



DEVELOPING OUR TRACK RECORD

Dear Shareholders

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

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

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

STARTING WITH THE CONSUMER

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

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

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

Our second visit in July was to our fast-developing innovation centre – or "Sense Hub" – in Liverpool. It is a great case study for Imperial's challenger way of developing new products.

We saw how our team was bringing together consumers and third-party partners in the same space to drive new insights and accelerate development cycles. This distinctive way of working has taken us from a position four years ago where our products were uncompetitive to a point now where we have attractive offerings in multiple categories.

ACCELERATING CAPITAL RETURNS FOR SHAREHOLDERS

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

We have clearly defined our capital allocation priorities, which start with investment to support our strategic delivery. Our objective is to support the long-term sustainable cash flows of the business to enable us to maintain our progressive dividend policy and ongoing share buyback. The Board is recommending a total annual dividend of 153.42 pence per share, which represents an increase of 4.5% on the prior financial year in line with the Group's progressive policy. We also announced a change to the future dividend payment profile to four equal dividend payments for FY25 onwards. Smoothing of the dividend payment profile will result in more consistent cash returns to shareholders throughout the year, compared to the current 30:70 split. This is enabled by the strong visibility of cash flows from our portfolio following the successful execution of our strategy.

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

DELIVERING ON PEOPLE AND PLANET OBJECTIVES

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

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

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

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



For more on People and Planet see pages 59-77



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

ENGAGING FOR CONSUMER HEALTH

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

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

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

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

BOARD CHANGES

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

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

BECOMING AN EVEN STRONGER CHALLENGER

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

Thérèse Esperdy
Chair

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