

MESSAGE TO SHAREHOLDERS AND STAKEHOLDERS

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present BAT Malaysia's Annual Report and Financial Statements for the financial year ended 31 December 2020.



Tan Sri Dato' Seri (Dr.) Aseh
bin Haji Che Mat (Chairman)

Jonathan Reed
(Managing Director)

BAT Malaysia performed well in 2020 under difficult operating conditions. We view 2020 as a turnaround year for our business. Our volume, profit, net turnover and share all grew in the three closing quarters of the year. This represents our strongest quarter on quarter performance since 2015.

Accordingly, the Board of Directors has declared a dividend of 83 sen per share.

Last year was not without its headwinds. The growing tobacco black market, illegal nicotine vapour sales and the COVID-19 pandemic impacted our revenue and profit from operations by over RM100 million. Despite that, we believe that we established robust responses to these challenges – details on which can be found later in this report.

2020 also saw the launch of our *A Better Tomorrow™* purpose. While combustible tobacco will be at the core of our business for some time to come, we aim to generate an increasingly greater proportion of our revenues from products other than cigarettes, thereby reducing the health impact of our business. This will deliver a better tomorrow for our consumers who will have a range of enjoyable and potentially less risky choices for every mood and moment; for society through reducing the overall health and environmental impacts of our business; for our employees by creating a dynamic and purposeful place to work; and for our shareholders by delivering sustainable superior returns.

We would like to take the opportunity to record our deepest appreciation to Datuk Zainun, who stepped down as our Senior Independent Non-Executive Director on 28 February 2021, after nine years on the Board of BAT Malaysia. The guidance and insights provided by Datuk Zainun in executing her fiduciary duties for the Board have been exemplary.

We would also like to take this opportunity to thank our valued shareholders for your trust and confidence in BAT Malaysia.

Last but not least, we would like to convey a special Terima Kasih to all employees of BAT Malaysia for bringing our ethos of bold, fast, empowered, responsible and diverse to life and delivering a remarkable year for the Company.

As we enter 2021, we are confident that we can build on the turnaround of last year and take the Company back to growth and build *A Better Tomorrow™*.

Tan Sri Dato' Seri (Dr.) Aseh bin Haji Che Mat (Chairman)

Jonathan Reed (Managing Director)