

**Imperial Brands PLC
Annual General Meeting
1 February 2023**

Slide 1: Annual General Meeting

Slide 2: Thérèse Esperdy

Good afternoon and welcome to our 2023 Annual General Meeting.

I'm Thérèse Esperdy.

Here with me is, on my far right, Non-Executive Director and Chair of the Audit Committee Jon Stanton, followed by Sue Clark, Senior Independent Non-Executive Director and Chair of the Remuneration Committee.

Next to Sue is our Group Chief Executive Stefan Bomhard. On my immediate left are John Downing, Company Secretary, and Lukas Paravicini, Chief Financial Officer.

Today's proceedings are being recorded.

I'll shortly hand over to Stefan for a business overview, but first I'd like to say a few words about our progress.

We have now completed the two-year foundation-building phase of our five-year strategy.

In that time, we have strengthened the Board too, through the addition of two new Executive Directors and four new Non-Executive Directors.

There have been no new appointments to the Board since our last AGM.

In December, Simon Langelier decided that, having served nearly six years, he would not stand for re-election at this AGM and therefore he will step down from the Board at the conclusion of today's meeting.

I'd like to thank Simon for his significant contribution to the Board and commitment to his role. We wish him well in his future endeavours.

Slide 3: Board Engagement – images of engagement over past year

In 2022, the Board's focus has been on bringing our new directors on board, broadening our engagement with stakeholders and deepening our understanding of the business.

During the year, we held Board meetings in London, Bristol, Madrid and Greensboro, North Carolina, giving us opportunities to meet and listen to employees, customers,

consumers and suppliers.

In August, accompanied by Stefan, I visited Malawi to develop a greater understanding of our evolving approach to improving farmer livelihoods and agricultural sustainability.

I am pleased to report that a recent investor perception study suggests investors are supportive of the new strategy and of management, and of the changes we are making to strengthen the business.

We value the feedback we receive, and I look forward to your questions later in today's meeting.

Slide 4: A purpose-led approach to ESG

During 2021, alongside our new strategy, we began articulating a new purpose: "forging a path to a healthier future for moments of relaxation and pleasure".

In the past year, we have evolved these aspirations into granular objectives for our most material environmental, social and governance, or ESG, priorities.

Our most important area of focus will continue to be consumer health.

Our core product – combustible tobacco – has a serious negative impact on health and, from that perspective, the best advice is always not to start smoking, and, if you are concerned about your health, to give up smoking.

However, many consumers tell us they value our products for the moments of relaxation and pleasure they provide.

That is why it is important we are successful in offering attractive, potentially less harmful alternatives to adult smokers.

Our next generation product, or NGP, operations are now more consumer-centric and innovative, and last year the Board was pleased to authorise a disciplined expansion of our footprint.

We can also support a healthier future by delivering on our goal to become Net Zero by 2040.

I am pleased to report that we have reduced our Scope 1 and Scope 2 carbon emissions by 19 per cent since our baseline year of 2017.

Building a more diverse and inclusive business – at all levels – is another priority, and we have brought in new talent from outside the organisation to develop our diversity agenda.

While Imperial is not immune to cost inflation and the squeeze on consumer incomes, the strong foundations we have built mean we are more resilient and better able to deliver sustainable shareholder returns.

We see an ongoing shift towards potentially healthier ways of enjoying moments of relaxation and pleasure – and Imperial is increasingly well placed to support consumers on this journey.

I will now hand over to Stefan for his review of the past year.

Slide 5: Stefan Bomhard

Thank you, Thérèse.

And good afternoon, everyone.

Today I will talk about how we are implementing our strategy, and how this is translating into stronger operational and financial performance.

I'll conclude with our priorities for 2023... and, after that, we look forward to taking your questions.

Slide 6: 2022 Highlights

Our results for 2022 demonstrate that we are well positioned to deliver on our five-year plan to transform your company.

Our targeted investments are delivering operational improvements both in our combustible tobacco business and in NGP.

In combustibles, we have driven a 35-basis point improvement in aggregate market share in our top five markets.

This follows several years of consecutive decline.

In NGP, our consumer trials over the past year have validated our approach, with more targeted and effective investment delivering reduced losses.

We have a clear plan to build momentum in existing NGP markets, launch in additional markets, and introduce new products.

This operational progress is now visible in our financial delivery.

We grew Group adjusted operating profit by 1.8%, and we grew EPS by 4.9%.

Strong cash generation has led to reduced debt, and we reached our target leverage at the end of September 2022.

Confidence in the sustainability of our cash flows has enabled us both to increase the dividend and initiate a £1 billion share buyback.

As a reminder, total capital returns in the current financial year, including ordinary dividends and share buybacks, are expected to exceed £2.3 billion.

These total returns represent about 12% of Imperial's current market capitalisation.

And this is just the start of an ongoing programme to meaningfully reduce the share capital and drive shareholder value.

Slide 7: Stronger Foundations in Place

As Thérèse said, we have concluded the two-year strengthening – or foundation building – phase.

And we are well positioned for the next phase of our strategy, when shareholders can expect to see improved returns.

The timeline on the screen conveys only a fraction of the transformation activity over the past two years.

The bottom line illustrates how we have strengthened the foundations of the company:

We have a new senior leadership team, a refreshed approach to ESG, and new consumer capabilities in our Global Consumer Office.

Along the top line, you can see how these foundations are driving tangible outcomes: the stabilisation of the core tobacco business, growth in NGP, and greater clarity on the role of our broader market portfolio.

While delivering our long-term strategy, our teams have also responded nimbly to unexpected events, such as our exit from Russia.

Slide 8: Adapting to Evolving Consumer Behaviours

I want to take a step back and look at how changes in the broader environment are affecting our consumers – and how we are managing the business to meet their evolving needs.

First, as lockdown restrictions eased last year, consumers are back on the move and buying habits have returned to pre-pandemic patterns.

As expected, market volumes have weakened in Northern Europe and strengthened in traveller destinations.

In these locations, we are working hard with retailers to make sure consumers can find the brands and formats they expect.

The second key trend is the high inflation being experienced in many markets – and its potential impact on consumer spending.

We experienced no material impact on our reported results.

And while the future impact is uncertain, we have been making sure we are as well prepared as possible.

Across our major markets we have been developing our brand portfolios to make sure quality products are available at the right price points.

Third, consumers continue to seek products which bring them relaxation and pleasure while having the potential to reduce the risk to their health.

This is a long-term trend, and – aligned to our purpose – we are committed to building a sustainable NGP business led by consumer insights.

Slide 9: Transforming Imperial Brands

Our growing success is a result of the transformation of the company with new capabilities, new teams, new skills and new ways of working.

As a reminder, our strategy was built around the six concepts contained in this wheel.

The three critical enablers describe how we have been transforming the company.

The first enabler is the way we place the consumer at the centre of the business.

We have set up a Group Consumer Office and attracted top talent from a range of blue-chip consumer goods companies.

Our approach blends the capabilities of these new hires with the deep tobacco expertise and local market knowledge that already exists.

This is creating a more consistent approach in key areas, such as consumer insights, innovation, marketing and revenue growth management.

The second enabler is the creation of a performance-based culture. This has included training and development for all our people to ensure they have a strong understanding of our purpose, vision, and our behaviours.

We are now embedding our behaviours into management incentives, with the bonuses of senior leaders awarded against both “what they deliver” and “how they deliver”.

Our third enabler is to simplify our operations by adopting new ways of working.

Imperial’s acquisitive history has resulted in fragmented processes and systems with limited integration of back-office functions.

We have embarked on a structural transformation programme to simplify these operations – freeing up our people’s time and equipping them with the skills to focus on supporting the consumer and market-facing organisation.

This will be supported by a digital transformation over the next five years, with a new Enterprise Resource Planning system replacing 60 legacy systems.

Slide 10: New ESG Framework and Priorities Established

I want to echo what Thérèse said about the way we are prioritising ESG issues and how we are taking a more structured and data-driven approach.

Last year, we used a materiality assessment to listen to our key stakeholders and inform our priority focus areas and ESG strategy.

In September, we held our first ESG investor webinar to set out our approach and I would encourage you to watch this online, if you have not already.

I see this as the opening exchange in an ongoing conversation – and we look forward to further discussions on our progress.

Slide 11: Strengthening Phase in Place

So, to summarise, the strengthening phase of our strategy is now drawing to a close.

We have built the foundations to support the ‘improving returns’ phase of our strategy over the next three years.

We continue to see the benefit of the actions we are taking to strengthen the key areas of our investment case.

We have also strengthened the balance sheet and delivered a step-up in shareholder returns.

Slide 12: Priorities for FY23

Looking to our priorities for the coming year...

We will continue to build our critical enablers – stronger consumer capabilities, an embedded performance culture, and a simpler organisation.

In combustibles, we are focused on consolidating last year's gains in our priority market share.

We must never again become the number one share donor in aggregate across these top-five markets.

We will also continue to develop our broader market portfolio.

Our medium-sized and smaller markets are making important contributions.

And in NGP, consumer feedback has validated our approach, providing confidence to increase our investments.

Our overarching priority will be to deliver the improvement in returns for the next phase of our plan.

We also remain disciplined in our capital allocation, which is a key part of the investment case.

These are challenging times for all businesses.

However, I am convinced that our actions are creating a stronger business, better able to navigate uncertainties.

We remain committed to delivering our plan and generating long-term value – aligned to our purpose of forging a path to a healthier future for moments of relaxation and pleasure.

Thank you. I'll now hand back to Thérèse.

Slide 13: Annual General Meeting

Thanks Stefan

Let's now deal with the 20 resolutions to be put to the meeting.

These were set out in the Notice of Meeting which, with your agreement, I'll take as read.

I intend to take questions in respect of all resolutions now and then ask you to vote on all 20, rather than propose each one in turn.

If you do ask a question, please wait for the microphone and let everyone know who you are. Please also state which resolution your question is about.

Are there any questions please?

Thank you for your questions.

We will now proceed to vote on all the resolutions.

All resolutions at our shareholder meetings are decided by polls and our registrar, Equiniti, is present as the polls' scrutineer to count the votes at the end of the Meeting.

The Directors are unanimously in favour of each resolution and recommend that you vote in favour.

Please complete your poll card, ensuring that you sign it, and then place it in the ballot box by the exit as you leave.

I now formally propose that each of the resolutions set out in the Notice of Meeting, and on the poll card, is put to the meeting as a separate resolution.

Resolutions 18 to 20 are special resolutions and will be passed if more than 75 per cent of the votes are cast in favour. All other resolutions are ordinary resolutions and will be passed if more than 50 per cent of the votes cast are in favour.

For the purposes of such counts, abstentions are not included.

Slides 14-17: Resolutions

The proxy votes received prior to the Meeting are now being shown on the screen.

That now completes today's agenda.

Slide 18: Annual General Meeting

Please place your completed voting card in the ballot boxes located at the exits within the next five minutes, at which time the poll will close.

The results will not be available here today; they will be announced on our website as soon as possible.

Thank you for attending today's meeting and I wish you a safe journey home.
Thank you.