobacco & NGP**	Tobacco	NGP	Tobacco & NGP
Revenue	**20,015**	**509**	**20,524**	21,071	432	21,503
Net revenue	**8,087**	**419**	**8,506**	7,948	368	8,316
Operating profit/(loss)	**2,892**	**(73)**	**2,819**	3,299	(121)	3,178
Adjusted operating profit			**3,789**			3,665
Adjusted operating margin %			**44.5**			44.1

Distribution

£ million unless otherwise indicated	**2026**	2025
Revenue	**11,988**	11,448
Distribution gross profit	**1,593**	1,530
Operating profit	**311**	305
Adjusted operating profit	**337**	316
Adjusted operating margin %	**21.2**	20.7

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Revenue

£ million	2026 Total revenue	2026 External revenue	2025 Total revenue	2025 External revenue
Tobacco & NGP				
Europe	**11,196**	**10,361**	11,960	11,180
Americas	**3,613**	**3,613**	3,652	3,652
AAACE	**5,715**	**5,715**	5,891	5,891
Total Tobacco & NGP	**20,524**	**19,689**	21,503	20,723
Distribution	**11,988**	**11,988**	11,448	11,448
Eliminations	**(835)**	**-**	(780)	-
Total Group	**31,677**	**31,677**	32,171	32,171

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

Tobacco & NGP net revenue

£ million	2026 Tobacco	2026 NGP	2026 Total	2025 Tobacco	2025 NGP	2025 Total
Europe	**3,245**	**337**	**3,582**	3,196	280	3,476
Americas	**2,840**	**56**	**2,896**	2,822	70	2,892
AAACE	**2,002**	**26**	**2,028**	1,930	18	1,948
Total Tobacco & NGP	**8,087**	**419**	**8,506**	7,948	368	8,316

Adjusted operating profit and reconciliation to profit before tax

£ million	2026	2025
Tobacco & NGP		
Europe	**1,774**	1,638
Americas	**1,210**	1,233
AAACE	**805**	794
Total Tobacco & NGP	**3,789**	3,665
Distribution	**337**	316
Eliminations	**4**	7
Adjusted operating profit	**4,130**	3,988
Amortisation and impairment of acquired intangibles - Tobacco & NGP	**(338)**	(358)
Amortisation of acquired intangibles - Distribution	**-**	(11)
2030 Strategy review programme costs - Tobacco & NGP	**(327)**	(122)
Settlement costs of historical legal cases - Tobacco & NGP	**(313)**	-
Fair value adjustment to financial asset	**36**	-
Other - Tobacco & NGP	**(28)**	(7)
Other - Distribution	**(26)**	-
Operating profit	**3,134**	3,490
Net finance costs	**(397)**	(374)
Share of profit of investments accounted for using the equity method	**11**	12
Profit before tax	**2,748**	3,128

During both the current and prior year, the Group's IFRS and Alternative Performance Measure (APM) revenue and operating profit metrics have been analysed into Tobacco and NGP categories and the disclosures within this report continue to be prepared on that basis. From 2027 the Group will run its business on the basis of new Combustibles and Smokeless categories and this will require changes to relevant performance metrics. Please see the supplementary information section for details as to how these revised measures will be calculated. We are adding these calculations in to this year's report to help readers of the accounts prepare for next year's transition to the new categories.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Other information

£ million	Additions to property, plant and equipment	Additions to intangible assets	Depreciation, impairment and software amortisation	Other intangible asset amortisation	Inventory impairments
	2026				
Tobacco & NGP					
Europe	**35**	**20**	**75**	**28**	**23**
Americas	**52**	**181**	**43**	**1**	**25**
AAACE	**91**	**5**	**42**	**-**	**3**
Total Tobacco & NGP	**178**	**206**	**160**	**29**	**51**
Distribution	**41**	**12**	**35**	**-**	**-**
Total Group	**219**	**218**	**195**	**29**	**51**

£ million	Additions to property, plant and equipment	Additions to intangible assets	Depreciation, impairment and software amortisation	Other intangible asset amortisation	Inventory impairments
	2025				
Tobacco & NGP					
Europe	52	30	185	7	28
Americas	24	199	31	1	10
AAACE	68	14	44	-	11
Total Tobacco & NGP	144	243	260	8	49
Distribution	43	8	38	-	-
Total Group	187	251	298	8	49

Included in the prior year table, depreciation, impairment and software amortisation is £101 million relating to the Langenhagen factory.

The above tables include items that have been recognised within segment. Materiality has been assessed on both a qualitative and quantitative basis.

Additional geographic analysis

External revenue and non-current assets are presented for individually significant countries. The geographical analysis is based on country of origin. The Group's products are sold in over 120 countries.

£ million	External revenue	Non-current assets	External revenue	Non-current assets
	2026		2025	
UK	**2,927**	**158**	3,261	165
Germany	**4,333**	**2,772**	4,903	2,808
France	**3,202**	**2,341**	3,232	2,360
USA	**3,592**	**4,748**	3,632	4,826
Spain	**5,061**	**1,032**	4,747	1,006
Italy	**4,447**	**397**	4,134	395
Other	**8,115**	**6,515**	8,262	6,611
Total Group	**31,677**	**17,963**	32,171	18,171

Non-current assets comprise intangible assets, property, plant and equipment, right of use assets and investments accounted for using the equity method.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

£ million	2026	2025
Raw materials and consumables used	**899**	1,230
Changes in inventories of finished goods - Tobacco & NGP	**2,598**	2,466
Changes in inventories of finished goods - Distribution	**8,934**	8,288
Depreciation and impairment of fixed assets	**141**	255
Amortisation and impairment of intangible assets	**428**	425
Expenses relating to short-term leases	**5**	6
Expenses relating to low value asset leases	**1**	1
Depreciation and impairment of right of use assets	**102**	101
Net foreign exchange losses	**8**	2
Write down of inventories	**51**	49
Divestment gain[1]	**(28)**	-
Profit on disposal of non-current assets[2]	**(27)**	(15)
Write down of trade receivables	**7**	10

1. On 12 February 2026, the Group announced a strategic partnership with Capgemini in order to accelerate its transformation to become a stronger challenger business. In April 2026, as part of this partnership, Imperial divested its finance, procurement and supply chain hubs in Poland to Capgemini. A gain of £28 million has been recognised in operating profit in relation to this transaction.

2. During the year, the Group completed the disposal of its Taiwan factory, comprising land, buildings and machinery. Sale proceeds of £54 million were received, resulting in a gain on disposal of £27 million after taking account of the net book value of the assets disposed of and direct cost to sell. In addition, £11 million of costs were recognised in connection with exiting the site during the next year. Accordingly, a net gain of £16 million was recognised within operating profit.

Analysis of fees payable to Ernst & Young LLP and its associates

£ million	2026	2025
Parent Company and consolidated financial statements	**3.0**	3.2
The Company's subsidiaries	**7.6**	7.1
Total audit fees	**10.6**	10.3
Audit-related assurance services	**0.5**	0.5
Total audit-related fees	**11.1**	10.8
Other assurance services	**0.8**	0.8
Total non-audit fees	**0.8**	0.8
Total auditor's remuneration	**11.9**	11.6

Audit fees for the year ended 30 September 2025 reflect the final amounts paid.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. INVESTMENT INCOME AND FINANCE COSTS

£ million	2026	2025
Investment income		
Fair value gains on derivative financial instruments	**404**	227
Net exchange gains on financing activities	**14**	5
Interest income on net defined benefit assets	**17**	18
Interest income on bank deposits	**25**	14
Tax settlement interest income	**-**	38
Total investment income	**460**	302
Finance costs		
Fair value losses on derivative financial instruments	**(347)**	(219)
Interest cost on net defined benefit liabilities	**(32)**	(29)
Tax interest cost	**(3)**	-
Interest cost on lease liabilities	**(15)**	(15)
Interest cost on bank and other loans	**(460)**	(412)
Effect of discounting on long-term provisions	**-**	(1)
Total finance costs	**(857)**	(676)
Net finance costs	**(397)**	(374)

6. RESTRUCTURING COSTS

	2026		2025	
£ million	**Costs**	**Cash spend**	Costs	Cash spend
2030 Strategy Review Programme	**327**	**118**	122	21
2021 Strategic Review Programme	**-**	**9**	-	19
Other	**-**	**8**	-	10
	327	**135**	122	50

Restructuring projects involve costs outside the standard course of business that are incurred in integrating acquired businesses and in major rationalisation and optimisation initiatives together with their related tax effects.

As these projects are not part of business as usual, any costs incurred are classified as restructuring costs and are included within administrative and other expenses in the consolidated income statement and treated as adjusting items.

2030 Strategy Review Programme

In March 2025, the Group announced the 2030 Strategy Review Programme which is a multi-year programme expecting to run to the end of 2030 that will incur restructuring costs. The total costs of this programme is expected to be c.£740 million of which c.£600 million are anticipated to be cash costs. The majority of the cash spend, c.£500 million is expected to be split between FY27 and FY28. During the period to 30 September 2026, the total costs recognised for this programme were £327 million (2025: £122 million) of which cash spend was £118 million (2025: £21 million).

Included within the total programme charges for the year are both costs relating to the closure of the Langenhagen site, as set out below, plus costs associated with wider organisational changes required to support the programme. The organisational change costs include £26 million of internal programme resource costs, £26 million of external partner support costs, £49 million of severance and £44 million of other costs. These costs are associated with the design and deployment of a cross-business shared services support model that will deliver multiple services to multiple parts of the Group.

Langenhagen factory closure

Following the decision to close the Langenhagen factory in Germany, a provision for £77 million of people related costs and £18 million of site decommissioning costs were recognised. In addition, a retirement benefit liability of £69 million, relating to the closure, was also recognised. Further project, legal, consultancy and machinery relocation cash costs of £18 million were also recognised. The cost of the closure of the site, including costs incurred to date, is forecast to be £220 million. This is in addition to the £101 million impairment charge which was recognised against the assets of the site within the prior year.

2021 Strategic Review Programme

The total restructuring costs in respect of the programme were expected to be in the range of £375 million - £425 million. Cumulative costs recognised for the 2021 Strategic Review Programme are £423 million as at 30 September 2026. The cumulative cash spend for this programme is £218 million including £9 million cash spend in 2026. No further costs are expected to be recognised in relation to this programme. There is expected to be ongoing cash spend in relation to this programme but it is not expected to exceed current provisions.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. DIRECTORS AND EMPLOYEES

Employment costs

£ million	2026	2025
Wages and salaries	**995**	967
Social security costs	**238**	219
Other pension costs (note 24)	**92**	50
	1,325	1,236
Share-based payments (note 27)	**41**	36
	1,366	1,272

Operating executive (excluding executive directors)

£ million	2026	2025
Base salary	**6.4**	5.4
Benefits	**2.0**	0.8
Pension salary supplement	**0.7**	0.6
Bonus	**4.9**	4.7
LTIP annual vesting[1]	**9.7**	8.0
	23.7	19.5

1. Share plans vesting represent the value of LTIP awards (inclusive of Recruitment Awards) where the performance periods ends in the year.

Note: aggregate remuneration paid to or receivable by Executive Directors, Non-Executive Directors and members of the Executive Leadership Team for qualifying services in accordance with IAS 24, which includes National Insurance and similar charges, was £46,186,956 (2025: £37,349,477).

Key management compensation[1]

£ million	2026	2025
Short-term employee benefits	**21.3**	17.8
Share-based payments (in accordance with IAS 24)	**18.7**	14.9
	40.0	32.7

1. Key management includes Directors, members of the Executive Committee and the Company Secretary.

Details of Directors' emoluments and interests, which represent related-party transactions requiring disclosure under IAS 24, are provided within the "Remuneration earned by our Directors for the financial year ended 30 September 2026" section of the Directors' Remuneration Report. This includes details on salary, benefits, pension and share plans.

Number of people employed by the Group during the year

	2026		2025	
	At 30 September	**Average**	At 30 September	Average
Tobacco & NGP	**18,500**	**18,200**	18,700	18,800
Distribution	**6,800**	**6,900**	6,400	7,000
	25,300	**25,100**	25,100	25,800

Number of people employed by the Group by location during the year

	2026		2025	
	At 30 September	**Average**	At 30 September	Average
UK and European Union	**12,500**	**12,400**	12,000	12,600
Americas	**5,000**	**4,700**	4,700	4,900
Rest of the World	**7,800**	**8,000**	8,400	8,300
	25,300	**25,100**	25,100	25,800

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8. TAX

The major components of income tax expense for the years ended 30 September 2026 and 2025:

£ million	2026	2025
UK current tax		
Current year charged to the consolidated income statement	**38**	275
Current year charged/(credited) to consolidated other comprehensive income	**63**	(156)
Total current year UK current tax	**101**	119
Adjustments in respect of prior years (credited)/charged to the consolidated income statement	**(47)**	5
Total UK current tax	**54**	124
Overseas current tax		
Current year charged to the consolidated income statement	**648**	708
Total current year overseas current tax	**648**	708
Adjustments in respect of prior years charged/(credited) to the consolidated income statement	**1**	(67)
	649	641
Total current tax charged to the consolidated statement of comprehensive income	**703**	765

£ million	2026	2025
UK current tax		
Current year	**38**	275
Adjustments in respect of prior years	**(47)**	5
Overseas current tax		
Current year	**648**	708
Adjustments in respect of prior years	**1**	(67)
Total current tax	**640**	921
Deferred tax		
Relating to origination and reversal of temporary differences	**60**	(13)
Total tax charged to the consolidated income statement	**700**	908

£ million	2026	2025
Tax related to items recognised in consolidated other comprehensive income during the year:		
Current tax charged/(credited) on hedge of net investment and quasi-equity loans	**63**	(156)
Total current tax	**63**	(156)
Deferred tax on actuarial gains and losses	**26**	5
Deferred tax on hyperinflation adjustment	**2**	(1)
Total deferred tax	**28**	4
Total tax charged/(credited) to consolidated other comprehensive income	**91**	(152)

£ million	2026	2025
Tax related to items recognised in equity during the year:		
Deferred tax on share-based payments	**9**	(4)
Total tax credited to equity	**9**	(4)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Factors affecting the tax charge for the year

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the average UK corporation tax rate of 25.0% (2025: 25.0%) as follows:

£ million	2026	2025
Profit before tax	**2,748**	3,128
Tax at the UK corporation tax rate of 25.0% (2025: 25.0%)	**687**	782
Tax effects of:		
Differences in effective tax rates on overseas earnings	**33**	(2)
Movement in provision for uncertain tax positions	**18**	(62)
Remeasurement of deferred tax balances arising from changes in tax rates	**(7)**	(3)
Remeasurement of previously recognised deferred tax assets	**-**	(3)
Deferred tax on unremitted earnings	**25**	19
Share of profit of investments accounted for using the equity method	**(3)**	(3)
Non-deductible expenses	**13**	38
Non-taxable (gains)/losses on net foreign exchange on financial instruments	**(59)**	165
Exempt losses on market exit savings	**(1)**	-
Adjustments in respect of prior years	**(6)**	(23)
Total tax charged to the consolidated income statement	**700**	908

Differences in effective tax rates on overseas earnings represent the impact of worldwide profits being taxed at rates different from 25.0%.

The remeasurement of deferred tax balances arising from changes in tax rates for the year is £7 million (2025: £3 million).

During the year the Group has increased the provision for deferred tax on unremitted earnings by £19 million (2025: £16 million increase) with the corresponding income tax charge of £25 million and FX differences. The tax will arise on the distribution of profits through the Group and on planned Group simplification.

Movement on the current tax account

£ million	2026	2025
At 1 October	**(426)**	(163)
Charged to the consolidated income statement	**(640)**	(921)
(Charged)/credited to other comprehensive income	**(63)**	156
Cash paid	**642**	513
Exchange movements	**11**	(11)
Balance sheet reclassification	**15**	-
At 30 September	**(461)**	(426)

The cash tax paid in the year is £2 million higher than the current tax charge (2025: £408 million lower). This arises as a result of timing differences between the accrual of income taxes and the actual payment of cash and the movement in the provision for uncertain tax positions.

Analysis of current tax account

£ million	2026	2025
Current tax assets	**166**	146
Current tax liabilities	**(627)**	(572)
	(461)	(426)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Uncertain tax positions

As an international business the Group is exposed to uncertain tax positions and changes in legislation in the jurisdictions in which it operates. The Group's uncertain tax positions principally include cross border transfer pricing, interpretation of new or complex tax legislation and tax arising on the valuation of assets.

Provisions arising from uncertain tax positions taken in the calculation of tax assets and liabilities are included within current and deferred tax liabilities. At 30 September 2026 the total value of these provisions excluding offsetting assets under mutual agreement procedure was £396 million (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.

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 £392 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 were initiated in relation to these audits to resolve potential double taxation issues arising from the settlements. During the year, the MAP proceedings between the UK and French competent authorities in relation to the transfer pricing settlements were concluded, and a refund of £27 million related to UK claim has been received shortly after year-end. MAP proceedings in relation to the remaining audits continue, with constructive progress made during the year through engagement on key technical points with the competent authorities, and the Group anticipates further clarity and more concrete outcomes by next year.

In September 2023, the German tax authorities commenced an additional, separate transfer pricing audit. Of the total transfer pricing provisions recorded, £248 million (30 September 2025: £253 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 have also requested further details on IBEFL's intercompany transactions. As a result of these challenges the Group believes that a provision for a total amount of £77 million (€91 million) (30 September 2025: £79 million) is required.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9. DIVIDENDS

Distributions to ordinary equity holders

	Pence per share			£ million		
	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	**41.68**	40.08	22.45	**323**	328	193
September	**41.68**	40.08	22.45	**317**	324	192
Total	**163.52**	188.68	148.54	**1,277**	1,558	1,299

The declared third interim dividend for the year ended 30 September 2026 of 41.68 pence per share amounts to a proposed dividend of £315 million, which will be paid in December 2026. The proposed final dividend for the year ended 30 September 2026 of 41.68 pence per share amounts to a proposed dividend payment of £315 million in March 2027 based on the number of shares ranking for dividend at 30 September 2026, and is subject to shareholder approval. If approved, the total dividend paid in respect of 2026 will be £1,269 million (2025: £1,314 million). The dividend paid during 2026 is £1,277 million (2025: £1,558 million).

10. EARNINGS PER ORDINARY SHARE

Basic earnings per share is based on the profit for the period attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the period excluding shares held to satisfy the Group's employee share schemes and shares purchased by the Company and held as treasury shares. Diluted earnings per share have been calculated by taking into account the weighted average number of shares that would be issued if rights held under the employee share schemes were exercised. No instruments have been excluded from the calculation for any period on the grounds that they are anti-dilutive.

£ million	**2026**	2025
Earnings: basic and diluted - attributable to owners of the Parent Company	**1,897**	2,071
Millions of shares		
Weighted average number of shares:		
Shares for basic earnings per share	**780.9**	824.8
Potentially dilutive share options	**5.4**	5.8
Shares for diluted earnings per share	**786.3**	830.6
Pence		
Basic earnings per share	**242.9**	251.1
Diluted earnings per share	**241.3**	249.3

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Acquisition of Black Buffalo

In May 2026, the Group reached an agreement for the acquisition of 100% of the shares of Black Buffalo Incorporated. Black Buffalo is a US-based manufacturer and marketer of branded tobacco-leaf-free oral nicotine and zero-nicotine products, which will supplement the Group's offering in this product category.

The acquisition was for an initial cash consideration of US$ 153 million (£114 million) plus contingent consideration up to a maximum of US$ 150 million (£111 million) based on regulatory and sales targets being met in a period through to September 2029. The total acquisition consideration of US$ 214 million (£159 million) has been recognised for the purpose of initial acquisition accounting.

The opening balance sheet included goodwill of US$ 89 million (£67 million), brand intangibles of US$ 135 million (£100 million) and other net liabilities of US$ 11 million (£8 million). These assets have been recognised within the Americas segment. The valuation of the assets at fair value has been carried out by an independent expert. The goodwill recognised is not expected to be deductible for income tax purposes.

The revenue and net loss that were contributed to the consolidated income statement for the period ended 30 September 2026 totalled £8 million and £5 million respectively. If the acquisition had taken place at the beginning of the financial year, the revenue and net loss that would have been contributed to the consolidated income statement for the current year would have been £17 million and £25 million, respectively.

The goodwill arising reflects the following qualitative factors: the expected synergies from the acquisition including cost savings, cross-selling opportunities, the operational efficiencies from utilising Group resources, the acquired workforce, the reputation and market position of the acquired business including brand strength, customer loyalty, existing routes to market and the general ability to earn higher returns than if the assets were deployed separately.

Acquisition of Yoik Group AB

In September 2026, the Group announced the 100% acquisition of Swedish modern oral nicotine business Yoik Group AB, owner of the brand Helwit, broadening and strengthening its next generation product (NGP) portfolio in Europe. Yoik Group AB comprises four companies with three domiciled in Sweden and one in UK.

The acquisition was for an initial cash consideration of SEK 520 million (£40 million) plus contingent consideration up to a maximum of SEK 130 million (£10 million) based on sales targets being met in a period through to 31 December 2028. The initial acquisition consideration of SEK 520 million (£40 million) has been recognised as at 30 September 2026.

The initial opening balance sheet included goodwill of SEK 418 million (£33 million) and other net assets of SEK 102 million (£7 million). These assets have been recognised within the Europe segment. The valuation of the assets will be subject to a fair valuation exercise which will be carried out by an independent expert within the 12 months period following the acquisition date (measurement period).

The revenue and net loss that were contributed to the consolidated income statement for the period ended 30 September 2026 totalled £0.7 million and £0.3 million respectively. If the acquisition had taken place at the beginning of the financial year, the revenue and net loss that would have been contributed to the consolidated income statement for the current year would have been £7 million and £1 million, respectively.

Goodwill reflects the same qualitative factors as for the Black Buffalo acquisition.

£ million	Black Buffalo Inc. Fair value	Yoik Group AB Fair value	Total Fair value
Brand intangible asset	100	-	100
Property, plant & equipment	6	3	9
Right-of-use asset	1	-	1
Inventory	2	2	4
Trade and other receivables	-	1	1
Cash and cash equivalents	6	5	11
Deferred tax asset	8	-	8
Trade payables and other liabilities	(6)	(3)	(9)
Lease liabilities	(1)	-	(1)
Financial liability	(1)	(1)	(2)
Deferred tax liability	(23)	-	(23)
Net assets acquired by the Group	92	7	99
Consideration for the acquisition	159	40	199
Goodwill on acquisition	67	33	100

Logista Disposal

On 30 April 2026, there was a disposal of 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.), following receipt of the corresponding authorisation from the CNMC.

The net carrying amount of the assets and liabilities transferred amounted to €0.1 million. The consideration received and the resulting loss recognised on disposal were not significant and, therefore, no material impact was recognised in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12. INTANGIBLE ASSETS

£ million	Goodwill	Intellectual property and product development	Supply agreements	Software	2026 Total
Cost					
At 1 October 2025	13,673	12,614	1,504	883	28,674
Additions	-	46	-	172	218
Acquisitions	100	100	-	-	200
Disposals	-	(45)	-	(14)	(59)
Reclassifications	(1)	(3)	-	4	-
Exchange movements	(215)	(46)	(36)	(8)	(305)
At 30 September 2026	13,557	12,666	1,468	1,037	28,728
Amortisation and impairment					
At 1 October 2025	1,567	9,025	1,424	450	12,466
Amortisation charge for the year	-	361	13	54	428
Disposals	-	(40)	-	(11)	(51)
Reclassifications	-	(13)	-	11	(2)
Exchange movements	(31)	(47)	(35)	(7)	(120)
Accumulated amortisation	-	8,747	1,396	497	10,640
Accumulated impairment	1,536	539	6	-	2,081
At 30 September 2026	1,536	9,286	1,402	497	12,721
Net book value					
At 30 September 2026	12,021	3,380	66	540	16,007

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

					2025
£ million	Goodwill	Intellectual property and product development	Supply agreements	Software	Total
Cost					
At 1 October 2024	13,184	12,343	1,407	722	27,656
Additions	-	81	29	141	251
Disposals	-	-	-	(3)	(3)
Other movements	-	(48)	-	-	(48)
Reclassifications	-	-	-	5	5
Exchange movements	489	238	68	18	813
At 30 September 2025	13,673	12,614	1,504	883	28,674
Amortisation and impairment					
At 1 October 2024	1,500	8,479	1,346	393	11,718
Amortisation charge for the year	-	370	7	42	419
Impairment	-	-	5	1	6
Disposals	-	-	-	(3)	(3)
Reclassifications	-	-	-	3	3
Exchange movements	67	176	66	14	323
Accumulated amortisation	-	8,486	1,419	450	10,355
Accumulated impairment	1,567	539	5	-	2,111
At 30 September 2025	1,567	9,025	1,424	450	12,466
Net book value					
At 30 September 2025	12,106	3,589	80	433	16,208

Assets under construction included above:	
At 30 September 2026	**463**
At 30 September 2025	352

Amortisation and impairment of acquired intangibles excluded from adjusted operating profit amounted to £345 million (2025: £369 million); this comprises amortisation on intellectual property of £338 million (2025: £362 million) and amortisation on supply agreements of £7 million (2025: £7 million).

Intellectual property mainly comprises brands acquired in the USA in 2015 and through the purchases of Altadis in 2008 and Commonwealth Brands in 2007.

Supply agreements include Distribution customer relationships acquired as part of the purchases of Altadis, Carbó Collbatallé S.L. and Herinvemol S.L. (Transportes El Mosca) in prior financial years.

Intangible amortisation and impairment are included within cost of sales, distribution, advertising and selling costs, and administrative and other expenses in the consolidated income statement.

Amortisation and impairment in respect of intangible assets other than software and internally generated intellectual property are treated as reconciling items between reported operating profit and adjusted operating profit, except to the extent these have been treated as restructuring costs.

During the period ended 30 September 2023, the Group purchased intellectual property relating to tobacco pouches to be marketed within the United States. The purchase consideration comprised £41 million which was paid in cash on completion, deferred consideration of £25 million paid in December 2023 and sales volume related contingent consideration initially estimated at £40 million payable over a five-year period up until 2028.

During the year a decrease to the contingent consideration liability of £11 million (2025: decrease of £37 million) was recognised to reflect the latest sales forecast. All contingent consideration has been discounted at a rate of 13%.

At 30 September 2026 the contingent consideration liability was £30 million (2025: £40 million) and the total value of the intangible asset recognised was £91 million (2025: £102 million).

Goodwill of £100 million and Brand Intangibles of £100 million were purchased during the year as a result of the Black Buffalo Inc. and Yoik Group AB business acquisitions. Please see note 11 for more information.

Included within assets under construction is £463 million (2025: £352 million) relating to software. This includes capitalised development costs of £288 million (2025: £210 million) related to the Unify programme. Total amortisation costs during the year were £2 million (2025: £1 million) resulting in a net book value of £285 million (2025: £209 million).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Goodwill and intangible asset impairment review

The Group's Cash Generating Unit Groupings (CGUG) are used for annual goodwill impairment testing and are aligned to the Group's operating segments, namely Europe, Americas and AAACE for the Tobacco & NGP business, and Distribution. Goodwill is allocated at a CGUG level where components of that grouping are expected to benefit from the business combination in which the goodwill arose. The groupings represent the lowest level at which goodwill is monitored for internal management purposes. A summary of the carrying value of goodwill and intangible assets with indefinite lives is set out below:

	2026		2025	
£ million	**Goodwill**	**Intangible assets with indefinite lives**	Goodwill	Intangible assets with indefinite lives
Europe	**4,029**	**302**	4,055	309
Americas	**4,090**	**-**	4,081	-
AAACE	**2,116**	**160**	2,147	163
Tobacco & NGP	**10,235**	**462**	10,283	472
Distribution	**1,786**	**-**	1,823	-
	12,021	**462**	12,106	472

Goodwill has arisen principally on the acquisitions of Reemtsma in 2002 (all CGUG), Commonwealth Brands in 2007 (USA), Altadis in 2008 (all CGUG) and ITG Brands in 2015 (USA). Additional goodwill of £67 million was recognised during the financial year relating to the acquisition of Black Buffalo Inc. which has been added to the America's CGUG, and £33 million relating to Yoik which has been recognised within the Europe CGUG. Intangible assets with indefinite lives relate to the tobacco trademark, Davidoff, which was purchased as part of the acquisition of Reemtsma in 2002.

The Group tests goodwill and intangible assets with indefinite lives for impairment annually, or more frequently if there are any indications that impairment may have arisen. The value of a CGUG is based on value in use calculations. These calculations use cash flow projections derived from financial plans of the business which are based on detailed bottom-up market-by-market forecasts of projected sales volumes for each product line. These forecasts reflect, on an individual market basis, numerous assumptions and estimates regarding anticipated changes in market size, prices and duty regimes, consumer uptrading and downtrading, consumer preferences and other changes in product mix, based on long-term market trends, market data, anticipated regulatory developments, and management experience and expectations. We consider that pricing, market size, market shares and cost inflation are the key assumptions used in our plans.

Growth rates and discount rates used

The compound annual growth rates implicit in these value in use calculations are shown below:

	2026			2025		
%	**Pre-tax discount rate**	**Initial growth rate**	**Long-term growth rate**	Pre-tax discount rate	Initial growth rate	Long-term growth rate
Europe	**10.1**	**3.8**	**0.4**	10.6	2.3	0.5
Americas	**9.3**	**5.7**	**1.7**	9.2	5.7	2.1
AAACE	**13.4**	**3.9**	**2.2**	13.1	3.5	2.0
Distribution	**11.1**	**3.5**	**1.7**	11.5	6.3	1.6

The calculation to determine the value in use involves a discounted future cash flow forecast model. Nominal cash flows are used in the calculation which will themselves already factor in the effects of inflation. The cash flows are sourced from the Group business plan which considers and factors in the risk of variability of future business performance and hence cash flow variation. A nominal discount rate is used within the model based on the Group's weighted average cost of capital which is calculated using the Capital Asset Pricing Model. As risk has been applied within the undiscounted cash flows no adjustment is made to the discount rate for risk, except for the application of country risk premia over and above the Group's weighted average cost of capital where appropriate.

Country-specific discount rates are used based on the Group's weighted average cost of capital adjusted for country risk premium. The impairment review is undertaken at a CGUG level which involves the aggregation of the individual value in use amounts for the individual countries which constitute each CGUG. Our impairment projections are prepared under the basis set out in IAS 36.

Nominal cash flows from the business plan period are used for year one, two and three, then extrapolated out to year five using the implicit growth rate, shown in the table above as the initial growth rate. In certain markets, the extrapolated cash flow growth rate can exceed the long-term growth rate based on the business plan being a better reflection of the anticipated initial growth. Where there are specific indications that the cash flow growth rates for years four and five are lower than those for the earlier years, the lower rates will be used. Estimated long-term weighted average compound growth rates are used beyond year five.

Long-term growth rates are determined as the lower of:
- the nominal GDP growth rates for the country of operation;
- the extrapolation of the initial growth rates as estimated by management for years one to five; and
- the management long-term expectations of growth for a specific market.

Long-term growth rates are based on management's long-term expectations, taking account of industry-specific factors such as the nature of our products, the role of excise in government fiscal policy, and relatively stable and predictable long-term macro trends in the Tobacco industry. Year-on-year variations in initial growth rates may result in consequential changes to estimated long-term rates. Key year on year changes in growth rates are as follows:

Europe's initial growth rate increased by 1.5%. This is primarily a reflection of a increase in the medium-term growth outlook for Luxembourg and Norway OND markets. Europe's pre-tax discount rate decreased by 0.5% on account of lower risk correlation to macroeconomic volatility in Europe region.

Americas long term growth rate fell by 0.4% driven by slightly lower expectation of growth.

AAACE had a 0.4% increase in the initial growth rate primarily driven by forecast improvements to profit growth in Cote D'Ivoire and Syria.

The Distribution initial growth rate decreased by 2.8% compared to the prior year reflecting an expected deceleration in the rate of profit growth.

Goodwill and intangible asset impairment review conclusion

Our impairment testing confirms there are sufficient cash flows to support the current carrying values of the goodwill held at 30 September 2026. Any reasonable movement in the assumptions used in the impairment tests would not result in an impairment. The complexity of the estimation process and issues related to the assumptions, risks and uncertainties inherent in the application of the Group's accounting estimates in relation to intangible assets can affect the amounts reported in the financial statements, especially the estimates of the expected useful economic lives and the carrying values of those assets. If business conditions significantly change it is possible that materially different amounts could be reported in the Group's financial statements in future periods. There are uncertainties associated with estimating the valuation of the recoverable amount. At the present time the recoverable amount is significantly in excess of the carrying value of goodwill and other intangible assets. However, given the uncertainties mentioned above this could change in the future.

Consideration of the impact of climate change

The Group has completed an assessment of the impact of climate change which includes how it will vary future costs and therefore cash flows. The review has concluded that there are impacts on future cash flows as a result of climate change, with the most significant relating to non-tobacco materials and leaf costs due to increases in the operating costs of suppliers and raw materials. We have factored the additional costs to the Group relating to forecast climate costs into our discounted cash flow forecasts used for impairment testing valuation purposes. There continues to be improvements in the way the Group models the financial impact of climate risks. Updated climate impact models have been used in the current year which factor in an improved degree of risk assessment. The climate impact assessment for the Distribution CGUG has been fully integrated into the wider Group assessment model. The modelled impact for the Group was £423 million (2025: £360 million). There continues to be sufficient headroom after factoring in climate risk and there is therefore no impairment recognised as result of incremental climate change costs. However, the Group will continue to review the climate change impact going forward and any future changes in impact assessment could potentially result in changes to the impairment assessment.

Other intangible assets

Other intangible assets are considered for impairment risk. The carrying values of brand intangibles are reviewed against expected future cash flows of associated products. Impairment will only be recognised where there is evidence that the carrying value of the brand cannot be recovered through those cash flows. Included within these reviews is a test to determine the recoverability of the Davidoff indefinite life brand intangible asset. The carrying value of this asset as at 30 September 2026 was £462 million (2025: £472 million). Recoverability of Davidoff has been measured against the net brand contribution which confirms that the carrying value of the brand will be recovered within a two year period. No impairments (2025: £nil) have been recognised for brand intangibles.

No impairment charge (2025: £1 million) was incurred in the year relating to software.

All other classes of intangible assets, including assets under construction, have also been reviewed to consider recoverability and therefore identify potential impairment. No impairments were recognised in the year ended 30 September 2026 and hence no impairment charge has been incurred (2025: £nil).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13. PROPERTY, PLANT AND EQUIPMENT

£ million	Property	Plant and equipment	Fixtures and motor vehicles	2026 Total
Cost				
At 1 October 2025	**752**	**2,181**	**491**	**3,424**
Additions	**9**	**186**	**24**	**219**
Acquisitions	**-**	**9**	**-**	**9**
Disposals	**(83)**	**(76)**	**(15)**	**(174)**
Hyperinflation adjustment	**-**	**7**	**-**	**7**
Reclassifications	**3**	**25**	**12**	**40**
Exchange movements	**(8)**	**(71)**	**(6)**	**(85)**
At 30 September 2026	**673**	**2,261**	**506**	**3,440**
Depreciation and impairment				
At 1 October 2025	**192**	**1,382**	**326**	**1,900**
Depreciation charge for the year	**14**	**102**	**40**	**156**
Impairment	**(3)**	**(10)**	**(2)**	**(15)**
Disposals	**(36)**	**(61)**	**(13)**	**(110)**
Reclassifications	**-**	**32**	**2**	**34**
Exchange movements	**(6)**	**(30)**	**(7)**	**(43)**
At 30 September 2026	**161**	**1,415**	**346**	**1,922**
Net book value				
At 30 September 2026	**512**	**846**	**160**	**1,518**

£ million	Property	Plant and equipment	Fixtures and motor vehicles	2025 Total
Cost				
At 1 October 2024	736	2,048	450	3,234
Additions	11	144	32	187
Acquisitions	1	2	3	6
Disposals	(32)	(64)	(31)	(127)
Hyperinflation adjustment	-	4	-	4
Reclassifications	8	(31)	23	-
Exchange movements	28	78	14	120
At 30 September 2025	752	2,181	491	3,424
Depreciation and impairment				
At 1 October 2024	168	1,222	283	1,673
Depreciation charge for the year	14	100	41	155
Impairment	12	75	13	100
Disposals	(18)	(51)	(26)	(95)
Reclassifications	7	(10)	3	-
Exchange movements	9	46	12	67
At 30 September 2025	192	1,382	326	1,900
Net book value				
At 30 September 2025	560	799	165	1,524

Assets under construction included above:	
At 30 September 2026	**197**
At 30 September 2025	156

14. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The movements in right of use assets in the year were as follows:

£ million	Property	Plant and equipment	Fixtures and motor vehicles	2026 Total
Net book value				
At 1 October 2025	**274**	**2**	**97**	**373**
Additions and modifications	**82**	**4**	**27**	**113**
Terminations	**(6)**	**-**	**(3)**	**(9)**
Depreciation and impairment	**(62)**	**(3)**	**(37)**	**(102)**
Exchange movements	**(6)**	**-**	**(2)**	**(8)**
At 30 September 2026	**282**	**3**	**82**	**367**

The movements in lease liabilities in the year were as follows:

£ million	Lease Liabilities
At 1 October 2025	**402**
Cash flow	**(117)**
Accretion of interest	**15**
New leases, terminations and modifications	**105**
Exchange movements	**(7)**
At 30 September 2026	**398**

The following are the amounts recognised in the consolidated income statement:

£ million	2026	2025
Expenses relating to short-term leases	**5**	6
Expenses relating to low value asset leases	**1**	1
Depreciation and impairment expense of right of use assets	**102**	101
Interest on lease liabilities	**15**	15

The movements in right of use assets in the year ending 30 September 2025 were as follows:

£ million	Property	Plant and equipment	Fixtures and motor vehicles	2025 Total
Net book value				
At 1 October 2024	267	2	93	362
Additions and modifications	59	4	43	106
Terminations	(3)	(1)	(4)	(8)
Depreciation	(59)	(3)	(39)	(101)
Exchange movements	10	-	4	14
At 30 September 2025	274	2	97	373

The movements in lease liabilities in the year ending 30 September 2025 were as follows:

£ million	Lease Liabilities
At 1 October 2024	386
Cash flow	(109)
Accretion of interest	15
New leases, terminations and modifications	95
Exchange movements	15
At 30 September 2025	402

The maturity profile and the future minimum lease payments of the carrying amount of the Group's lease liabilities and the contractual cash flows as at 30 September 2026 and 30 September 2025 are disclosed in note 21.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The principal joint venture during the year was Global Horizon Ventures Limited. Summarised financial information for the Group's joint ventures, which are accounted for using the equity method, is shown below:

£ million	Global Horizon Ventures	Others	2026 Total
Revenue	**30**	**41**	**71**
Profit after tax	**20**	**1**	**21**
Non-current assets	**1**	**9**	**10**
Current assets	**66**	**62**	**128**
Total assets	**67**	**71**	**138**
Current liabilities	**(3)**	**(57)**	**(60)**
Non-current liabilities	**-**	**(14)**	**(14)**
Total liabilities	**(3)**	**(71)**	**(74)**
Net assets	**64**	**-**	**64**

£ million	Global Horizon Ventures	Others	2025 Total
Revenue	28	40	68
Profit after tax	24	1	25
Non-current assets	-	9	9
Current assets	62	59	121
Total assets	62	68	130
Current liabilities	(5)	(54)	(59)
Non-current liabilities	-	(14)	(14)
Total liabilities	(5)	(68)	(73)
Net assets	57	-	57

Transactions and balances with joint ventures

£ million	2026	2025
Purchases from	**14**	15
Accounts payable to	**(3)**	(11)

Movement on investments accounted for using the equity method

£ million	2026	2025
At 1 October	**66**	56
Share of profit for the year from joint ventures	**11**	12
Share of profit for the year from associates	**4**	5
Dividends	**(8)**	(7)
Foreign exchange losses	**(2)**	-
At 30 September	**71**	66

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

16. INVENTORIES

£ million	2026	2025
Raw materials	**919**	992
Work in progress	**146**	83
Finished inventories	**2,700**	3,207
Other inventories	**172**	184
	3,937	4,466

Other inventories mainly comprise duty-paid tax stamps.

Within finished inventories of £2,700 million (2025: £3,207 million) there is excise duty of £834 million (2025: £1,201 million).

It is generally recognised industry practice to classify leaf tobacco inventory as a current asset, although part of such inventory, because of the duration of the processing cycle, ordinarily would not be consumed within one year. We estimate that around £103 million (2025: £203 million) of leaf tobacco held within raw materials will not be utilised within a year of the balance sheet date.

17. TRADE AND OTHER RECEIVABLES

	2026		2025	
£ million	Current	Non-current	Current	Non-current
Trade receivables	**2,745**	**5**	2,446	4
Less: loss allowance	**(57)**	**-**	(66)	(1)
Net trade receivables	**2,688**	**5**	2,380	3
Other receivables	**258**	**17**	205	32
Prepayments	**169**	**98**	131	98
	3,115	**120**	2,716	133

Trade receivables may be analysed as follows:

	2026		2025	
£ million	Current	Non-current	Current	Non-current
Within credit terms	**2,504**	**5**	2,228	3
Past due by less than 3 months	**120**	**-**	118	-
Past due by more than 3 months	**64**	**-**	34	-
Amounts that are impaired	**57**	**-**	66	1
	2,745	**5**	2,446	4

The movements in the total loss allowance for receivables can be analysed as follows:

£ million	2026	2025
At 1 October	**67**	65
Net (decrease)/increase in provision	**(10)**	2
At 30 September	**57**	67

Trade receivables are reviewed by their risk profiles and loss patterns to assess credit risk. Historical and forward-looking information is considered to determine the appropriate expected credit loss allowance. Provision levels are calculated on the residual credit risk after consideration of any credit protection which is used by the Group. Expected credit losses (ECLs) are applied to net trade receivables which are measured reflecting lifetime ECLs using the simplified approach.

18. CASH AND CASH EQUIVALENTS

£ million	2026	2025
Cash at bank and in hand	**703**	683
Short-term deposits and other liquid assets	**1,179**	756
	1,882	1,439

£315 million (2025: £220 million) of total cash and cash equivalents is held in countries in which prior approval is required to transfer the funds abroad. Nevertheless, if the Group complies with these requirements, such liquid funds are at its disposition within a reasonable period of time, which in all cases is three months or less from the date the transfer is requested.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19. TRADE AND OTHER PAYABLES

	2026		2025	
£ million	**Current**	**Non-current**	Current	Non-current
Trade payables	**1,792**	**-**	1,709	-
Duties payable	**5,200**	**-**	5,225	-
Other taxes and social security contributions	**1,488**	**-**	1,532	-
Other payables	**563**	**-**	607	-
Accruals	**965**	**180**	967	41
	10,008	**180**	10,040	41

20. BORROWINGS

The Group's borrowings, held at amortised cost, are as follows:

£ million	2026	2025
Current borrowings		
Bank loans and overdrafts	**10**	4
Capital market issuance:		
€650m 3.375% notes due February 2026	**-**	579
US$ 400m 3.5% notes due July 2026	**-**	300
£188m 5.5% notes due September 2026	**-**	187
€750m 2.125% notes due February 2027	**650**	-
US$ 1,000m 6.125% notes due July 2027	**760**	-
Total current borrowings	**1,420**	1,070
Non-current borrowings		
Capital market issuance:		
€750m 2.125% notes due February 2027	**-**	663
US$ 1,000m 6.125% notes due July 2027	**-**	750
US$ 850m 4.5% notes due June 2028	**646**	638
US$ 1,000m 3.875% notes due July 2029	**757**	748
US$ 1,250m 5.5% notes due February 2030	**948**	936
€1,050m 5.25% notes due February 2031	**922**	940
US$ 750m 4.875% notes due February 2032	**571**	-
£500m 4.875% notes due June 2032	**506**	506
€1,000m 1.75% notes due March 2033	**862**	879
€900m 3.875% notes due August 2033	**768**	-
€1,000m 3.875% notes due February 2034	**868**	886
US$ 750m 5.875% notes due July 2034	**571**	564
US$ 850m 5.625% notes due July 2035	**647**	639
US$ 750m 5.5% notes due July 2036	**572**	-
US$ 500m 6.375% notes due July 2055	**380**	375
Total non-current borrowings	**9,018**	8,524
Total borrowings	**10,438**	9,594
Analysed as:		
Capital market issuance	**10,428**	9,590
Bank loans and overdrafts	**10**	4

Current and non-current borrowings include interest payable of £17 million (2025: £14 million) and £129 million (2025: £128 million) respectively as at the balance sheet date.

Interest payable on capital market issuances is at fixed rates of interest and interest payable on bank loans and overdrafts are at floating rates of interest.

On 31 December 2025, €650 million (£567 million equivalent) 3.375% notes were repaid. On 2 February 2026, €900 million (£778 million equivalent) 3.875% notes were issued. On 7 July 2026, US$ 750 million (£561 million equivalent) 4.875% notes were issued. On 7 July 2026, US$ 750 million (£561 million equivalent) 5.5% notes were issued. On 27 July 2026, US$ 400 million (£301 million equivalent) 3.5% notes were repaid. On 28 September 2026, £188 million 5.5% notes were repaid.

All borrowings are unsecured and the Group has not defaulted on any borrowings during the year (2025: no defaults).

The maturity profile of the Group's bonds and the contractual cashflows as at 30 September 2026 is disclosed in note 21.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Fair value of borrowings

The fair value of borrowings as at 30 September 2026 is estimated to be £9,916 million (2025: £9,526 million). £9,906 million (2025: £9,522 million) relates to capital market issuance and has been determined by reference to market prices as at the balance sheet date. A comparison of the carrying amount and fair value of capital market issuance by currency is provided below. The fair value of all other borrowings is considered to equal their carrying amount.

	2026		2025	
£ million	**Balance sheet amount**	**Fair value**	Balance sheet amount	Fair value
GBP	**506**	**475**	693	671
EUR	**4,070**	**3,809**	3,947	3,839
USD	**5,852**	**5,622**	4,950	5,012
Total capital market issuance	**10,428**	**9,906**	9,590	9,522

Undrawn revolving credit facilities

At 30 September the Group had the following undrawn committed facilities:

£ million	**2026**	2025
Amounts maturing:		
In less than one year	**700**	700
Between two and five years	**2,566**	2,619
	3,266	3,319

During September 2026 the maturity date of the Group's existing syndicated multicurrency facility of €3,000 million (2025: €3,000 million) was extended by a year to 29 March 2030.

During September 2026 five bilateral facilities for a total £600 million were terminated and one for £100 million was extended. Five new bilateral facilities for a total £600 million were arranged. £600 million of the total £700 million facilities were available at 30 September 2026 and £100 million from 1 October 2026; all maturing by the end of September 2027.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21. FINANCIAL RISK FACTORS

Financial risk management

Overview

In the normal course of business, the Group is exposed to financial risks including, but not limited to, market, credit and liquidity risk. This note explains the Group's exposure to these risks, how they are measured and assessed, and summarises the policies and processes used to manage them, including those related to the management of capital.

The Group operates a centralised treasury function which is responsible for the management of the financial risks of the Group, together with its financing and liquidity requirements. Financial risks comprise, but are not limited to, exposures to funding and liquidity, interest rate, foreign exchange and counterparty credit risk. The treasury function is also responsible for the financial risk management of the Group's global defined benefit pension schemes and management of Group wide insurance programs. The treasury function does not operate as a profit centre, nor does it enter into speculative transactions.

The Group's treasury activities are overseen by the Treasury Committee, which meets four times a year and comprises the Chief Financial Officer, the Group Treasurer, the Group Finance Director, the Chief Legal & Corporate Affairs Officer and three Group Regional Finance Directors. The Treasury Committee operates in accordance with the terms of reference set out by the Board and a policy (the Treasury Operations Policy) which sets out the expectations and boundaries to assist in the effective oversight of treasury activities.

The Board reviews and approves all major treasury decisions.

The Group's management of financial risks covers the following:

(A) Market risk

Price risk

The Group is not exposed to equity securities price risk other than assets held by its pension funds disclosed in note 24 and investment carried at fair value through profit or loss. The Group is exposed to commodity price risk in that there may be fluctuations in the price of tobacco leaf. As with other agricultural commodities, the price of tobacco leaf tends to be cyclical as supply and demand considerations influence tobacco plantings in those countries where tobacco is grown. Also, different regions may experience variations in weather patterns that may affect crop quality or supply and so lead to changes in price. The Group seeks to reduce this price risk by sourcing tobacco leaf from a number of different countries and counterparties and by varying the levels of tobacco leaf held. Currently, these techniques reduce the expected exposure to this risk over the short to medium term to levels considered not material and accordingly, no sensitivity analysis has been presented.

Foreign exchange risk

The Group is exposed to movements in foreign exchange rates due to its commercial trading transactions and profits denominated in foreign currencies, as well as the translation of cash, borrowings and derivatives held in non-functional currencies.

The Group's financial results are principally exposed to fluctuations in euro and US dollar exchange rates. Management of the Group's foreign exchange transaction and translation risk is addressed below.

Transaction risk

The Group's material transaction exposures arise on costs denominated in currencies other than the functional currencies of subsidiaries, including the purchase of tobacco leaf, which is sourced from various countries but purchased principally in US dollars, and packaging materials which are sourced from various countries and purchased in a number of currencies. The Group is also exposed to transaction foreign exchange risk on the conversion of foreign subsidiary earnings into sterling to fund the external dividends to shareholders. This is managed by selling euros and US dollars monthly throughout the year. Other foreign currency flows are matched where possible and remaining foreign currency transaction exposures are not hedged.

Translation risk

The Group's currency mix of debt and related derivatives is held with consideration to the currency mix of its net assets and profits, which are primarily euros and US dollars. The Group issues debt in the most appropriate market or markets at the time of raising new finance and has a policy of using cross-currency swap derivative financial instruments to change the currency of debt as required. Borrowings denominated in, or swapped into foreign currencies to match the Group's investments in overseas subsidiaries are treated as a hedge against the net investment where appropriate.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Foreign exchange sensitivity analysis

The Group's sensitivity to foreign exchange rate movements, which impacts the translation of monetary items held by subsidiary companies in currencies other than their functional currencies, is illustrated on an indicative basis below. The sensitivity analysis has been prepared on the basis that net debt and the proportion of financial instruments in foreign currencies remain constant, and that there is no change to the net investment hedge designations in place at 30 September 2026. The sensitivity analysis does not reflect any change to revenue or non-finance costs that may result from changing exchange rates, and ignores any taxation implications and offsetting effects of movements in the fair value of derivative financial instruments.

£ million	**2026 Increase/ (decrease) in income**	2025 Increase/ (decrease) in income
Income statement impact of non-functional currency foreign exchange exposures:		
10% appreciation of sterling against euro (2025: 10%)	**62**	78
10% appreciation of sterling against US dollar (2025: 10%)	**5**	(25)
10% depreciation of sterling against euro (2025: 10%)	**(75)**	(95)
10% depreciation of sterling against US dollar (2025: 10%)	**(6)**	31

Movements in equity in the table below relate to intercompany loans treated as quasi-equity under IAS 21 and hedging instruments designated as net investment hedges of the Group's Euro and US dollar denominated assets.

£ million	**2026 Change in equity**	2025 Change in equity
Equity impact of non-functional currency foreign exchange exposures:		
10% appreciation of sterling against euro (2025: 10%)	**1,050**	934
10% appreciation of sterling against US dollar (2025: 10%)	**229**	328
10% depreciation of sterling against euro (2025: 10%)	**(1,284)**	(1,141)
10% depreciation of sterling against US dollar (2025: 10%)	**(280)**	(401)

At 30 September 2026, after the effect of derivative financial instruments, approximately 99% of the Group's net debt was denominated in euro and non US dollar currencies (2025: 101%) and 1% in US dollars (2025: (1)%).

Interest rate risk

The Group's interest rate risk arises from its borrowings net of cash and cash equivalents, with the primary exposures arising from fluctuations in euro and US dollar interest rates. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group manages its exposure to interest rate risk on its borrowings by entering into derivative financial instruments, interest rate swaps, to achieve an appropriate mix of fixed and floating interest rate debt in accordance with the Treasury Operations Policy and Treasury Committee discussions.

As at 30 September 2026, after adjusting for the effect of derivative financial instruments detailed in note 22, the resulting fixed interest rate risk exposure had a positive correlation of approximately 106% (2025: 109%) of the nominal value of reported net debt and the floating interest rate exposure was (6)% (2025: (9)%) negative correlation of the same reported net debt. After adjusting for cash held in subsidiary bank accounts and cash in transit, accrued interest, the mark to market of the derivative portfolio, finance leases and the trade receivables that were sold to a financial institution under a non-recourse factoring arrangement, approximately 95% (2025: 98%) of debt was at fixed rates of interest and 5% (2025: 2%) was at floating rates of interest.

Interest rate sensitivity analysis

The Group's sensitivity to interest rates on its euro and US dollar monetary items which are primarily external borrowings, cash and cash equivalents, is illustrated on an indicative basis below. The impact in the Group's Income Statement reflects the effect on net finance costs in respect of the Group's net debt and the fixed to floating rate debt ratio prevailing at 30 September 2026, ignoring any taxation implications and offsetting effects of movements in the fair value of derivative financial instruments.

The sensitivity analysis has been prepared on the basis that net debt and the derivatives portfolio remain constant and that there is no net impact on other comprehensive income.

£ million	**2026 Change in income**	2025 Change in income
Income statement impact of interest rate movements:		
+/- 1% increase in euro interest rates (2025: 1%)	**-**	-
+/- 1% increase in US dollar interest rates (2025: 1%)	**1**	(9)

(B) Credit risk

IFRS 9 requires an expected credit loss (ECL) model to be applied to financial assets. The expected credit loss model requires the Group to account for expected losses as a result of credit risk on initial recognition of financial assets and to recognise changes in those expected credit losses at each reporting date. Allowances are measured at an amount equal to the lifetime expected credit losses where the credit risk on the receivables increases significantly after initial recognition. The Group is primarily exposed to credit risk arising from the extension of credit to its customers, on cash deposits and derivatives. The maximum aggregate credit risk to these sources was £5,294 million at 30 September 2026 (2025: £4,322 million).

Trade and other receivables

Policies are in place to manage the risk associated with the extension of credit to third parties to ensure that commercial intent is balanced effectively with credit risk management. Subsidiaries have policies in place that require appropriate credit checks on customers and credit is extended with consideration to financial risk and creditworthiness. If a customer requires credit beyond an acceptable limit, security may be put in place to minimise the financial impact in the event of a payment default. Instruments that may typically be used as security include non-recourse receivables factoring and bank guarantees. At 30 September 2026 the level of trade receivables that were sold to a financial institution under a non-recourse factoring arrangement, and subsequently derecognised, totalled £496 million (2025: £483 million). The increase compared with the prior year is principally driven by changes in the geographic profile of receivables included within the factoring arrangement. The total value of trade receivables reclassified as fair value was £122 million at 30 September 2026 (2025: £89 million). There was no valuation difference between amortised cost and fair value. Analysis of trade and other receivables is provided in note 17.

Supplier financing arrangements

The Group participates in a supply chain financing arrangement (SCF). Under the arrangement, a single bank agrees to pay amounts to a participating supplier in respect of invoices owed by the Group and receives settlement from the Group at a later date. The Group extends payment terms with suppliers in the ordinary course of business and then offers them access to the SCF arrangement so the supplier can get paid early by the bank. The value is discounted at a rate that is based on the Group's credit profile, meaning the Group can leverage its credit rating. There is a parental guarantee in place in favour of the bank but this is contingent only and does not change the Group's financial obligations. The principal purpose of this arrangement is to facilitate efficient payment processing and enable the willing suppliers to receive payments from the bank before the invoice due date.

Carrying amount of liabilities that are part of supplier financing arrangements	**2026 £ million**	2025 £ million
Presented within trade and other payables	**89**	84
- of which suppliers have received payment from finance provider	**69**	58

Range of payment due dates	**2026 Days**	2025 Days
Liabilities that are part of the arrangement	**1 - 236**	1 - 183
Trade payables that are not part of an arrangement	**0 - 120**	0 - 120

Financial instruments

In order to manage its credit risk to any one counterparty, the Group places cash deposits and enters into derivative financial instruments with a diversified group of financial institutions carrying suitable credit ratings in line with the Treasury Operations Policy. Utilisation of counterparty credit limits is regularly monitored by treasury and ISDA agreements are in place to permit the net settlement of assets and liabilities in certain circumstances.

The table below summarises the Group's largest exposures to financial counterparties as at 30 September 2026. At the balance sheet date management does not expect these counterparties to default on their current obligations.

Counterparty exposure	**2026 Maximum exposure to credit risk £ million**	2025 Maximum exposure to credit risk £ million
Highest	**296**	515
2nd highest	**178**	87
3rd highest	**141**	73
4th highest	**140**	27
5th highest	**128**	19

These exposures are held with counterparties with investment grade credit ratings or in money market funds with a AAA rating.

(C) Liquidity risk

The Group is exposed to liquidity risk, which represents the risk of having insufficient funds to meet its financing needs in any particular location when needed. To manage this risk the Group has a policy of actively maintaining a mixture of short, medium and long-term committed facilities that are structured to ensure that the Group has sufficient available funds to meet the forecast requirements of the Group over the short to medium term. To prevent over-reliance on individual sources of liquidity, funding is provided across a range of instruments including debt capital market issuance, bank term loans, bank revolving credit facilities and European commercial paper.

The Group primarily borrows centrally in order to meet forecast funding requirements, and the treasury function is in regular dialogue with subsidiary companies to ensure their liquidity needs are met. Subsidiary companies are funded by a combination of share capital and retained earnings, intercompany loans, and in very limited cases through external local borrowings. Cash pooling processes are used to centralise surplus cash held by subsidiaries where possible in order to minimise external borrowing requirements and interest costs. Treasury invests surplus cash in bank deposits and money market funds and uses foreign exchange contracts to manage short term liquidity requirements in line with short term cash flow forecasts. As at 30 September 2026, the Group held liquid assets of £1,882 million (2025: £1,439 million).

The table below summarises the Group's non derivative financial liabilities by maturity based on their contractual cash flows as at 30 September 2026. The amounts disclosed are undiscounted cash flows calculated using spot rates of exchange prevailing at the relevant balance sheet date. Contractual cash flows in respect of the Group's derivative financial instruments are detailed in note 22.

						2026
£ million	**Balance sheet amount**	**Contractual cash flows total**	**<1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**> 5 years**
Non-derivative financial liabilities:						
Bank loans	**10**	**10**	**10**	**-**	**-**	**-**
Capital market issuance	**10,428**	**13,268**	**1,848**	**1,044**	**3,559**	**6,817**
Trade payables	**1,792**	**1,792**	**1,792**	**-**	**-**	**-**
Accruals	**1,145**	**1,145**	**965**	**113**	**67**	**-**
Other contractual liabilities	**563**	**563**	**563**	**-**	**-**	**-**
Lease liabilities	**398**	**456**	**107**	**92**	**147**	**110**
Total non-derivative financial liabilities	**14,336**	**17,234**	**5,285**	**1,249**	**3,773**	**6,927**

						2025
£ million	Balance sheet amount	Contractual cash flows total	<1 year	Between 1 and 2 years	Between 2 and 5 years	> 5 years
Non-derivative financial liabilities:						
Bank loans	4	4	4	-	-	-
Capital market issuance	9,590	12,181	1,462	1,763	3,141	5,815
Trade payables	1,709	1,709	1,709	-	-	-
Accruals	1,008	1,008	967	17	24	-
Other contractual liabilities	607	607	607	-	-	-
Lease liabilities	402	456	108	86	156	106
Total non-derivative financial liabilities	13,320	15,965	4,857	1,866	3,321	5,921

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Capital management

The Group defines capital as adjusted net debt and equity and manages its capital structure through an appropriate balance of debt and equity in order to drive an efficient mix for the Group.

The Group continues to manage its capital structure to maintain investment grade credit rating which it monitors by reference to a number of key financial ratios, including ongoing consideration of the return of capital to shareholders via regular dividend payments and share buybacks and in on-going discussions with the relevant rating agencies.

As at 30 September 2026 the Group was rated Baa2/P-2/stable outlook by Moody's Investor Service Ltd, BBB/A-2/stable outlook by Standard and Poor's Credit Market Services Europe Limited and BBB/F2/stable outlook by Fitch Ratings Limited.

The Group regards its total capital as follows:

£ million	**2026**	2025
Adjusted net debt	**8,786**	8,406
Equity attributable to the owners of the parent	**4,006**	4,824
Total capital	**12,792**	13,230

Hedge accounting

The Group has investments in foreign operations which are consolidated in its financial statements and whose functional currencies are Euros or US dollars. Where it is practicable and cost effective to do so, the foreign exchange rate exposures arising from these investments are hedged through the use of cross currency swaps, foreign exchange swaps and foreign currency denominated debt.

The Group only designates the undiscounted spot element of the cross currency swaps, foreign exchange swaps and foreign currency debt as hedging instruments. Changes in the fair value of the cross currency swaps and foreign exchange swaps attributable to changes in interest rates and the effect of discounting are recognised directly in profit or loss within the "Net Finance Costs" line. These amounts are, therefore, not included in the hedge effectiveness assessment.

Net investment gains and losses are reported in exchange movements within other comprehensive income and the hedging instrument foreign currency gains and losses deferred to the foreign currency revaluation reserve are detailed in the statement of changes in equity.

The Group establishes the hedging ratio by matching the notional balance of the hedging instruments with an equal notional balance of the net assets of the foreign operation. Given that only the undiscounted spot element of hedging instruments is designated in the hedging relationship, no ineffectiveness is expected unless the notional balance of the designated hedging instruments exceeds the total balance of the foreign operation's net assets during the reporting period. The foreign currency risk component is determined as the change in the carrying amount of designated net assets of the foreign operation arising solely from changes in spot foreign currency exchange rates.

All net investment hedges were fully effective at 30 September 2026.

The following table sets out the maturity profile of the hedging instruments used in the Group's net investment hedging strategies:

				2026	
				Maturity	
£ million	**Total notional balance**	**<1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**> 5 years**
Capital market issuance	**(6,541)**	**(1,018)**	**-**	**(1,839)**	**(3,684)**
Cross-currency swaps	**(5,370)**	**(820)**	**(627)**	**(1,797)**	**(2,126)**
	(11,911)	**(1,838)**	**(627)**	**(3,636)**	**(5,810)**

				2025	
				Maturity	
£ million	Total notional balance	<1 year	Between 1 and 2 years	Between 2 and 5 years	> 5 years
Capital market issuance	(5,703)	(567)	(1,399)	(1,674)	(2,063)
Cross-currency swaps	(5,481)	-	(837)	(2,474)	(2,170)
Foreign exchange swaps	(486)	(486)	-	-	-
	(11,670)	(1,053)	(2,236)	(4,148)	(4,233)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The following table contains details of the hedging instruments and hedged items used in the Group's net investment hedging strategies:

					2026
		Carrying amount			
£ million	Notional balance	Assets	Liabilities	Balance sheet line item	Changes in fair value used for calculating hedge in-effectiveness
Hedging instrument:					
Capital market issuance	**6,541**	**-**	**6,610**	**Borrowings**	**5**
Bank Loans	**-**	**-**	**-**	**Borrowings**	**5**
Cross-currency swaps	**5,370**	**28**	**128**	**Derivative financial instruments**	**111**
Foreign exchange swaps	**-**	**-**	**-**	**Derivative financial instruments**	**18**
Hedged item:					
Investment in a foreign operation	**n/a**	**11,911**	**-**		**139**

					2025
		Carrying amount			
£ million	Notional balance	Assets	Liabilities	Balance sheet line item	Changes in fair value used for calculating hedge in-effectiveness
Hedging instrument:					
Capital market issuance	5,703	-	5,764	Borrowings	(99)
Bank Loans	-	-	-	Borrowings	(11)
Cross-currency swaps	5,481	-	195	Derivative financial instruments	(265)
Foreign exchange swaps	486	2	-	Derivative financial instruments	(2)
Hedged item:					
Investment in a foreign operation	n/a	11,670	-		(377)

Reconciliation of changes in the value of net investment hedges:

					2026
£ million	At the beginning of the year	Income statement	Other comprehensive income	De-designations	At the end of the year
Derivatives in net investment hedges of foreign operations	**(193)**	**(35)**	**129**	**-**	**(99)**
External debt in net investment hedges of foreign operations	**(5,764)**	**(8)**	**10**	**(848)**	**(6,610)**
Total	**(5,957)**	**(43)**	**139**	**(848)**	**(6,709)**

					2025
£ million	At the beginning of the year	Income statement	Other comprehensive income	De-designations	At the end of the year
Derivatives in net investment hedges of foreign operations	42	32	(267)	-	(193)
External debt in net investment hedges of foreign operations	(4,584)	(71)	(110)	(999)	(5,764)
Total	(4,542)	(39)	(377)	(999)	(5,957)

The Group also treats certain permanent intragroup loans that meet relevant qualifying criteria under IAS 21 as part of its net investment in foreign operations where appropriate. Intra-group loans with a notional value of €2,534 million (£2,167 million equivalent) (2025: €2,534 million (£2,212 million equivalent)) were treated as part of the Group's net investment in foreign operations at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Fair value estimation and hierarchy

All financial assets and liabilities are carried on the balance sheet at amortised cost, other than derivative financial instruments which are carried at fair value. Derivative fair values are determined based on observable market data such as yield curves, foreign exchange rates and credit default swap prices to calculate the present value of future cash flows associated with each derivative at the balance sheet date (Level 2 classification hierarchy per IFRS 7). Market data is sourced from a reputable financial data provider and valuations are validated by reference to counterparty valuations where appropriate. Some of the Group's derivative financial instruments contain early termination options and these have been considered when assessing the element of the fair value related to credit risk. On this basis the reduction in reported net derivative liabilities due to credit risk is £9 million (2025: £14 million) and would have been an £8 million (2025: £17 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 valuation of contingent consideration related to the Black Buffalo acquisition is considered to be Level 3 classification hierarchy per IFRS 13.

Investment carried at fair value through profit or loss

Represents equity investment in Auxly Cannabis Group Inc. Fair value is determined by reference to published closing price quotations in an active market (Level 1 classification hierachy per IFRS 13), with net gains or losses recognised in the consolidated income statement.

Netting arrangements of financial instruments

The following tables set out the Group's financial assets and financial liabilities that are subject to netting and set-off arrangements:

£ million	Gross financial assets/ (liabilities)	Net financial assets/ (liabilities) per balance sheet	Related amounts not set-off in the balance sheet	2026 Net
Assets				
Derivative financial instruments	**667**	**667**	**(642)**	**25**
Liabilities				
Derivative financial instruments	**(839)**	**(839)**	**642**	**(197)**

£ million	Gross financial assets/(liabilities)	Net financial assets/(liabilities) per balance sheet	Related amounts not set-off in the balance sheet	2025 Net
Assets				
Derivative financial instruments	437	437	(436)	1
Liabilities				
Derivative financial instruments	(834)	(834)	436	(398)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Financial assets and liabilities classification

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

£ million	Fair value through income statement	Fair value through other comprehensive income	Assets and liabilities at amortised cost	Total	Current	Non-Current
						2026
Trade and other receivables	**122**	**-**	**2,846**	**2,968**	**2,946**	**22**
Cash and cash equivalents	**-**	**-**	**1,882**	**1,882**	**1,882**	**-**
Investment carried at fair value through profit or loss	**36**	**-**	**-**	**36**	**-**	**36**
Derivatives	**639**	**28**	**-**	**667**	**61**	**606**
Total financial assets	**797**	**28**	**4,728**	**5,553**	**4,889**	**664**
Borrowings	**-**	**-**	**(10,438)**	**(10,438)**	**(1,420)**	**(9,018)**
Trade and other payables	**(45)**	**-**	**(3,455)**	**(3,500)**	**(3,275)**	**(225)**
Derivatives	**(711)**	**(128)**	**-**	**(839)**	**(116)**	**(723)**
Lease liabilities	**-**	**-**	**(398)**	**(398)**	**(94)**	**(304)**
Total financial liabilities	**(756)**	**(128)**	**(14,291)**	**(15,175)**	**(4,905)**	**(10,270)**
Total net financial assets/(liabilities)	**41**	**(100)**	**(9,563)**	**(9,622)**	**(16)**	**(9,606)**

£ million	Fair value through income statement	Fair value through other comprehensive income	Assets and liabilities at amortised cost	Total	Current	Non-Current
						2025
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)

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 carrying value at 30 September 2026 of those external borrowings included in the above table is £6,610 million (2025: £5,764 million). All of the Group's net investment hedges remain effective.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

22. DERIVATIVE FINANCIAL INSTRUMENTS

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

	2026			2025		
£ million	**Assets**	**Liabilities**	**Net Fair Value**	Assets	Liabilities	Net Fair Value
Current derivative financial instruments:						
Interest rate swaps	**14**	**(13)**	**1**	11	(8)	3
Foreign exchange contracts	**3**	**(7)**	**(4)**	4	(3)	1
Cross-currency swaps	**44**	**(96)**	**(52)**	30	(17)	13
Total current derivatives	**61**	**(116)**	**(55)**	45	(28)	17
Non-current derivative financial instruments:						
Interest rate swaps	**476**	**(288)**	**188**	242	(263)	(21)
Cross-currency swaps	**130**	**(435)**	**(305)**	150	(543)	(393)
Total non-current derivatives	**606**	**(723)**	**(117)**	392	(806)	(414)
Total carrying value of derivative financial instruments	**667**	**(839)**	**(172)**	437	(834)	(397)
Analysed as:						
Interest rate swaps	**490**	**(301)**	**189**	253	(271)	(18)
Foreign exchange contracts	**3**	**(7)**	**(4)**	4	(3)	1
Cross-currency swaps	**174**	**(531)**	**(357)**	180	(560)	(380)
Total carrying value of derivative financial instruments	**667**	**(839)**	**(172)**	437	(834)	(397)

The classification of these derivative assets and liabilities under the IFRS 7 fair value hierarchy is provided in note 21.

Maturity of obligations under derivative financial instruments

Derivative financial instruments have been classified in the balance sheet as current or non-current on an undiscounted contractual basis based on spot rates as at the balance sheet date. For the purposes of the above and following analysis, maturity dates have been based on the likelihood of any early termination options being exercised with consideration to counterparty expectations and market conditions prevailing as at 30 September 2026.

The table below summarises the Group's derivative financial instruments by maturity based on their remaining contractual cash flows as at 30 September 2026. The amounts disclosed are the undiscounted cash flows calculated using interest rates and spot rates of exchange prevailing at the relevant balance sheet date. Contractual cash flows in respect of the Group's non derivative financial instruments are detailed in note 21.

						2026
£ million	**Balance sheet amount**	**Contractual cash flows total**	**<1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**>5 years**
Net settled derivatives	**189**	**(34)**	**8**	**9**	**(31)**	**(20)**
Gross settled derivatives	**(361)**	**-**	**-**	**-**	**-**	**-**
• receipts	**-**	**25,502**	**4,652**	**2,600**	**6,916**	**11,334**
• payments	**-**	**(25,231)**	**(4,659)**	**(2,532)**	**(6,901)**	**(11,139)**
	(172)	**237**	**1**	**77**	**(16)**	**175**

						2025
£ million	Balance sheet amount	Contractual cash flows total	<1 year	Between 1 and 2 years	Between 2 and 5 years	>5 years
Net settled derivatives	(18)	(228)	(7)	(13)	(81)	(127)
Gross settled derivatives	(379)	-	-	-	-	-
• receipts	-	22,490	3,176	3,056	8,467	7,791
• payments	-	(22,382)	(3,109)	(3,083)	(8,514)	(7,676)
	(397)	(120)	60	(40)	(128)	(12)

Derivatives as hedging instruments

As outlined in note 21, the Group hedges its underlying interest rate exposure and foreign currency translation exposures in an efficient, commercial and structured manner, primarily using interest rate swaps and cross currency swaps. Foreign exchange contracts are used to manage the Group's short term liquidity requirements in line with short term cash flow forecasts as appropriate.

The Group does not apply cash flow or fair value hedge accounting, as permitted under IFRS 9, which results in fair value gains and losses attributable to derivative financial instruments being recognised in net finance costs unless they are designated as hedges of a net investment in foreign operations, in which case they are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Interest rate swaps

To manage interest rate risk on its borrowings, the Group issues debt in the market or markets that are most appropriate at the time of raising new finance with regard to currency, interest denomination or duration, and then uses interest rate swaps to re-base the debt into the appropriate proportions of fixed and floating interest rates. Interest rate swaps are also transacted to manage and re-profile the Group's interest rate risk over the short, medium and long term in accordance with the Treasury Operations policy as approved by the Treasury Committee. Fair value movements are recognised in net finance costs in the relevant reporting period.

As at 30 September 2026, the notional amount of interest rate swaps outstanding that were entered into to convert fixed rate borrowings into floating rates of interest at the time of raising new finance was £3,262 million equivalent (2025: £3,862 million equivalent) with a fair value of £292 million liability (2025: £246 million liability). The fixed interest rates vary from 1.7% to 5.1% (2025: 1.7% to 5.1%), and the floating rates are based on EURIBOR, SONIA and SOFR.

As at 30 September 2026, the notional amount of interest rate swaps outstanding that were entered into to convert the Group's debt into the appropriate proportion of fixed and floating rates to manage and re-profile the Group's interest rate risk was £9,322 million equivalent (2025: £10,137 million equivalent) with a fair value of £481 million asset (2025: £228 million asset). The fixed interest rates vary from 0.5% to 3.4% (2025: 1.0% to 4.0%), and the floating rates reference EURIBOR and SOFR. This includes forward starting interest rate swaps with a total notional amount of £4,209 million equivalent (2025: £4,602 million equivalent) with tenors between 3 and 10 years, starting between December 2026 and October 2032.

Cross-currency swaps

The Group enters into cross currency swaps to convert the currency of debt into the appropriate currency with consideration to the underlying assets of the Group as appropriate. Fair value movements are recognised in net finance costs in the relevant reporting period unless the swaps are designated as hedges of a net investment in foreign operations, in which case the fair value movement attributable to changes in foreign exchange rates are recognised in other comprehensive income.

As at 30 September 2026, the notional amount of cross currency swaps entered into to convert sterling debt into the desired currency was £500 million (2025: £500 million) and the fair value of these swaps was £48 million net liability (2025: £63 million net liability); the notional amount of cross currency swaps entered into to convert US dollar debt into the desired currency was US$ 7,700 million (2025: US$ 6,200 million) and the fair value of these swaps was £309 million net liability (2025: £317 million net liability).

Foreign exchange contracts

The Group enters into foreign exchange contracts to manage short term liquidity requirements in line with cash flow forecasts. As at 30 September 2026, the notional amount of these contracts was £1,422 million equivalent (2025: £2,010 million equivalent) and the fair value of these contracts was a net liability of £5 million (2025: £1 million net liability).

Hedges of net investments in foreign operations

As at 30 September 2026, cross currency swaps with a notional amount of €6,281 million (2025: €6,281 million) were designated as hedges of net investments in foreign operations. During the year, foreign exchange translation gains amounting to £111 million (2025: £265 million losses) were recognised within exchange movements in other comprehensive income in respect of cross currency swaps designated as hedges of a net investment in foreign operations. No hedging ineffectiveness occurred during the year (2025: £nil).

As at 30 September 2026, foreign exchange swaps with a notional amount of €nil (2025: €556 million) were designated as hedges of net investments in foreign operations. During the year, foreign exchange translation gains amounting to £18 million (2025: £2 million losses) were recognised within exchange movements in other comprehensive income in respect of foreign exchange swaps that had been designated as hedges of a net investment in foreign operations. No hedging ineffectiveness occurred during the year (2025: £nil).

The movements in other comprehensive income due to net investment hedging in the period were as follows:

£ million	**2026**	2025
Foreign exchange gains/(losses) on borrowings	**10**	(110)
Foreign exchange gains/(losses) on derivative financial instruments	**129**	(267)
	139	(377)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

23. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax relates to the following:

£ million	**Consolidated income statement 2026**	Consolidated income statement 2025	**Consolidated balance sheet 2026**	Consolidated balance sheet 2025
Temporary differences on depreciation and amortisation	**(59)**	83	**(723)**	(645)
Retirement benefits	**(2)**	12	**11**	41
Tax credits and losses	**(92)**	(146)	**356**	455
Interest restriction	**94**	58	**271**	202
Accruals, provisions and other temporary differences	**(1)**	30	**112**	93
Deferred tax (expense)/benefit	**(60)**	37		
Net deferred tax assets			**27**	146

Reflected in the consolidated balance sheet as follows

£ million	**2026**	2025
Deferred tax assets	**799**	893
Deferred tax liabilities	**(772)**	(747)
	27	146

Reconciliation of net deferred tax assets

£ million	**2026**	2025
At 1 October	**146**	109
Hyperinflation	**(2)**	-
(Charged)/credited to the income statement	**(60)**	13
Charged to other comprehensive income	**(26)**	(3)
(Charged)/credited to equity	**(9)**	4
Acquisition / disposals	**(16)**	-
Exchange movements	**(6)**	23
As at 30 September	**27**	146

Unrecognised deferred tax assets

£ million	**Gross 2026**	**Net 2026**	Gross 2025	Net 2025
Tax losses	**107**	**26**	105	21
Tax credits	**814**	**285**	800	283
Other temporary differences	**32**	**9**	68	22
	953	**320**	973	326

Analysis of unrecognised deferred tax assets by expiry date

£ million	**Gross 2026**	**Net 2026**	Gross 2025	Net 2025
Tax losses expiring:				
Within 2-5 years	**44**	**7**	-	1
Within 10 years	**8**	**2**		
No expiry	**55**	**17**	105	20
	107	**26**	105	21
Tax credits expiring:				
No expiry	**814**	**285**	800	283
	814	**285**	800	283
Other temporary differences expiring:				
No expiry	**32**	**9**	68	22
	32	**9**	68	22

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

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.

Included within net deferred tax assets are deferred tax assets recognised of £186 million (2025: £199 million) for tax credits arising in the Group's Spanish business. These tax credits have no time expiry. Utilisation of these tax credits is restricted to 50% of the Spanish business' taxable profits arising in any given year; those tax law restrictions extend the period over which the deferred tax assets would otherwise be recovered. The Group considers there to be forecast future taxable profits which support the recognition of these long term deferred tax assets. The period over which these deferred tax assets are utilised is sensitive to forecasting assumptions about future growth rates (which may be influenced by the future effects of climate change) and regulatory changes. Any material effects of climate change in the long term could extend the period over which the deferred tax asset will be recovered but as the tax credits do not expire, the Group considers there is positive evidence that sufficient future taxable profits would still be available. Based on a range of forecast scenarios modelling sensitivities (including the future effects of climate change) these deferred tax assets are expected to be utilised over a period of 14 years.

Included within the interest restriction category of the net deferred tax assets are deferred tax assets recognised for carried forward corporate interest disallowances of £239 million (2025: £156 million) arising in the Group's UK business. These disallowances have no time expiry and will be reactivated where net interest expense in any given year falls below 30% of the UK Tax-EBITDA. The Group considers there to be forecast future taxable profits and forecast reductions in the future net interest expenses to support the recognition of these long term deferred tax assets. The period over which these brought forward tax attributes are utilised is sensitive to forecasting assumptions concerning changes to the Group's debt structure reducing net interest expense, future growth rates of the underlying business (which may be influenced by the future effect of climate change) and regulatory changes. These deferred tax assets are expected to be recovered within a period of 18 years (i.e. by FY44).

Included within net deferred tax assets are deferred tax assets recognised for retirement benefits of £54 million (2025: £83 million) arising in the Group's German business. These deferred tax assets are expected to be recovered both by way of utilisation against the reversal of deferred tax liabilities of £65 million (2025: £34 million) arising in the Group's German business and by way of utilisation against future taxable profits. The Group considers there to be forecast future taxable profits which support the recognition of these long term deferred tax assets. Based on a range of forecast scenarios modelling sensitivities these deferred tax assets are expected to be recovered over a period of 20-40 years corresponding to the life of the pension scheme. The period over which these deferred tax assets are utilised is sensitive to forecasting assumptions about future growth rates of the underlying business (which may be influenced by the future effects of climate change) and regulatory changes.

Included within net deferred tax assets are deferred tax assets recognised for intangibles of £159 million (2025: £175 million) arising in the Group's Dutch business. These deferred tax assets are expected to be recovered by way of utilisation against future taxable profits. The Group considers there to be forecast future taxable profits which support the recognition of these long term deferred tax assets. The period over which these deferred tax assets are utilised is sensitive to forecasting assumptions about future growth rates (which may be influenced by the future effects of climate change) and regulatory changes. These deferred tax assets are expected to be recovered over a period of 13 years corresponding to the life of the intangibles.

Included within net deferred tax assets are deferred tax assets recognised of £165 million (2025: £231 million) in relation to tax credits brought forward within the group's Maltese treasury centre, recognised as a result of clarifying tax guidance issued by the tax authorities during FY24 and the resulting intention to utilise these brought forward tax credits against taxable income arising from long term loans of a fixed term tenure. The period over which these deferred tax assets are utilised is sensitive to forecasting assumptions about future growth rates of the underlying business (which may be influenced by the future effects of climate change) and regulatory changes. The Group considers there is positive evidence that sufficient future taxable profits would still be available. Based on a range of forecast scenarios modelling sensitivities these deferred tax assets are expected to be utilised over a period of 4-9 years. Tax credits arising within the Maltese group in periods prior to the formation of tax fiscal units, are kept in abeyance and therefore unavailable for utilisation within the fiscal unit and no Deferred Tax Asset has been recognised thereon, but amounts are included within unrecognised Deferred Tax.

Net deferred tax assets include £159 million (2025: £173 million) of deferred tax assets recognised in respect of the Delaware ruling settlement, where the associated tax deduction arises on a paid basis.

We have reviewed the recoverability of deferred tax assets in overseas territories in the light of forecast business performance. In 2026 we have recognised deferred tax assets of £10 million that were previously unrecognised (2025: recognised deferred tax assets of £2 million that were previously unrecognised) on the basis that it is more likely than not that these are recoverable.

A deferred tax liability of £84 million (2025: £64 million) is recognised in respect of taxation expected to arise on the future distribution of unremitted earnings totalling £3.50 billion (2025: £2.09 billion).

The temporary differences associated with investments in the Group's subsidiaries, associates and joint ventures for which a deferred tax liability has not been recognised in the periods presented, aggregate to £120 million (2025: £1,070 million) for which a deferred tax liability of £3 million (2025: £27 million) has not been recognised. No liability has been recognised due to statutory limits on distributable reserves.

24. RETIREMENT BENEFIT SCHEMES

The Group operates a number of retirement benefit schemes for its employees, including both defined benefit and defined contribution schemes. The Group's three principal schemes are defined benefit schemes and are operated by Imperial Tobacco Limited (ITL) in the UK, Reemtsma Cigarettenfabriken GmbH in Germany and ITG Brands in the USA; these schemes represent 64%, 16% and 7% of the Group's total defined benefit obligations (2025: 64%, 17% and 7%) and 0%, 41% and 9% of the current service cost (2025:0%, 47% and 11%) respectively.

Imperial Tobacco Pension Fund

The UK scheme, the Imperial Tobacco Pension Fund ("ITPF"), was closed to future accrual on 30 September 2023. The ITPF defined benefit obligation comprises 81% in respect of pensioners and dependants, 19% in respect of deferred members and has a weighted average maturity of 10 years.

The ITPF operates under trust law and is managed and administered by the Trustees on behalf of the members in accordance with the terms of the Trust Deed and Rules and relevant legislation. The ITPF assets are held by the trust.

The main risk for the company in respect of the ITPF is that additional contributions are required if the assets are not expected to be sufficient to pay for the benefits. The investment portfolio is subject to a range of risks typical of the asset classes held, such as liquidity to manage the Liability Driven Investment (LDI) portfolio, credit exposure within investment funds and exposure to the property market. The ITPF holds a buy-in policy with Standard Life as an asset; this covers around 58% (2025: 57%) of the pensioner defined benefit obligation. The buy-in eliminates investment return, longevity, inflation and funding risks in respect of those benefits covered.

The main uncertainties affecting the level of benefits payable under the ITPF are future inflation levels, as these impact increases to pensions, and the actual longevity of the membership.

The contributions paid to the ITPF are set by the ITPF Scheme Actuary every three years. The Scheme Actuary is an external consultant, appointed by the Trustees. Principal factors that the Scheme Actuary will have regard to include the covenant offered by the company, the level of risk in the ITPF, the expected return on assets, the results of the funding assessment on the Technical Provisions basis and the expected cost of securing benefits if the ITPF were to be wound up.

The last triennial valuation as at 31 March 2025 was agreed during 2026 and reported a 107% funding ratio on the Technical Provision basis. This basis follows the principles of a low dependency funding basis as set out in the UK defined benefit funding code. No contributions were paid in both 2025 and 2026, none are expected during 2027 and a full refund of escrow account was made to ITL during 2026. ITL and the Trustee agreed to maintain the existing dynamic contribution schedule which allows for contributions to be required should a funding deficit emerge in future (either in escrow or the ITPF). It was also agreed to remove the requirement for a surety bond as long as the financial health of the ITPF remains strong (previous bond was £120 million) and a parental guarantee from Imperial Brands PLC remains in place. In certain circumstances, surplus funds in the defined benefit section of the ITPF may be used to finance defined contribution section contributions on ITL's behalf with company contributions reduced accordingly.

The IAS 19 measurement of the defined benefit obligation is sensitive to the assumptions made about future inflation as well as the assumptions made about life expectancy. It is also sensitive to the discount rate, which depends on market yields on sterling denominated AA corporate bonds. The main differences between the Technical Provisions and IAS 19 assumptions are a more prudent longevity assumption for Technical Provisions and a different approach to setting the discount rate. A consequence of the ITPF's investment strategy, with a proportion of the assets invested in return-seeking assets, is that the difference between the market value of the assets and the IAS 19 defined benefit obligation may be relatively volatile.

The ITPF has a pension surplus on the IAS 19 measure and, in line with IFRIC 14, recognition of the net asset on the fund is only appropriate where it can be recovered. The ITPF trust deed gives the company an ability to receive a refund of surplus assets assuming the full settlement of liabilities in the event of a wind-up. Furthermore, in the ordinary course of business the Trustee has no rights to unilaterally wind up the ITPF or otherwise augment the benefits due to the ITPF's members. Based on these circumstances, any net surplus in the ITPF is recognised in full.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The Reemtsma Cigarettenfabriken Pension Plan

The German scheme, the Reemtsma Cigarettenfabriken Pension Plan (RCPP), is primarily a career average pension plan, though a small group of members has final salary benefits. The RCPP defined benefit obligation comprises 58% in respect of pensioners and dependants, 21% in respect of deferred members and 21% in respect of active members and has a weighted average maturity of 14 years. The RCPP was closed to new members from 1 January 2020, but existing active members at that date continue to accrue benefits.

The RCPP is unfunded and the company pays benefits as they arise. The RCPP obligations arise under a works council agreement and are subject to standard German legal requirements around such matters as the benefits to be provided to employees who leave service, and pension increases in payment. Over the next year Reemtsma Cigarettenfabriken GmbH expects to pay £25 million (2025: £26 million) in respect of benefits.

The main uncertainties affecting the level of benefits payable under the RCPP are future inflation levels, as these impact increases to pensions, and the actual longevity of the membership.

The IAS 19 measurement of the defined benefit obligation and the current service cost are sensitive to the assumptions made about the above variables, as well as the discount rate, which depends on market yields on euro denominated AA corporate bonds.

ITG scheme

The main US pension scheme, held by ITG Brands, is the ITG Scheme, is a defined benefit pension plan that is closed to new entrants. The ITG Scheme defined benefit obligation comprises 85% in respect of pensioners and dependants, 3% in respect of deferred members and 12% in respect of active members and has a weighted average maturity of nine years.

The ITG Scheme is funded and benefits are paid from the ITG Scheme assets. Contributions to the plan are determined based on US regulatory requirements. ITG Brands made no contributions this year and is not expected to make any contributions in the next year.

Annual benefits in payment are assumed not to increase from current levels. The main uncertainty affecting the level of benefits payable under the plan is the actual longevity of the membership. Other key uncertainties impacting the plan include investment risk and potential past service benefit changes from future union negotiations.

The IAS 19 measurement of the defined benefit obligation and the service cost are sensitive to the assumptions made about the above variables, as well as the discount rate, which depends on market yields on US dollar denominated AA corporate bonds.

Other plans

Other plans of the Group include various pension plans, other post-employment and long-term employee benefit plans in several countries of operation. Some of the plans are funded, with assets backing the obligations held in separate legal vehicles such as trusts, whilst others are operated on an unfunded basis. The benefits provided, the approach to funding and the legal basis of the plans reflect their local territories. IAS 19 requires that the discount rate for calculating the DBO and service cost is set according to the level of relevant market yields on corporate bonds where the market is considered "deep", or government bonds where it is not.

For the year ended 30 September 2026 the Group included no new schemes in the IAS 19 position that had not been previously reported in the IAS 19 position or elsewhere in the financial statements.

During 2026 the defined benefit accrual for a group of members in Puerto Rico was closed and replaced with a defined contribution plan, resulting in a curtailment gain of £1 million. As a result of the upcoming closure of the Langenhagen Factory, impacted colleagues with defined benefit entitlements had the option to take enhanced early retirement pensions at the point they leave active service in the coming months, the impact of this resulted in a net cost of £42 million to the P&L.

The results of the most recent available actuarial valuations for the various plans have been updated to 30 September 2026 in order to determine the amounts to be included in the Group's consolidated financial statements. The aggregate IAS 19 position is as follows:

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Defined benefit plans

			2026			2025
£ million	**DBO**	**Assets**	**Total**	DBO	Assets	Total
At 1 October	**(3,033)**	**2,546**	**(487)**	(3,287)	2,844	(443)
Consolidated income statement expense:						
Current service cost	**(18)**	**-**	**(18)**	(19)	-	(19)
Settlements gains/(losses)	**-**	**-**	**-**	13	(15)	(2)
Past service income	**12**	**-**	**12**	-	-	-
Cost of termination benefits	**(55)**	**-**	**(55)**	(6)	-	(6)
Net interest (expense)/income on net defined benefit (liability)/asset	**(153)**	**138**	**(15)**	(149)	138	(11)
Administration costs paid from plan assets	**-**	**(6)**	**(6)**	-	(6)	(6)
Cost recognised in the income statement			**(82)**			(44)
Remeasurements:						
Actuarial (loss) due to liability experience	**(17)**	**-**	**(17)**	(64)	-	(64)
Actuarial gain due to financial assumption changes	**181**	**-**	**181**	227	-	227
Actuarial (loss)/gain due to demographic assumption changes	**(6)**	**-**	**(6)**	31	-	31
Return on plan assets excluding amounts included in net interest (expense) above	**-**	**(120)**	**(120)**	-	(221)	(221)
Remeasurement effects recognised in other comprehensive income			**38**			(27)
Cash:						
Employer contributions	**-**	**54**	**54**	-	57	57
Benefits paid	**233**	**(233)**	**-**	253	(253)	-
Net cash			**54**			57
Exchange movements	**12**	**-**	**12**	(32)	2	(30)
Total other			**12**			(30)
At 30 September	**(2,844)**	**2,379**	**(465)**	(3,033)	2,546	(487)

Retirement benefit scheme costs charged to operating profit

£ million	**2026**	2025
Defined benefit expense in operating profit	**67**	33
Defined contribution expense in operating profit	**31**	23
Total retirement benefit scheme cost in operating profit	**98**	56

Split as follows in the consolidated income statement:

£ million	**2026**	2025
Cost of sales	**29**	17
Distribution, advertising and selling costs	**45**	25
Administrative and other expenses	**24**	14
Total retirement benefit scheme costs in operating profit	**98**	56

Assets and liabilities recognised in the consolidated balance sheet

£ million	**2026**	2025
Retirement benefit assets	**296**	314
Retirement benefit liabilities	**(761)**	(801)
Net retirement benefit liability	**(465)**	(487)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Key figures and assumptions used for major plans

£ million unless otherwise indicated	2026 ITPF	2026 RCPP	2026 ITG Scheme	2025 ITPF	2025 RCPP	2025 ITG Scheme
Defined benefit obligation (DBO)	**1,830**	**459**	**201**	1,951	511	224
Fair value of scheme assets	**(2,060)**	**-**	**(228)**	(2,196)	-	(253)
Net defined benefit (asset)/liability	**(230)**	**459**	**(27)**	(245)	511	(29)
Current service cost	**-**	**8**	**2**	-	9	2
Employer contributions	**-**	**24**	**-**	-	24	-
Principal actuarial assumptions used (% per annum)						
Discount rate	**6.5**	**4.8**	**6.3**	5.7	3.9	5.2
Future salary increases	**n/a**	**3.2**	**n/a**	n/a	3.0	n/a
Future pension increases	**3.3**	**2.2**	**n/a**	3.0	2.0	n/a
Inflation	**3.2**	**2.2**	**2.3**	3.0	2.0	2.3

	2026 ITPF		2026 RCPP		2026 ITG Scheme	
	Male	**Female**	**Male**	**Female**	**Male**	**Female**
Life expectancy at age 65 years:						
Member currently aged 65	**21.8**	**22.0**	**21.2**	**24.5**	**20.0**	**22.0**
Member currently aged 50	**22.6**	**23.2**	**23.2**	**26.1**	**21.2**	**23.2**

	2025 ITPF		2025 RCPP		2025 ITG Scheme	
	Male	Female	Male	Female	Male	Female
Life expectancy at age 65 years:						
Member currently aged 65	21.6	22.0	21.0	24.4	19.9	21.9
Member currently aged 50	22.4	23.1	23.1	26.0	21.1	23.1

Assumptions regarding future mortality experience are set based on advice that uses published statistics and experience in each territory. In particular for the ITPF, SAPS S4 (2025: SAPS S4) tables are used with various adjustments for different groups of members, reflecting observed experience. The largest group of members uses the SAPS S4 Normal Health Male table with a 100% multiplier. An allowance for improvements in longevity is made using the 2024 (2025: 2023) CMI improvement rates with a long-term trend of 1.25% per annum.

Sensitivity analysis for key assumptions at the end of the year

Sensitivity analysis is illustrative only and is provided to demonstrate the degree of sensitivity of results to key assumptions. Generally, estimates are made by re-performing calculations with one assumption modified and all others held constant.

% increase in DBO	2026 ITPF	2026 RCPP	2026 ITG Scheme	2025 ITPF	2025 RCPP	2025 ITG Scheme
Discount rate: 0.5% decrease	**4.9**	**7.1**	**4.4**	5.2	7.5	4.6
Rate of inflation: 0.5% decrease	**(4.0)**	**(5.1)**	**n/a**	(4.2)	(5.4)	n/a
One year increase in longevity for a member currently age 65, corresponding changes at other ages	**3.8**	**3.8**	**3.8**	4.0	3.9	4.2

The sensitivity to the inflation assumption change includes corresponding changes to the future salary increases and future pension increases assumptions, but is assumed to be independent of any change to discount rate.

We estimate that a 0.5% decrease in the discount rate at the start of the year would have increased the consolidated income statement pension expense by approximately £6 million (2025: £7 million).

An approximate split of the major categories of ITPF scheme assets is as follows:

£ million unless otherwise indicated	2026 Fair value	2026 Percentage of ITPF scheme assets	2025 Fair value	2025 Percentage of ITPF scheme assets
Bonds - index linked government / LDI funds	**701**	**34.0**	444	20.2
Bonds - corporate and other	**192**	**9.3**	114	5.2
Property including ground leases	**48**	**2.3**	388	17.7
Secured finance and private debt funds	**177**	**8.6**	303	13.7
Insurance contract (buy-in policy)	**858**	**41.7**	926	42.2
Other - including cash and short-term loan drawings	**84**	**4.1**	21	1.0
	2,060	**100.0**	2,196	100.0

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The primary investment objective is to invest the ITPF's assets in an appropriate and secure manner such that members' benefit entitlements can be paid as they fall due.

The majority of the assets are non-quoted. The ITPF holds £nil of self-invested assets (2025: £nil).

An approximate split of the major categories of ITG Scheme assets is as follows:

	2026		2025	
£ million unless otherwise indicated	**Fair value**	**Percentage of ITG Scheme assets**	Fair value	Percentage of ITG Scheme assets
Bonds - government, corporate and other	**129**	**56.6**	134	53.0
Other - including derivatives, commodities and cash	**99**	**43.4**	119	47.0
	228	**100.0**	253	100.0

The majority of the assets are non-quoted.

25. PROVISIONS

				2026
£ million	**Restructuring**	**Employment related claims**	**Other**	**Total**
At 1 October 2025	**101**	**91**	**60**	**252**
Additional provisions charged to the consolidated income statement	**129**	**23**	**46**	**198**
Amounts used	**(16)**	**(16)**	**(3)**	**(35)**
Unused amounts reversed	**(1)**	**(17)**	**(26)**	**(44)**
Exchange movements	**(3)**	**(2)**	**(1)**	**(6)**
At 30 September 2026	**210**	**79**	**76**	**365**

Analysed as:

£ million	**2026**	2025
Current	**144**	55
Non-current	**221**	197
	365	252

Restructuring provision

£ million	**2026**	2025
2030 Strategy Review Programme	**125**	-
2021 Strategy Review Programme	**40**	49
Other	**45**	52
	210	101

In March 2025, the 2030 Strategy Review Programme commenced. The total costs of this programme is expected to be c.£740 million of which c.£600 million are anticipated to be cash costs. The majority of the cash spend, c.£500 million is expected to be split between FY27 and FY28. For the year ended 30 September 2026, a total provision of £125 million (30 September 2025: £1 million) has been recognised in respect of this programme. The majority of this provision relates to costs associated with the closure of the Langenhagen factory.

Employment related claims provisions include £21 million (2025: £17 million) relating to local employment requirements including holiday pay and £17 million (2025: £20 million) of distribution requirements relating to employment and duty. An amount of £41 million (2025: £54 million) has been provided for employment related claims arising from a number of legacy legal disputes. Although the company continues to appeal a number of these claims, in the current year the Group has resolved to engage with certain counterparties where a valid claim has been established. There are uncertainties relating to the estimation and quantification of this provision and amounts may change in the future, but this provision is expected to be utilised within the next two years.

Other provisions include £54 million (2025: £30 million) relating to various local tax or duty requirements, £2 million (2025: £8 million) of market exit provisions and £nil for factory closure provisions (2025: £2 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

26. SHARE CAPITAL

	2026		2025	
	Ordinary shares 10p each		Ordinary shares 10p each	
	Number	£ million	Number	£ million
Authorised, issued and fully paid:				
1 October	**869,890,634**	**87**	914,502,882	91
Shares cancelled	**(52,466,859)**	**(5)**	(44,612,248)	(4)
30 September	**817,423,775**	**82**	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. Pursuant to the completion of this programme, the Group purchased 3,501,120 shares for a cost 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 has been completed on 6 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 ended on 10 April 2026. The first tranche purchased 23,100,953 shares for a cost of £725 million. Upon completion of the purchase, these shares were cancelled and transferred to the capital redemption reserve. For the second tranche of the programme, the Group entered into an irrevocable and non-discretionary arrangement with Barclays Capital Securities Limited ("Barclays") to buy back up to £725 million of its shares. The second tranche commenced on 13 April 2026 and in the period to 30 September 2026, the second tranche purchased 25,864,786 shares for a cost of £696 million.

In the period to 30 September 2026 52,466,859 shares have been bought back and cancelled at a cost of £1,527 million. The stamp duty costs were £8 million and the fees charged for the share repurchase were £2 million. Upon completion of the purchase, these shares were cancelled and transferred to the capital redemption reserve. As at 30 September 2026, the Group has recognised a liability of £39 million for the remaining shares to be purchased.

At 30 September 2026 the balances of the share premium and capital redemption reserves were £5,833 million (2025: £5,833 million) and £25 million (2025: £20 million) respectively.

27. SHARE SCHEMES

The Group operates four types of share-based incentive programmes, designed to incentivise staff and to encourage them to build a stake in the Group.

Share Matching Scheme

Awards are made to eligible employees who are invited to invest a proportion of their eligible bonus in shares for a period of three years, after which matching shares are awarded on a 1:1 ratio, plus dividend equivalents.

Long-Term Incentive Plan (LTIP)

Awards of shares under the LTIP are made to the Executive Directors and senior executives at the discretion of the Remuneration Committee. They vest three years after grant and are subject to performance criteria. Dividend equivalents accrue on vested shares.

Sharesave Plan

Options are granted to eligible employees who participate in a designated savings scheme for a three-year period.

Discretionary Share Awards Plan (DSAP)

Under the DSAP, one-off conditional awards are made to individuals to recognise exceptional contributions within the business. Awards, which are not subject to performance conditions and under which vested shares do not attract dividend roll-up, will normally vest on the third anniversary of the date of grant subject to the participant's continued employment. The limit of an award under the DSAP is capped at 25% of the participant's salary at the date of grant. Shares used to settle awards under the DSAP will be market purchased.

Further details of the schemes including additional criteria applying to Directors and some senior executives are provided within the "Determination of 2026 annual bonus plan" and "Long-Term Incentive Plan awards vesting" sections of the Directors' Remuneration Report.

Analysis of charge to the consolidated income statement

£ million	2026	2025
Share Matching Scheme	**2**	2
Long Term Incentive Plan	**35**	32
Sharesave Plan	**2**	1
Discretionary Share Awards Plan	**2**	1
	41	36

The awards are predominantly equity settled. The balance sheet liability in respect of cash-settled schemes at 30 September 2026 was £3.2 million (2025: £1.8 million).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Reconciliation of movements in awards/options

Thousands of shares unless otherwise indicated	Share Matching Scheme awards	LTIP awards	Sharesave options	DSAP awards	2026 Sharesave weighted average exercise price £
Outstanding at 1 October 2025	**293**	**8,307**	**1,545**	**287**	**16.22**
Granted	**83**	**2,968**	**455**	**23**	**23.12**
Cancelled/forfeited/lapsed	**(2)**	**(1,792)**	**(67)**	**(7)**	**17.26**
Exercised	**(135)**	**(2,004)**	**(618)**	**(58)**	**14.32**
Outstanding at 30 September 2026	**239**	**7,479**	**1,315**	**245**	**19.44**
Exercisable at 30 September 2026	**-**	**-**	**177**	**-**	**14.29**

Thousands of shares unless otherwise indicated	Share Matching Scheme awards	LTIP awards	Sharesave options	DSAP awards	2025 Sharesave weighted average exercise price £
Outstanding at 1 October 2024	371	8,565	1,540	211	14.78
Granted	104	3,296	311	166	21.64
Cancelled/forfeited/lapsed	(15)	(1,171)	(75)	(15)	14.80
Exercised	(167)	(2,383)	(231)	(75)	14.36
Outstanding at 30 September 2025	293	8,307	1,545	287	16.22
Exercisable at 30 September 2025	-	-	34	-	14.56

The weighted average Imperial Brands PLC share price at the date of exercise of awards and options was £27.36 (2025: £29.16). The weighted average fair value of Sharesave options granted during the year was £4.23 (2025: £4.99).

Summary of awards/options outstanding at 30 September 2026

Thousands of shares unless otherwise indicated	Number of awards/options outstanding	Vesting period remaining in months	Exercise price of options outstanding £
Share Matching Scheme			
2024	**111**	**5**	**n/a**
2025	**71**	**17**	**n/a**
2026	**57**	**29**	**n/a**
Total awards outstanding	**239**		
Long Term Incentive Plan			
2023	**4**	**-**	**n/a**
2024	**2,814**	**5**	**n/a**
2025	**2,289**	**17**	**n/a**
2026	**2,372**	**29**	**n/a**
Total awards outstanding	**7,479**		
Sharesave Plan			
2023	**177**	**-**	**14.29**
2024	**398**	**10**	**15.96**
2025	**290**	**22**	**21.64**
2026	**450**	**34**	**23.12**
Total options outstanding	**1,315**		
Discretionary Share Awards Plan			
2024	**61**	**5**	**n/a**
2025	**163**	**18**	**n/a**
2026	**21**	**28**	**n/a**
Total options outstanding	**245**		

The vesting period is the period between the grant of awards or options and the earliest date on which they are exercisable. The vesting period remaining and the exercise price of options outstanding are weighted averages. Participants in the Sharesave Plan have six months from the maturity date to exercise their options. Participants in the LTIP generally have seven years from the end of the vesting period to exercise their options. The exercise price of the options is fixed over the life of each option.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Pricing

For the purposes of valuing options to calculate the share-based payment charge, the Black-Scholes option pricing model has been used for the Share Matching Scheme, Sharesave Plan, and Discretionary Share Awards Plan with no market conditions. A summary of the assumptions used in the Black-Scholes model for 2026 and 2025 is as follows:

			2026
	Share Matching Scheme	**Sharesave**	**DSAP**
Risk-free interest rate %	**3.5**	**4.1**	**4.2**
Volatility (based on 3-year history)%	**22.3**	**19.6**	**19.8**
Expected lives of options granted years	**3.0**	**3.0**	**2.5**
Dividend yield %	**6.8**	**6.8**	**6.8**
Fair value £	**26.23**	**4.23**	**23.80**
Share price used to determine exercise price £	**32.19**	**27.97**	**28.60**
Exercise price £	**n/a**	**23.12**	**n/a**

			2025
	Share Matching Scheme	Sharesave	DSAP
Risk-free interest rate %	4.0	3.7	3.9
Volatility (based on 3-year history)%	20.0	19.0	19.7
Expected lives of options granted years	3.0	3.0	3.0
Dividend yield %	7.8	7.8	7.8
Fair value £	22.01	4.99	21.97
Share price used to determine exercise price £	27.80	29.09	27.75
Exercise price £	n/a	21.64	n/a

Market conditions were incorporated into the Monte Carlo method used in determining the fair value of LTIP awards at grant date. Assumptions in 2026 and 2025 are given in the following table:

%	**2026**	2025
Future Imperial Brands share price volatility	**19.1**	17.8
Share price volatility of the tobacco and alcohol comparator group	**14.9-25.3**	14.0-24.7
Correlation between Imperial Tobacco and the alcohol and tobacco comparator group	**13.8**	21.0

Employee Share Ownership Trusts

The Imperial Tobacco Group PLC Employee and Executive Benefit Trust and the Imperial Tobacco Group PLC 2001 Employee Benefit Trust (the Trusts) have been established to acquire ordinary shares in the Company to satisfy rights to shares arising on the exercise and vesting of options and awards. Historically the Trusts have been financed by a gift of £19.2 million and an interest free loan of £147.5 million. In addition the Group has gifted treasury shares to the Trusts. None of the Trusts' shares has been allocated to employees or Executive Directors as at 30 September 2026. All finance costs and administration expenses connected with the Trusts are charged to the consolidated income statement as they accrue. The Trusts have waived their rights to dividends and the shares held by the Trusts are excluded from the calculation of basic earnings per share.

Shares held by Employee Share Ownership Trusts

Millions of shares	**2026**	2025
At 1 October	**3.0**	0.3
Gift of shares from Treasury	**4.5**	5.7
Distribution of shares held by Employee Share Ownership Trusts	**(2.9)**	(3.0)
At 30 September	**4.6**	3.0

The shares in the Trusts are accounted for on a first in first out basis and comprise nil shares acquired in the open market (2025: nil).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

28. TREASURY SHARES

Subject to authorisation by special resolution, the Group may purchase its own shares in accordance with the Companies Act. Any shares which have been bought back may be held as treasury shares or, if not so held, must be cancelled immediately upon completion of the purchase, thereby reducing the amount of Group's issued share capital. Shares held in treasury do not qualify for dividends. Shares purchased under the share buyback programme initiated on 7 October 2025 will be cancelled immediately on completion of the purchase. During the financial year 4.5 million shares (2025: 5.7 million shares) were gifted to Employee Share Ownership Trusts.

	2026		2025	
£ million unless otherwise indicated	**Millions of shares (number)**	**Value £**	Millions of shares (number)	Value £
At 1 October	**62.6**	**2,183**	68.3	2,183
Gifted to Employee Share Ownership Trusts	**(4.5)**	**-**	(5.7)	-
At 30 September	**58.1**	**2,183**	62.6	2,183
Percentage of issued share capital	**7.1**	**n/a**	7.2	n/a

29. COMMITMENTS

Capital commitments

£ million	**2026**	2025
Contracted but not provided for:		
Property, plant and equipment and software	**257**	160

Other contractual commitments

£ million	**2026**	2025
Contracted but not provided for:		
Service contracts	**139**	-

30. 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 R.J. Reynolds Tobacco Company ("Reynolds") and Philip Morris USA 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 ("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. and Lorillard, ITGB has been involved in litigation and other disputes with the Previously Settled States, Philip Morris, and Reynolds in the Previously Settled States' state courts and elsewhere. The cases in the Previously Settled States' courts are now resolved.

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 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 £313 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 annual basis thereafter, ITGB reimburse 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 £313 million has been recognised within administrative and other expenses. The charge has been excluded from the calculation of adjusted operating profit. Amounts payable to Reynolds are included within trade and other payables. Of the total balance, £56 million is classified as current, with the remaining £112 million classified as non-current.

MSA Previously Settled States Reduction

The MSA contains a downward adjustment, called the Previously Settled States Reduction, which reduces aggregate payments made by Philip Morris, Reynolds, and ITGB by a specified percentage each year. The State of California, later joined by the remainder of the MSA states and by Philip Morris, challenged the application of that Reduction to ITGB for every year from 2016 forward, claiming that it cannot apply to ITGB since it is not making settlement payments to Florida, Minnesota, or Texas under their settlements. The Independent Auditor to the MSA, which initially addresses disputes related to payments, has rejected that challenge every year. Philip Morris has settled that claim as it relates to Minnesota and Texas, but not Florida thus reducing the size of the claim but not eliminating it. It is possible that one of the parties making the challenge may seek to arbitrate the claim under the MSA. The PSS Reduction provides annual MSA payment reductions of up to c.US$ 65 million. Given that the Independent Auditor has rejected challenges to the PSS Reduction every year, the Group consider that no provision is required with regard to this matter. Accordingly, no provision has been recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Product liability cases

The Group is currently involved in a number of legal cases in which claimants are seeking damages for alleged smoking and health related effects. The Group believes it has meritorious defences to these actions, all of which are being vigorously contested. Although it is not possible to predict the outcome of the pending litigation, the Directors believe that the pending actions will not have a material adverse effect upon the results of the operations, cash flow or financial condition of the Group. This assessment of the probability of economic outflows at the year-end is a judgement which has been taken by management. Consequently, the Group has not provided for any amounts in respect of these cases in the financial statements. There have been no material updates to matters in any product liability investigations in the period since the 2025 Annual Report and Accounts.

Competition authority investigations

Spain

On 12 April 2019 the Spanish National Commission on Markets and Competition (CNMC) announced penalties against Philip Morris Spain, Altadis, JT International Iberia and Logista. Altadis and Logista received fines of €11.4 million and €20.9 million, respectively, from the CNMC. According to the decision, Altadis and Logista 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. 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 did not 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.

Other litigation

US Helms-Burton litigation

Imperial Brands PLC (IB) has been named as a defendant in a civil action in federal court in Miami, Florida under Title III of the Cuban Liberty and Democratic Solidarity Act of 1996 ("Helms-Burton") filed on 6 August 2020. Title III provides United States nationals with a cause of action and a claim for treble damages against persons who have "trafficked" in property expropriated by the Cuban government. Although the filed claim is for unquantified damages, we understand the claim could potentially reach approximately US$ 365 million, based on the claimants' claim to own 90% of the property, which they value at US$ 135 million (and then treble based on the claimants' interpretation of the legislation). The claim is based on allegations that IB, through Corporación Habanos S.A. (a joint venture between one of Imperial's now former subsidiaries and the Cuban government), has "trafficked" in a factory in Havana, Cuba that the Cuban government confiscated from the claimants' ancestor in the early 1960s, by using the factory to manufacture, market, sell, and distribute Habanos cigars.

At the time the claim was filed against IB and up until the conclusion of the Brexit "transition period" on 31 December 2020, IB was subject to an EU law known as the EU Blocking Statute (Regulation (EC) No. 2271/96), which conflicts with Helms-Burton, protected IB against the impact of Title III, and impacted how Imperial might respond to the threatened litigation. The EU Blocking Statute has been transposed into domestic law with only minimal changes. Accordingly, on 10 January 2021, IB submitted an application to the UK Department for International Trade (now the Department for Business and Trade) for authorisation from the Secretary of State for International Trade to defend the action or, at a minimum, to file and litigate a motion to dismiss the action and this was granted on 8 February 2021.

Following a lengthy motion to dismiss proceeding, on 28 November 2023, a magistrate issued a recommended ruling, and recommended dismissal of the case in its entirety as against Imperial on three separate grounds. On 8 April 2024, the judge adopted the magistrate's recommendation that the case be dismissed for lack of personal jurisdiction and entered an order dismissing and closing the case.

The Claimants filed an appeal against the judge's dismissal of the claim on 7 May 2024. The claimants' appeal submissions were filed on 16 August 2024, and the Group response was submitted on 16 October 2024. The appeal hearing took place on 12 August 2025.

On 23 July 2026 the US Court of Appeals for the Eleventh Circuit upheld the dismissal of the Rodriguez claim against IB, confirming that the US courts do not have personal jurisdiction over IB in relation to this matter.

The appeal has therefore been successfully defended and the claim against IB remains dismissed. The claimants did not seek a rehearing before the Court of Appeals by the 13 August 2026 deadline. On 15 September 2026, the Rodriguez claimants filed a petition for writ of certiorari with the US Supreme Court seeking discretionary review of the Court of Appeals' decision upholding the dismissal of the claim against IB. On 3 November 2026, IB submitted a brief in opposition to the claimants' petition for review.

No provision has been made for potential liabilities related to this claim based on the current accounting assessment of the probability of a future economic outflow.

United Kingdom

In June 2020, the Group responded to a claimant law firm's allegation of human rights issues in the Malawian tobacco supply chain, which included allegations relating to child and forced labour. In December 2020, a claim was filed in the English High Court against Imperial Brands plc, Imperial Tobacco Limited and four of its subsidiaries (the Imperial Defendants) and two entities in the British American Tobacco (the BAT Defendants) group by a group of Malawian tobacco farm workers. The Imperial Defendants have acknowledged service and confirmed to the claimants that they intend to defend the claim in full.

The Imperial Defendants have not yet been required to file their Defence. The deadline for the Imperial and BAT Defendants to do so has been postponed pending other case management actions and will be determined at a subsequent case management hearing after the completion of a matching exercise (which will seek to establish whether the claimants worked for farmers who grew tobacco purchased by either Defendant group). That hearing is unlikely to take place before 2027. The claim is unquantified and given the early stage of the litigation a provision would not be appropriate.

31. NET DEBT

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

£ million	Current borrowings	Lease liabilities	Non-current borrowings	Derivative financial instruments	Liabilities from financing activities	Cash and cash equivalents	Total
At 1 October 2025	**(1,070)**	**(402)**	**(8,524)**	**(397)**	**(10,393)**	**1,439**	**(8,954)**
Reallocation of current borrowings from non-current borrowings	**(1,413)**	**-**	**1,413**	**-**	**-**	**-**	**-**
Cash flow	**1,038**	**117**	**(1,901)**	**9**	**(737)**	**430**	**(307)**
Change in accrued interest	**12**	**(15)**	**(18)**	**-**	**(21)**	**-**	**(21)**
Change in fair values	**-**	**-**	**-**	**57**	**57**	**-**	**57**
New leases, terminations and modifications	**-**	**(105)**	**-**	**-**	**(105)**	**-**	**(105)**
Exchange movements	**13**	**7**	**12**	**159**	**191**	**13**	**204**
At 30 September 2026	**(1,420)**	**(398)**	**(9,018)**	**(172)**	**(11,008)**	**1,882**	**(9,126)**

£ million	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	(1,613)	-	1,613	-	-	-	-
Cash flow	1,774	109	(2,438)	144	(411)	310	(101)
Change in accrued interest	12	(15)	(38)	3	(38)	-	(38)
Change in fair values	-	-	-	8	8	-	8
New leases, terminations and modifications	-	(95)	-	-	(95)	-	(95)
Exchange movements	(52)	(15)	(155)	(217)	(439)	51	(388)
At 30 September 2025	(1,070)	(402)	(8,524)	(397)	(10,393)	1,439	(8,954)

Average reported net debt during the year was £10,831 million (2025: £10,131 million).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Analysis by denomination currency

£ million	GBP	EUR	USD	Other	2026 Total
Cash and cash equivalents	**438**	**813**	**136**	**495**	**1,882**
Total borrowings	**(506)**	**(4,074)**	**(5,852)**	**(6)**	**(10,438)**
	(68)	**(3,261)**	**(5,716)**	**489**	**(8,556)**
Effect of cross-currency swaps	**324**	**(6,542)**	**5,861**	**-**	**(357)**
	256	**(9,803)**	**145**	**489**	**(8,913)**
Lease liabilities	**(32)**	**(305)**	**(36)**	**(25)**	**(398)**
Derivative financial instruments					**185**
Net debt					**(9,126)**

£ million	GBP	EUR	USD	Other	2025 Total
Cash and cash equivalents	185	522	256	476	1,439
Total borrowings	(693)	(3,943)	(4,950)	(8)	(9,594)
	(508)	(3,421)	(4,694)	468	(8,155)
Effect of cross-currency swaps	477	(5,519)	4,662	-	(380)
	(31)	(8,940)	(32)	468	(8,535)
Lease liabilities	(36)	(291)	(37)	(38)	(402)
Derivative financial instruments					(17)
Net debt					(8,954)

32. RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET DEBT

£ million	2026	2025
Increase in cash and cash equivalents	**430**	310
Cash flows relating to derivative financial instruments	**9**	144
Repayment of lease liabilities	**117**	109
Increase in borrowings	**(2,921)**	(3,899)
Repayment of borrowings	**2,058**	3,235
Change in net debt resulting from cash flows	**(307)**	(101)
Other non-cash movements including revaluation of derivative financial instruments	**36**	(30)
New leases, terminations and modifications	**(105)**	(95)
Exchange movements	**204**	(388)
Movement in net debt during the year	**(172)**	(614)
Opening net debt	**(8,954)**	(8,340)
Closing net debt	**(9,126)**	(8,954)

The increase in borrowings and repayment of borrowings reflect the cash flow movements relating to borrowings outstanding at the start and at the end of each financial year; cash flows relating to short-term borrowings drawn down and repaid within the year are not included in this analysis.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

33. NON-CONTROLLING INTERESTS

Material non-controlling interests

Detailed below is the summarised financial information of Logista, being a subsidiary where the non-controlling interest of 49.99% is considered material to the Group.

Summarised balance sheet
at 30 September

Euro million	2026	2025
Current assets	**6,735**	6,575
Current liabilities	**(7,367)**	(7,251)
Current net liabilities	**(632)**	(676)
Non-current assets	**1,698**	1,732
Non-current liabilities	**(415)**	(414)
Non-current net assets	**1,283**	1,318
Net assets	**651**	642

Summarised statement of comprehensive income
for the year ended 30 September

Euro million	2026	2025
Revenue	**13,837**	13,536
Profit for the year	**282**	281
Total comprehensive income	**283**	281

Summarised cash flow statement
for the year ended 30 September

Euro million	2026	2025
Cash flows from operating activities	**510**	601
Cash flows from investing activities	**(251)**	(223)
Cash flows from financing activities	**(351)**	(373)
Net (decrease)/increase in cash and cash equivalents	**(92)**	5

34. POST BALANCE SHEET EVENTS

Share buybacks

On 7 October 2025 Imperial Brands PLC ('the Company') announced a share buyback programme to repurchase up to £1.45 billion of shares. This programme completed on 6 October 2026 with the Company having repurchased 1,202,743 shares for a total consideration of £30 million in the period from 1 October 2026 to 6 October 2026.

On 8 October 2026 Imperial Brands PLC ("the Company") announced the start of a new ongoing share buyback programme, to initially repurchase up to £1.5 billion of shares in the period to 29 October 2027. On 8 October 2026, in order to execute the first tranche of this buyback, the Company announced it had entered into an irrevocable and non-discretionary arrangement with its broker HSBC Bank plc to buy back up to £750 million of its shares commencing from 8 October 2026 and expected to end no later than 4 May 2027.

35. RELATED UNDERTAKINGS

In accordance with Section 409 of the Companies Act 2006 a full list of subsidiaries, partnerships, associates, and joint ventures, the principal activity, the full registered address and the effective percentage of equity owned by Imperial Brands PLC, as at 30 September 2026, are provided in the entity financial statements of Imperial Brands PLC. There are no material related parties other than Group companies.

ALTERNATIVE PERFORMANCE MEASURES

Use of alternative performance measures

Management believes that non-GAAP or alternative performance measures provide an important comparison of business performance and reflect the way in which the business is controlled. The alternative performance measures seek to remove the distorting effects of a number of significant gains or losses arising from transactions which are not directly related to the ongoing underlying performance of the business. There is judgement involved in assessing such transactions, which includes considering the nature, size or incidence, either individually or in aggregate.

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 historical 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 historical 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

Key adjusting items are significant gains or losses arising from transactions which are not directly related to the ongoing underlying performance of the business. Conversely, transactions which are fundamental part of the on-going operation of the business are not subject to adjustments irrespective of size or occurrence. There is judgement involved in assessing such transactions, which includes considering the nature, size or incidence, either individually or in aggregate.

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/income 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		2026	2025
Amortisation and impairment of acquired intangibles		**(338)**	(369)
2030 Strategy review programme costs	6	**(327)**	(122)
Settlement cost of historical legal cases		**(313)**	-
Fair value adjustment to financial asset	21	**36**	-
Other		**(54)**	(7)
Total adjusting administrative and other expenses		**(996)**	(498)
Total non-adjusting administrative and other expenses		**(544)**	(545)
Administrative and other expenses		**(1,540)**	(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 is recognised immediately in the income statement. The Group excludes from adjusted performance measures the amortisation and impairment of acquired intangibles, other than software and internally generated intangibles, and the deferred tax associated with amortisation of acquired intangibles.

It is recognised that there may be some correlation between the amortisation charges derived from the acquisition value of acquired intangibles, and the subsequent future profit streams arising from sales of associated branded products. However, the amortisation of intangibles is not directly related to the operating performance of the business. Conversely, the level of profitability of branded products is directly influenced by day-to-day commercial actions, with variations in the level of profit derived from branded product sales acting as a clear indicator of performance. Given this, the Group's view is that amortisation and impairment charges do not clearly correlate to the ongoing variations in the commercial results of the business and are therefore excluded to allow a clearer view of the underlying performance of the organisation. The deferred tax arising on intangibles which are either being amortised or are fully amortised is excluded on the basis that amortisation of intangibles is not directly related to the operating performance of the business. The related current cash tax benefit is retained in the adjusted measure to reflect the ongoing tax benefit to the Group.

Total amortisation and impairment for the year is £428 million (2025: £425 million) of which £345 million (2025: £369 million) relates to acquired intangibles and is adjusting and £83 million (2025: £56 million) relates to internally generated intangibles and is non adjusting. In the year ended 30 September 2026 adjusting items all relate to amortisation. £338 million (2025: £358 million) is attributable to Tobacco & NGP and £7 million (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 30 September 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 30 September 2026 total £327 million (30 September 2025: £122 million) of which £118 million (30 September 2025: £21 million) was paid during the period.

Settlement cost of historical legal cases

This charge relates to the US state settlement agreement which was determined within the Delaware Supreme Court. Please see note 30 for details.

Fair value adjustment to financial asset

Represents an adjusting item for the equity investment revaluation in Auxly Cannabis Group Inc., where the fair value is determined by reference to published closing price quotations in an active market.

Other adjusting items

i. Market entry, 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 £9 million were incurred primarily relating to the write off of licensing costs and associated contract termination costs.

During the year, the provision of £5 million was released as a result of the Group's withdrawal from operations in Kazakhstan.

During the year, the Group recognised costs in connection with the acquisitions of Black Buffalo Incorporated for £9 million and Yoik Group AB for £2 million. The costs comprised legal and professional advisory fees.

ii. Logista specific adjusting items

Logista specific adjusting items totalling £26 million comprised of £8 million for the loss on disposal, £12 million for restructuring costs, £(1) million for equity accounted profit and £7 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.

iv. Costs related to Ukraine crisis

One-off costs of £10 million were recognised in relation to damages to inventory held at a third-party warehouse in Ukraine.

ALTERNATIVE PERFORMANCE MEASURES CONTINUED

Adjusting items recognised within tax

£ million	2026	2025
Deferred tax on amortisation of acquired intangibles	**5**	17
Tax on net foreign exchange and fair value gains and losses on financial instruments	**43**	(168)
Tax on post-employment benefits net financing cost	**6**	5
Tax on other adjusting items	**2**	-
Tax on 2030 Strategy review programme costs	**84**	38
Tax on settlement costs of historical legal cases	**77**	-
Tax on interest settlements	**-**	(2)
Recognition and utilisation of deferred tax assets	**(63)**	(66)
Tax on fair value adjustment to financial assets	**10**	-
Uncertain tax positions	**-**	64
Prior year adjustments	**-**	40
Total adjusting taxation charges	**164**	(72)
Other non-adjusting taxation charges	**(864)**	(836)
Reported tax	**(700)**	(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
- 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.

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.

Tax on unrecognised losses

The recognition and utilisation of deferred tax assets relating to losses not historically generated in the normal course of business are excluded from the adjusted tax charge.

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 treats Logista as an arm's length distributor on the basis that contractual rights are in line with other third party suppliers to Logista. Variations in the amount of inventory held by Logista results in a different level of revenue compared to that which is included within the income statement. For tobacco product sales, inventory level variations are normally not significant.

Reconciliation from Tobacco & NGP revenue to Tobacco & NGP net revenue

	2026			2025		
£ million	**Tobacco**	**NGP**	**Total**	Tobacco	NGP	Total
Revenue	**20,015**	**509**	**20,524**	21,071	432	21,503
Duty and similar items	**(11,925)**	**(90)**	**(12,015)**	(13,120)	(64)	(13,184)
Sale of peripheral products	**(3)**	**-**	**(3)**	(3)	-	(3)
Net revenue	**8,087**	**419**	**8,506**	7,948	368	8,316

From FY27 onwards, the business will replace Tobacco & Next Generation Products (NGP) net revenue with Combustibles & Smokeless net revenue. The main change is the inclusion of Traditional Oral Nicotine Delivery (TOND) products to our current NGP products resulting in Smokeless and comprises associated revenue less duty and similar items, excluding peripheral products. Management considers this an important measure in assessing the performance of Combustibles & Smokeless operations.

Reconciliation from Combustibles & Smokeless revenue to Combustibles & Smokeless net revenue

	2026			2025		
£ million	**Combustibles**	**Smokeless**	**Total**	Combustibles	Smokeless	Total
Revenue	**19,794**	**730**	**20,524**	20,867	636	21,503
Duty and similar items	**(11,839)**	**(176)**	**(12,015)**	(13,041)	(143)	(13,184)
Sale of peripheral products	**(3)**	**-**	**(3)**	(3)	-	(3)
Net revenue	**7,952**	**554**	**8,506**	7,823	493	8,316

The Group will continue to monitor the progress of Next Generation Products (NGP) growth in line with our 2030 Strategy, that includes EVP, HT and MOND but excludes TOND.

Reconciliation from NGP & TOND revenue to NGP & TOND net revenue

	2026			2025		
£ million	**NGP**	**TOND**	**Smokeless**	NGP	TOND	Smokeless
Revenue	**509**	**221**	**730**	432	204	636
Duty and similar items	**(90)**	**(86)**	**(176)**	(64)	(79)	(143)
Net revenue	**419**	**135**	**554**	368	125	493

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	**2026**	2025
Distribution revenue	**11,988**	11,448
Distribution cost of sales	**(10,395)**	(9,918)
Distribution gross profit	**1,593**	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	2026	2025
Profit before tax	**2,748**	3,128
Net finance costs	**397**	374
Share of profit of investments accounted for using the equity method	**(11)**	(12)
Operating profit	**3,134**	3,490
Amortisation and impairment of acquired intangibles	**338**	369
2030 Strategy review programme costs	**327**	122
Settlement costs of historical legal cases	**313**	-
Fair value adjustment to financial asset	**(36)**	-
Other	**54**	7
Total adjustments	**996**	498
Adjusted operating profit	**4,130**	3,988

Reconciliation from Tobacco & NGP operating profit to adjusted operating profit

	2026			2025		
£ million	**Tobacco**	**NGP**	**Total**	Tobacco	NGP	Total
Operating profit/(loss)	**2,892**	**(73)**	**2,819**	3,299	(121)	3,178
Amortisation and impairment of acquired intangibles	**312**	**26**	**338**	313	45	358
2030 Strategy review programme costs	**327**	**-**	**327**	122	-	122
Settlement costs of historical legal cases	**313**	**-**	**313**	-	-	-
Fair value adjustment to financial asset	**-**	**(36)**	**(36)**	-	-	-
Other	**8**	**20**	**28**	7	-	7
Adjusted operating profit/(loss)	**3,852**	**(63)**	**3,789**	3,741	(76)	3,665

From FY27 onwards, the business will replace Tobacco & Next Generation Products (NGP) adjusted operating profit/(loss) with Combustibles & Smokeless adjusted operating profit/(loss). The main change is the inclusion of Traditional Oral Nicotine Delivery (TOND) products to our current NGP products resulting in Smokeless.

Reconciliation from Combustibles & Smokeless operating profit to adjusted operating profit

	2026			2025		
£ million	**Combustibles**	**Smokeless**	**Total**	Combustibles	Smokeless	Total
Operating profit/(loss)	**2,815**	**4**	**2,819**	3,232	(54)	3,178
Amortisation and impairment of acquired intangibles	**312**	**26**	**338**	313	45	358
2030 Strategy review programme costs	**327**	**-**	**327**	122	-	122
Settlement costs of historical legal cases	**313**	**-**	**313**	-	-	-
Fair value adjustment to financial asset	**-**	**(36)**	**(36)**	-	-	-
Other	**8**	**20**	**28**	7	-	7
Adjusted operating profit/(loss)	**3,775**	**14**	**3,789**	3,674	(9)	3,665

Reconciliation from Distribution operating profit to Distribution adjusted operating profit

£ million	2026	2025
Distribution operating profit	**311**	305
Other	**26**	11
Distribution adjusted operating profit	**337**	316

D) Adjusted operating profit margin

Adjusted operating profit margin is adjusted operating profit divided by net revenue expressed as a percentage (see note 3). This measure is separately calculated and disclosed for the Tobacco & NGP and Distribution businesses where appropriate. There is no reconciliation required for this metric.

ALTERNATIVE PERFORMANCE MEASURES CONTINUED

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 historical employee benefit commitments, rather than the ongoing current period costs of operating the business.

Reconciliation from reported net finance costs to adjusted net finance costs

£ million	**2026**	2025
Reported net finance costs	**397**	374
Fair value gains on derivative financial instruments	**404**	227
Fair value losses on derivative financial instruments	**(347)**	(219)
Exchange gains on financing activities	**14**	5
Net fair value and exchange gains on financial instruments	**71**	13
Interest income on net defined benefit assets	**17**	18
Interest cost on net defined benefit liabilities	**(32)**	(29)
Post-employment benefits net financing cost	**(15)**	(11)
Tax interest (cost)/income	**(3)**	38
Effect of discounting on long-term provisions	**-**	(1)
Adjusted net finance costs	**450**	413
Comprising:		
Interest income on bank deposits	**(25)**	(14)
Interest cost on lease liabilities	**15**	15
Interest cost on bank and other loans	**460**	412
Adjusted net finance costs	**450**	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 profit before tax.

Reconciliation from reported tax to adjusted tax

£ million	2026	2025
Reported tax	**700**	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	**43**	(168)
Tax on post-employment benefits net financing costs and income	**6**	5
Tax on 2030 Strategy review programme costs	**84**	38
Tax on interest settlements	**-**	(2)
Tax on settlement costs of historical legal cases	**77**	-
Tax on fair value adjustment to financial asset	**10**	-
Tax on other adjusting items	**2**	-
Recognition and utilisation of deferred tax assets	**(63)**	(66)
Uncertain tax positions	**-**	64
Prior year adjustments	**-**	40
Adjusted tax charge	**864**	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

	2026		2025	
£ million unless otherwise indicated	**Earnings per share (pence)**	**Earnings**	Earnings per share (pence)	Earnings
Reported basic	**242.9**	**1,897**	251.1	2,071
Amortisation and impairment of acquired intangibles	**42.6**	**333**	42.7	352
2030 Strategy review programme costs	**31.1**	**243**	10.2	84
Settlement costs of historical legal cases	**30.2**	**236**	-	-
Fair value adjustment to financial asset	**(5.9)**	**(46)**	-	-
Other adjusting items	**6.7**	**52**	0.8	7
Net fair value and exchange movements on financial instruments	**(14.6)**	**(114)**	18.9	155
Post-employment benefits net financing cost	**1.2**	**9**	0.7	6
Tax interest cost/(income)	**0.4**	**3**	(4.4)	(36)
Effect of discounting on long-term provisions	**-**	**-**	0.1	1
Recognition and utilisation of deferred tax assets	**8.1**	**63**	8.0	66
Uncertain tax positions	**-**	**-**	(7.8)	(64)
Prior year adjustments	**-**	**-**	(4.8)	(40)
Adjustments above attributable to non-controlling interests	**(1.7)**	**(13)**	(0.5)	(4)
Adjusted	**341.0**	**2,663**	315.0	2,598
Adjusted diluted	**338.7**	**2,663**	312.8	2,598

ALTERNATIVE PERFORMANCE MEASURES CONTINUED

H) Return on invested capital (ROIC)

Return on invested capital measures the effectiveness of capital allocation and is calculated by dividing adjusted operating profit after tax by the annual average of: intangible assets, property, plant and equipment, net assets held for sale, inventories, trade and other receivables and trade and other payables. The equivalent tax charge is calculated by multiplying the adjusted effective tax rate for the Group by adjusted operating profit.

The annual average is defined as the average of the opening and closing balance sheet values.

£ million unless otherwise stated	**2026**	2025	2024
Reported operating profit	**3,134**	3,490	3,554
Adjusting items (see section C)	**996**	498	357
Adjusted operating profit	**4,130**	3,988	3,911
Equivalent tax charge	**(966)**	(929)	(888)
Net adjusted operating profit after tax	**3,164**	3,059	3,023
Working capital	**(2,956)**	(2,858)	(2,772)
Intangibles	**16,007**	16,208	15,938
Property, plant and equipment	**1,518**	1,524	1,561
Invested capital	**14,569**	14,874	14,727
Average annual invested capital	**14,722**	14,801	15,361
Return on invested capital (%)	**21.5**	20.7	19.7

I) Constant currency

Constant currency removes the effect of exchange rate movements on the translation of the results of our overseas operations. The Group translates current year results at prior year foreign exchange rates. An analysis of all key metrics can be found in the Group Financial Review.

J) Adjusted net debt

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

Adjusted net debt calculation

£ million	**2026**	2025
Reported net debt	**(9,126)**	(8,954)
Accrued interest	**128**	123
Lease liabilities	**398**	402
Fair value of interest rate derivatives	**(186)**	23
Adjusted net debt	**(8,786)**	(8,406)

Average adjusted net debt during the year was £10,339 million (2025: £9,527 million).

ALTERNATIVE PERFORMANCE MEASURES CONTINUED

K) Adjusted net debt to earnings before interest, taxation, depreciation and amortisation (EBITDA) multiple

This is defined as adjusted net debt divided by adjusted EBITDA. Adjusted net debt is measured at balance sheet foreign exchange rates, with a full reconciliation shown in table J above. Adjusted EBITDA is calculated as adjusted operating profit plus amortisation, depreciation and impairments. An analysis of all key metrics can be found in the Group Financial Review. The reconciliation from adjusted operating profit to adjusted EBITDA is shown below:

£ million	2026	2025
Adjusted operating profit (see section C above)	**4,130**	3,988
Depreciation, amortisation and impairments	**326**	311
Adjusted EBITDA	**4,456**	4,299

L) Adjusted operating cash conversion

Adjusted operating cash conversion is calculated as cash flow from operations pre-restructuring and before interest and tax payments less net capital expenditure relating to property, plant and equipment, software and intellectual property rights as a percentage of adjusted operating profit.

Adjusted operating cash conversion calculation

£ million unless otherwise stated	2026	2025
Net cash flows generated from operating activities	**3,560**	3,627
Tax	**642**	513
Net capital expenditure	**(326)**	(338)
Settlement costs of historical legal cases	**150**	-
2030 Strategy review programme costs	**118**	21
Restructuring	**17**	29
Other	**33**	-
Cash flow post capital expenditure pre interest and tax	**4,194**	3,852
Adjusted operating profit	**4,130**	3,988
Adjusted operating cash conversion	**102%**	97%

M) Free cash flow

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

Net cash flows generated from operating activities to free cash flow

£ million	2026	2025
Net cash generated from operating activities	**3,560**	3,627
Net capital expenditure	**(326)**	(338)
Cash interest	**(439)**	(384)
Minority interest dividends	**(159)**	(156)
Free cash flow	**2,636**	2,749

GLOSSARY

Financial terms	
Adjusted earnings per share	This is an alternative performance measure which is defined within section G of the supplementary information.
Adjusted EBITDA	Adjusted EBITDA is calculated as adjusted operating profit plus amortisation, depreciation and impairments.
Adjusted net debt	This is an alternative performance measure which is defined within section J of the supplementary information.
Adjusted net debt to EBITDA multiple	This is an alternative performance measure which is defined within section K of the supplementary information.
Adjusted net finance costs	This is an alternative performance measure which is defined within section E of the supplementary information.
Adjusted (Non-GAAP)	Non-GAAP measures 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 L of the supplementary information.
Adjusted operating profit	This is an alternative performance measure which is defined within section C of the supplementary information.
Adjusted operating profit margin	This is an alternative performance measure which is defined within section D of the supplementary information.
Adjusted tax charge	This is an alternative performance measure which is defined within section F of the supplementary information.
Aggregate priority market share	Aggregate weighted market volume share, based on our five priority markets (USA, Germany, UK, Spain and Australia). Market volume share is calculated based on a 12-month moving annual total (MAT) volume share position from October to September. The market volume size used in the weighting calculation is based on a constant prior year end actual market size.
All in cost of debt	Adjusted net finance costs divided by the average adjusted net debt in the year.

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	Defined Benefit Obligation
EBITDA	Earnings before interest, taxation, depreciation and amortisation.
EPS	Earnings per share
Free cashflow	This is an alternative performance measure which is defined within section M of the supplementary information.
GAAP	Generally accepted accounting principles.
Market share	Market share data is presented as a 12-month moving average weighted across the markets in which we operate.
Net debt to EBITDA	Adjusted closing net debt divided by adjusted EBITDA.
Reported (GAAP)	Reported (GAAP) complies with UK-adopted International Accounting Standards and the relevant legislation.
Return on invested capital	This is an alternative performance measure which is defined within section H of the supplementary information.
Stick equivalent volumes	Stick equivalent volumes reflect our combined cigarette, fine cut tobacco, cigar and snus volumes but exclude any NGP volume such as heated tobacco, modern oral nicotine and vapour.
Tobacco & NGP net revenue/Distribution gross profit	This is an alternative performance measure which is defined within sections A and B of the supplementary information.
Total shareholder return	Total shareholder return is the total investment gain to shareholders resulting from the movement in the share price and assuming dividends are immediately reinvested in shares.

GLOSSARY CONTINUED

Other	
AAACE	Africa, Asia And Australasia and Central & Eastern Europe.
BERG	Business Employee Resource Groups
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CNMC	Spanish National Commission on Markets and Competition
Combustibles	Tobacco excluding TOND
CO_2E	Carbon Dioxide Equivalent
CSRD	The Corporate Sustainability Reporting Directive
DEI	Diversity, Equity and Inclusion
Distribution	Logistics Segment
ECLT	Eliminating Child Labour in Tobacco Growing Foundation
EFRAG	European Financial Reporting Advisory Group
ELT	Executive Leadership Team
EPR	Extended Producer Responsibility Scheme
ERP	Enterprise Resource Planning
ESG	Environmental, Social and Governance
ESRS	European Sustainability Reporting Standards
EU	European Union
EVP	Electronic Vape Products
EY	Ernst & Young LLP
FCT	Fine Cut Tobacco
FDA	US Food and Drug Administration
FMC	Factory Made Cigarettes
FMCG	Fast Moving Consumer Goods
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
GWh / KWh	Gigawatt-Hour / Kilowatt-Hour
HRIA	Human Rights Impact Assessment
HT	Heated Tobacco
HTP	Heated Tobacco Products
ILO	International Labour Organisation
IOSH	Institution of Occupational Safety and Health
IPM	Integrated Pest Management
ISAE	International Standard for Assurance Engagements
ISO	International Organization for Standardization
IVMS	In Vehicle Monitoring System
KPI	Key Performance Indicators
LCWG	Leaf Compliance Working Group
Leaf CARE	Leaf Compliance and Response Programme
LGBTQ+	Lesbian, Gay, Bisexual, Transgender, Queer or Questioning, Intersex, Asexual, and More

Other	
LTA	Lost Time Accident
LTIP	Long Term Incentive Plans
MMC	Mass Market Cigars
MOND	Modern Oral Nicotine Delivery
MPI	Manufacturer's Price Increase
MSCI	Morgan Stanley Capital International index
NGOs	Non-Government Organisation
NGP	Next Generation Products
NTM	Non-Tobacco Materials
OHSE	Occupational Health Safety and Environment
OND	Oral Nicotine Delivery Category
PDCA	Plan Do Check Act
PG&S	Purchased Goods and Services
PGS Committee	People, Governance and Sustainability Committee
PPE	Personal Protective Equipment
Priority markets	Top 5 combustible markets USA, Germany, UK, Spain and Australia
PSHG	Product Stewardship and Health Group
RECs	Renewable Energy Certificates
SASB	Sustainable Accounting Standards Board
SBTi	Science Based Targets initiative
SCIA	Supply Chain Impact Assessments
SDGs	Sustainable Development Goals
SE	Stick Equivalent volumes reflect our combined cigarette, fine cut tobacco, cigar and snus volumes
SECR	Streamlined Energy and Carbon Reporting
SER	Supplier Engagement Rating
Smokeless	NGP including TOND
STP	Sustainable Tobacco Programme
T&Cs	Terms and Conditions
TCFD	Task Force on Climate-Related Financial Disclosures
Tobacco & NGP	Tobacco & Next Generation Products
TOND	Traditional Oral Nicotine Delivery
UK	United Kingdom
UKEB	UK Endorsement Board
UN SDGs	United Nations Sustainable Development Goals
WDI	Workforce Disclosure Initiative