DELIVERING ON OUR STRATEGY

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

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

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

STRONG PERFORMANCE

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

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

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

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

The Company's strong performance has driven constant currency net revenue growth in tobacco and NGP revenue of 4.6% – the strongest like-for-like top-line growth in more than 10 years. Logista in our Distribution segment also contributed positively to our financial results with gross profit up 4.4%. This was driven by strong performance in the underlying business particularly in Spain and Italy as well as the benefit of prior year acquisitions.

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

A STRONGER CHALLENGER BUSINESS

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

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

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

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

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

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

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

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

CONSISTENT COMBUSTIBLE PERFORMANCE

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

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

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

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

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

SUSTAINABLE GROWTH IN NEXT GENERATION PRODUCTS

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

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

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

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

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

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

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

TOWARDS A HEALTHIER FUTURE

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

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

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

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

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

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

ALLOCATING CAPITAL WITH DISCIPLINE

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

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

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

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

OUTLOOK

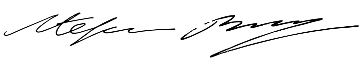
We are now working on our strategy for the next five-year period through to 2030, which will build on the foundations established under the current strategy. Further details will be provided at a capital markets event on 26 March 2025. In the meantime, our priority is to deliver on the final 12 months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

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

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

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

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



Stefan Bomhard
Chief Executive Officer