

NO.1

**Building
Sustainable Value
for Shareholders**

ANNUAL REPORT 2025



65th Annual General Meeting

Date : 7th May 2026

Venue : Wau Bulan 2, Level 2, Sofitel Kuala Lumpur Damansara,
No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur

Time : 9:00 a.m.



BUILDING SUSTAINABLE VALUE FOR SHAREHOLDERS

The 2025 Annual Report cover reflects the Company's enduring commitment to building a sustainable value for our shareholders, underpinned by strong governance, responsible leadership, and long-term value creation.

Inspired by the 60-year heritage of Dunhill as the Company's flagship brand, the cover design draws on distinctive visual cues associated with leadership, consistency and excellence. These elements symbolise what it means to be number one – not only in market standing but in the way we operate, govern, and lead as an organisation.

This leadership narrative is reflected in our continued focus on best-in-class internal governance, our recognition as a Top Employer, and our progress as a sustainability leader. Together, these achievements reinforce our belief that sustainable commercial success is built on strong foundations – our people, values, and disciplined approach to doing business responsibly.

The clean, confident design language conveys stability and maturity, while signalling our readiness to continue evolving in a dynamic operating environment. As we mark this milestone year, it represents the convergence of heritage and progress, demonstrating how the Company leverages its strengths to deliver resilient, long-term outcomes, and sustainable value for our shareholders.

BASIS OF THIS REPORT

INTEGRATED REPORTING APPROACH

BAT Malaysia continued its journey into integrated reporting which started in 2022. Guided by relevant local and international guidelines and frameworks, this Annual Report presents the Company's performance and activities for the financial year from 1 January 2025 to 31 December 2025, covering our strategy, governance, and financial performance.

This report also details our non-financial performance during the year, highlighting progress across Tobacco Harm Reduction (THR), and Environmental, Social, and Governance (ESG) priorities. These aspects are further detailed in our Sustainability Statement.

SCOPE AND BOUNDARIES

This report sets out an overview of BAT Malaysia's activities and results for the year, measured against key performance indicators. Our reporting scope covers our operations in Malaysia, including offices, manufacturing plants, and commercial activities.

As a publicly listed company on the Main Market of Bursa Malaysia Securities Berhad, our reporting adheres to all relevant local and international reporting guidelines and frameworks. This includes the Malaysian Code on Corporate Governance (MCCG 2021), the Bursa Malaysia Securities Berhad (Bursa Malaysia) Main Market Listing Requirements (MMLR), the Bursa Malaysia Corporate Governance Guide, the Companies Act 2016, the Malaysian Financial Reporting Standards (MFRS), the International

Financial Reporting Standards (IFRS), and the National Sustainability Reporting Framework (NSRF).

In addition, our sustainability report has been developed in line with key sustainability reporting guidelines, including:

- The GRI Standards;
- Bursa Malaysia Sustainability Reporting Guide (3rd Edition);
- FTSE4Good requirements; and
- International Sustainability Standards Board (ISSB) IFRS S2.

The Sustainability Statement covers both British American Tobacco (Malaysia) Berhad and its wholly-owned subsidiaries, collectively known as the BAT Malaysia Group:

1. Commercial Marketers and Distributors Sdn Bhd; and
2. Tobacco Importers and Manufacturers Sdn Bhd.

Together, the Company and its two active subsidiaries form the operating companies of the BAT Malaysia Group in Malaysia.

References to "BAT Malaysia", the "Company", "we", "us", and "our" in this report refer to the BAT Malaysia Group. Such references are used for convenience and are not intended to imply or suggest that the subsidiaries' businesses are operated other than as separate and distinct legal entities. The companies in which British American Tobacco p.l.c. directly and indirectly have an interest in are separate and distinct entities.

All information presented is as at 31 December 2025, unless otherwise stated.

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements relating to the Company's business and financial performance. These statements are subject to risks and uncertainties, as outcomes may be influenced by events or circumstances that may or may not occur in the future. Factors that could cause actual results to differ from those expressed or implied in such forward-looking statements include, among others, changes in economic conditions, and developments in regulatory or tax regimes.

NAVIGATIONAL ICON



Find more information inside this report

FEEDBACK

We welcome feedback on the report and look forward to receiving your comments/suggestions via email to: corpcomms_malaysia@bat.com.

This report is available on our corporate website at:

<https://www.batmalaysia.com/>



Scan to view our Annual Report 2025 microsite



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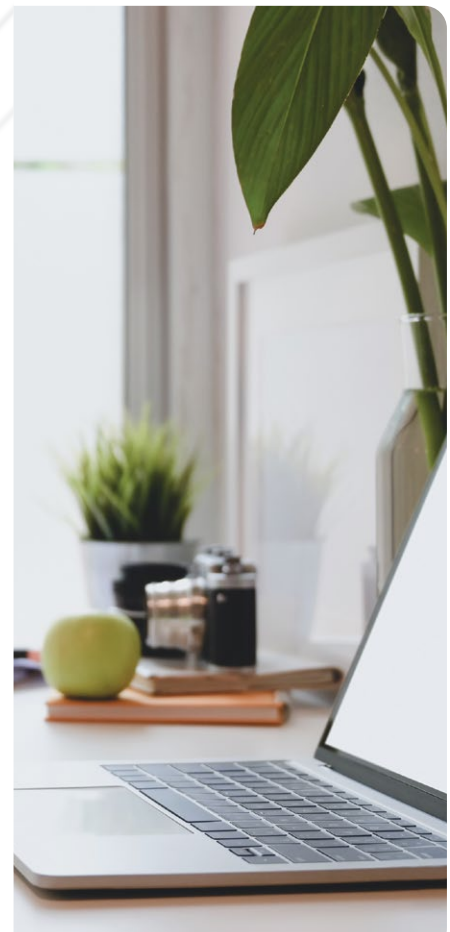
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ABOUT US

BAT Malaysia is a driven and dynamic organisation built on strong leadership, clear purpose, and a commitment to responsible business practices. We continue to evolve our capabilities, strengthen our governance, and invest in our people as we build a resilient company designed to create long-term value for all stakeholders.

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- 20 Leadership Team

NO.



A YEAR AT A GLANCE

Revenue

RM2,184
Million



Profit Before Tax

RM274
Million



Basic Earnings
Per Share

70.90
Sen



Net Profit

RM202
Million



Net Dividend
Per Share

63.50
Sen



Note: This amount represents the total dividends declared relating to year ended 31 December 2025, whereas Note 8 to the Financial Statements reflects the total dividend payments made in 2025.

Shareholders'
Fund

RM475
Million



Market Share of
Legal Combustible*

44.20%

* Note: BAT Malaysia maintains market leadership as the Company transitions to rebased industry volumes in 2025.



Net Returns on
Shareholders' Fund

42.60%



Awards and Achievements

1 Top Employer Award

- Top Employer Institute (Global, Regional, and Local) for the 8th consecutive year



2 Bursa Malaysia FTSE Russell ESG Ratings

- Maintained a 4-Star FTSE Russell ESG Rating



FTSE
Russell

3 Morningstar Sustainalytics' ESG Ratings

- Received a 9.0 ESG risk rating



A YEAR AT A GLANCE

4 Graduates' Choice Award

- 2025 Graduates' Choice of Employer to Work for in the tobacco category for 6th consecutive year



7 GRADUAN Brand Awards

- 1st runner-up in the Most Preferred Employer in the FMCG sector for 2nd consecutive year



5 Malaysian Occupational Safety and Health Practitioners' Association (MOSHPA) Award

- Diamond Premier Award in the FMCG category
- 7th consecutive year that BAT Malaysia has been awarded by MOSHPA



8 LinkedIn Top Companies

- LinkedIn Top 15 Companies to work for in Malaysia



6 Life at Work Awards by TalentCorp

- 2nd runner-up for Employee Care & Well-being



9 Minority Shareholders Watch Group (MSWG) - National Corporate Governance & Sustainability Awards (NACGSA)

- Top 50 Companies in the Overall Excellence category



WHO WE ARE



BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD

We are Malaysia's leading tobacco company.

(Source: IPSOS Retail Audit Dec 2025)

A listed company since 1961, BAT Malaysia employs 270 people and has been part of Malaysia's business landscape for more than a century.

The BAT Malaysia Group markets a portfolio of well-established tobacco brands, including Dunhill, Peter Stuyvesant, Rothmans, KYO, and Luckies, supported by strong standards of quality and compliance.

BAT Malaysia forms part of the BAT Group's broader investment in Malaysia, alongside British American Tobacco Global Services Delivery, underscoring the Group's long-term commitment to the country.

CORPORATE STRUCTURE



100%

**Commercial Marketers
and Distributors Sdn Bhd**
(Sales, Marketing and Imports)

**Tobacco Importers and
Manufacturers Sdn Bhd**
(Manufacturing and Sales)

WHAT WE DO

Our Purpose

To build a Smokeless World and create A Better Tomorrow™.

Our Strategy

Our refined strategy, which has been embedded across the business, is fundamentally built upon three pillars: **Quality Growth**, **Sustainable Future**, and **Dynamic Business**.

Together, they form a roadmap which will enable BAT Malaysia to continue to grow and transform sustainably, responsibly, and successfully.

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Years of History
in Malaysia



270

Employees



WHAT WE DO



At BAT Malaysia, we are more than just the leading tobacco company in Malaysia.

We are proud to be a responsible corporate citizen and a leading employer, underpinned by a robust track record in corporate governance and numerous awards achieved for best-in-class talent development. Committed to sustainability and community development, we leverage our scale and capabilities as an industry leader to create positive impact while delivering sustainable, long-term value for our shareholders.

BOARD OF DIRECTORS



ADRIAN LEE PENG YONG
Executive Director/
Finance Director

**NORLIZA BINTI
KAMARUDDIN**
Independent
Non-Executive Director

NEDAL LOUAY SALEM
Executive Director/
Managing Director

LOW CHOOI HOON
Independent
Non-Executive Director

**DATO' SRI DR. MOHD
NIZOM SAIRI**
Independent Non-Executive
Director/Chairman

ERIC OOI LIP AUN
Senior Independent
Non-Executive
Director

**DATUK CHRISTINE
LEE OI KUAN**
Non-Independent
Non-Executive Director
(Resigned on 5 March 2026)

BOARD OF DIRECTORS



DATO' SRI DR. MOHD NIZOM SAIRI

Independent Non-Executive Director/Chairman
(Redesignated as Chairman of the Board effective 1 January 2026)

Age	Gender	Nationality	Date Appointed to the Board
63	Male	Malaysian	1 October 2025

Membership of Board Committees:

- Nil

Number of Board Meetings Attended in the Financial Year:

1/1 (one Board meeting was held since the date of his appointment)

Present Directorships:

Listed Entities:

- Jati Tinggi Group Berhad
- Varia Berhad

Other Public Companies:

- Nil

Qualifications:

- Adjunct Professor, UNITAR International University
- Honorary Professor, University of Cyberjaya
- Doctor of Philosophy, Swiss School Management
- Master in Information System Management, Lawrence Technological University Michigan, USA
- Bachelor of Science, Laurentian University Ontario, Canada

Working Experience:

- Dato' Sri Dr. Mohd Nizom, started his career with the Inland Revenue Board of Malaysia (IRB) after graduating with a Bachelor of Science degree from Laurentian University, Canada in 1985. He has a wealth of knowledge on the operations and administration of taxes in Malaysia, having served in IRB for 38 years, rising through the ranks until his last post as the Chief Executive Officer (CEO)/Director General of IRB in 2021 and subsequently retired in December 2023. While in IRB, Dato' Sri Dr. Mohd Nizom has served in various senior capacities namely Director of Investigation Department, Director of Malaysia Tax Academy, Deputy CEO (Management) and Deputy CEO (Tax Operations) prior to his appointment as CEO/Director General of IRB.
- During his tenure as the CEO/Director General of IRB, he has represented Malaysia as the Chairman of the Commonwealth Association of Tax Administrators from 2021 to 2024, Head of Executive Council Association of Tax Authorities of Islamic Countries from 2021 to 2023 and Chairman of the Study Group of Asia Pacific Tax Administration and Research from 2022 to 2023.
- Dato' Sri Dr. Mohd Nizom was appointed to the Board of BAT Malaysia on 1 October 2025 as an Independent Non-Executive Director. Upon the conclusion of Tan Sri Dato' Seri Dr. Aseh bin Haji Che Mat's nine-year tenure as an Independent Non-Executive Director on 31 December 2025, Dato' Sri Dr. Mohd Nizom was redesignated as Chairman effective 1 January 2026.
- Currently, he is an Independent Non-Executive Chairman of Varia Berhad. He also is an Independent Non-Executive and member of Audit and Risk Management Committee of Jati Tinggi Group Berhad.

Additional Information:

Dato' Sri Dr. Mohd Nizom has no:

- Family relationships with any Directors and/or major shareholders of BAT Malaysia.
- Conflict of interest or potential conflict of interest, including interest in any competing business with BAT Malaysia.
- Convictions for offences within the past five years or any public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year 2025.

BOARD OF DIRECTORS



ERIC OOI LIP AUN

Senior Independent Non-Executive Director
(Redesignated effective 23 May 2025)

Age	Gender	Nationality	Date Appointed to the Board
68	Male	Malaysian	1 March 2019

Membership of Board Committees:

- Risk Management Committee (Chairman)
- Audit Committee (Chairman)

Number of Board Meetings Attended in the Financial Year:

6/6

Present Directorships:

Listed Entity:

- Carlsberg Brewery Malaysia Berhad

Other Public Companies:

- Nil

Qualifications:

- Member of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants

Working Experience:

- Eric was a partner of PricewaterhouseCoopers (PwC), Malaysia until his retirement in June 2015 after 38 years of service. He joined the firm of Price Waterhouse (PW), now known as PwC, in 1977, qualified as a Certified Public Accountant in 1981 and was admitted to the partnership of PwC in Malaysia in 1991.
- In 2012, Eric assumed the responsibility to lead the middle market practices of the Asia Pacific cluster of PwC firms, focused on working with entrepreneurs and high-net-worth individuals and families.
- From 2002 until 2008, Eric was the Assurance leader for PwC's regional grouping in Asia, and was a member of PwC's Global Assurance leadership team.
- In 1996, he assumed management and leadership positions for different parts of PwC within Malaysia, across Asia and globally. He was PW Malaysia's leader for Audit and Business Advisory Services, and continued in the role following the merger between PW and Coopers & Lybrand to form PwC in 1998, a position he held through 2008.
- Upon the conclusion of Dato' Chan Choon Ngai's nine-year tenure as Senior Independent Non-Executive Director on 22 May 2025, Eric was redesignated as Senior Independent Non-Executive Director effective 23 May 2025. He was an Independent Non-Executive Director of Genting Berhad from March 2019 to February 2025.

Additional Information:

Eric has no:

- Family relationships with any Directors and/or major shareholders of BAT Malaysia.
- Conflict of interest or potential conflict of interest, including interest in any competing business with BAT Malaysia.
- Convictions for offences within the past five years or any public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year 2025.

BOARD OF DIRECTORS



NORLIZA BINTI KAMARUDDIN
Independent Non-Executive Director

Age	Gender	Nationality	Date Appointed to the Board
61	Female	Malaysian	30 April 2021

Membership of Board Committees:

- Sustainability Committee (Chairwoman)
- Nomination and Remuneration Committee (Chairwoman)
- Audit Committee

Number of Board Meetings Attended in the Financial Year:

6/6

Present Directorships:

Listed Entities:

- Kumpulan Perangsang Selangor Berhad
- Sedania Innovator Berhad

Other Public Companies:

- Nil

Qualifications:

- Industry Adjunct Professor Multimedia University, Malaysia
- Senior Certified Professional Coach (SCPC/CPC/EMCC), Coach Transformation Academy, Dubai, United Arab Emirates (UAE)
- Professional Certificate in Corporate Public Affairs from The Center of Corporate Public Affairs, Melbourne Business School, Australia
- Bachelor in Arts and Design from Universiti Teknologi MARA, Malaysia

Working Experience:

- Norliza binti Kamaruddin is a senior communications specialist with more than 30 years of experience in Malaysia and other international markets. She specialises in multiple sectors including energy, finance, banking, aviation, telecommunications, and hospitality. Norliza has helped organisations within ASEAN, the Middle East and America to develop and execute communication strategies. She is recognised as one of Malaysia's leading communication strategists with a deep understanding of the geopolitical landscape and a track record in developing sophisticated reputation campaigns for major companies. She is the only Malaysian to have been recognised in the world's three most prestigious public relations (PR) and marketing awards. She was also named one of the 'Top 500 Most Influential PR Professionals in PR Week Power Book 2014 and 2015' by the global PR Week magazine. She was awarded 'Internationalist of the Year 2014' by The Internationalist, New York.
- Previously, Norliza was the Managing Director in the Strategic Communications practice of FTI Consulting, Inc based in Kuala Lumpur, Malaysia. Prior to that, she was the Global Head of Strategic Communications for PETRONAS. She also served as the Country Head of Corporate Affairs at Standard Chartered Bank.

Additional Information:

Norliza has no:

- Family relationships with any Directors and/or major shareholders of BAT Malaysia.
- Conflict of interest or potential conflict of interest, including interest in any competing business with BAT Malaysia.
- Convictions for offences within the past five years or any public sanction or penalty imposed on her by the relevant regulatory bodies during the financial year 2025.

BOARD OF DIRECTORS



DATUK CHRISTINE LEE OI KUAN

Non-Independent Non-Executive Director

(Resigned on 5 March 2026)

Age	Gender	Nationality	Date Appointed to the Board
67	Female	Malaysian	1 March 2012

Membership of Board Committees:

- Sustainability Committee

Number of Board Meetings Attended in the Financial Year:

6/6

Present Directorships:

Listed Entity:

- Carlsberg Brewery Malaysia Berhad

Other Public Companies:

- Nil

Qualifications:

- Degree in Law from University of Malaya, Malaysia

Working Experience:

- Datuk Christine was the Legal and External Affairs Director of BAT Malaysia from September 2006 until her retirement on 31 December 2018. Datuk Christine was responsible for corporate and regulatory affairs and legal matters of BAT Malaysia. She was re-designated as a Non-Independent Non-Executive Director of BAT Malaysia on 1 January 2019 after her retirement.
- Datuk Christine started out as the Head of Legal and Company Secretary at BAT Malaysia in 2001. She was appointed to the Top Team, now known as the Leadership Team of BAT Malaysia in 2006.
- Prior to joining BAT Malaysia, Datuk Christine was the Head of Legal and Company Secretary of two public listed companies, Hong Leong Industries Berhad and Malaysian Pacific Industries Berhad.
- Datuk Christine was with the Attorney General's Chambers of Malaysia from 1983, serving in the Prosecution and Advisory and International Law Divisions.

Additional Information:

Datuk Christine has no:

- Family relationships with any Directors and/or major shareholders of BAT Malaysia.
- Conflict of interest or potential conflict of interest, including interest in any competing business with BAT Malaysia.
- Convictions for offences within the past five years or any public sanction or penalty imposed on her by the relevant regulatory bodies during the financial year 2025.

BOARD OF DIRECTORS



LOW CHOOI HOON

Independent Non-Executive Director

Age	Gender	Nationality	Date Appointed to the Board
54	Female	Malaysian	1 May 2025

Membership of Board Committees:

- Audit Committee
- Nomination and Remuneration Committee
- Risk Management Committee

Number of Board Meetings Attended in the Financial Year:

3/3 (three Board meetings were held since the date of her appointment)

Present Directorships:

Listed Entity:

- NIL

Other Public Companies:

- Loob Berhad

Qualifications:

- Bachelor of Business Administration (BBA First Class Honors), Universiti Utara Malaysia
- Certified Master Coach & Certified Performance Coach, Corporate Coach Academy
- HRDF Accredited Trainer

Working Experience:

- Low Chooi Hoon has extensive FMCG and Retail end-to-end experience and has served 19 years in various senior executive roles, including Executive Director and concurrently in C-levels, General Managers and Country Head for Malaysia, Singapore, and Brunei. Together with her team, she has achieved multiple local and international awards for business and brand achievements. Having worked with global and local companies, she is culturally tuned to British, Dutch, American, French, Hong Kong, Japanese, Korean, and local organisations that think global, act local.
- She has earned many firsts in her humble career journey including being the first female CEO and Executive Director for MyNews Retail Sdn Bhd and MyCU Retail Sdn Bhd, first female Chief Operating Officer and Executive Director for four entities under Etika Malaysia and Singapore, first female Country Manager/General Manager and Executive Director for Disposable Soft Goods Sdn Bhd and Disposable Soft Goods Pte Ltd, and the only female Executive Director for Sara Lee Malaysia Sdn Bhd and Sara Lee South East Asia Sdn Bhd.
- Previously, Low Chooi Hoon was CEO and Executive Director of MyNews Retail Sdn Bhd and MyCU Retail Sdn Bhd. She was also a Board Member for MyNews Kineya Sdn Bhd and MyNews Ryoyupan Sdn Bhd.
- She is currently serving as an Independent Non-Executive Director, Chairman of Nomination and Remuneration Committee (NRC) and Member of Audit and Risk Management Committee for Loob Berhad. She was previously appointed as an Independent Non-Executive Director and served as the Chairman of NRC, member of Audit Committee and Risk Committee for Eco Shop Marketing Sdn Bhd. She also previously served as an Independent Non-Executive Director, Chairman of Business Sustainability Committee and DDWG RRPT 2025 for MSM Malaysia Holdings Berhad.

Additional Information:

Low Chooi Hoon has no:

- Family relationships with any Directors and/or major shareholders of BAT Malaysia.
- Conflict of interest or potential conflict of interest, including interest in any competing business with BAT Malaysia.
- Convictions for offences within the past five years or any public sanction or penalty imposed on her by the relevant regulatory bodies during the financial year 2025.

BOARD OF DIRECTORS



NEDAL LOUAY SALEM

Executive Director/Managing Director

Age	Gender	Nationality	Date Appointed to the Board
56	Male	American	1 September 2021

Membership of Board Committees:

- Sustainability Committee

Number of Board Meetings Attended in the Financial Year:

6/6

Present Directorships:

Listed Entity:

- Nil

Other Public Companies:

- British American Tobacco Malaysia Foundation

Qualifications:

- Bachelor of Arts (BA) in International Business from George Washington University, USA

Working Experience:

- Prior to his appointment, Nedal was the Managing Director and CEO of Ceylon Tobacco Company PLC (CTC), Sri Lanka since 2019. During Nedal's tenure, CTC achieved significant milestones in its corporate governance framework, talent strategy and sustainability agenda, with a specific focus on becoming the first seed-to-smoke end-market to achieve carbon neutrality within the BAT Group.
- Nedal has more than 20 years of international experience in BAT Group, spanning nine markets on three continents. He has created a legacy of building strong and driven teams, growing globally-driven brands and successfully delivering results.
- Nedal was the Head of Brands Marketing in Bentoel Indonesia (2017-2019) and the Director of Brands Marketing, Korea (2011-2015). He started his career in BAT Middle East in 1998.

Additional Information:

Nedal has no:

- Family relationships with any Directors and/or major shareholders of BAT Malaysia.
- Conflict of interest or potential conflict of interest, including interest in any competing business with BAT Malaysia.
- Convictions for offences within the past five years or any public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year 2025.

BOARD OF DIRECTORS



ADRIAN LEE PENG YONG
Executive Director/Finance Director

Age	Gender	Nationality	Date Appointed to the Board
46	Male	Singaporean	1 November 2024

Working Experience:

- Adrian has been a finance specialist for more than 19 years, during which time he has worked solely in global FMCG MNCs, covering a variety of roles encompassing financial planning and delivery, commercial business partnering, supply chain analytics, cost management, controls & risk management and financial accounting, amongst others.
- Prior to his appointment, Adrian was the Regional Head of Operations Finance for BAT Group, looking after the Asia Pacific, Middle East & Africa region (2019 to 2024), and was a valued member of the global operations finance, regional finance, and operations leadership teams. In this role, he was at the forefront of driving the operations productivity agenda for the region, driving synergies and cross-functional collaboration to deliver over £100m in savings year-on-year. Adrian also played a pivotal role in footprint/network design, pursuing an asset light strategy to unlock value and deliver significant benefits to the BAT Group.
- Adrian has more than 13 years of international experience in BAT Group, starting out in Hong Kong in 2012, and spanning multiple roles in commercial, operations, and corporate finance, where he has excelled in the on-target delivery of various strategic initiatives. As a finance professional, Adrian thrives on leveraging his functional expertise and commercial acumen to drive the Group’s agenda and is committed to corporate governance and sustainable business practices.

Membership of Board Committees:

- Risk Management Committee

Number of Board Meetings Attended in the Financial Year:

6/6

Present Directorships:

Listed Entity:

- Nil

Other Public Companies:

- Nil

Qualifications:

- Bachelor of Business Management, Double Major in Marketing/ Finance Singapore Management University

Additional Information:

Adrian has no:

- Family relationships with any Directors and/or major shareholders of BAT Malaysia.
- Conflict of interest or potential conflict of interest, including interest in any competing business with BAT Malaysia.
- Convictions for offences within the past five years or any public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year 2025.

LEADERSHIP TEAM



WONG HOI WUN ANN
Supply Chain Director

NEDAL LOUAY SALEM
Managing Director

FAIRUZ HELMI
Corporate and Regulatory
Affairs Director

**ADRIAN LEE
PENG YONG**
Finance Director

**ADIEL EMIR IKRAM AZIZ
AL RAHIM**
Legal Director/
Company Secretary

ADRITA DATTA
Human Resources
Director

ANTHONEY LEA CLAYTON
Commercial Marketing
Director

LEADERSHIP TEAM



NEDAL LOUAY SALEM

Managing Director

Age	Gender	Nationality	Date Appointed to the Leadership Team
56	Male	American	13 October 2021

Q For details of Nedal's profile, please refer to page 18 of this Annual Report.



ADRIAN LEE PENG YONG

Finance Director

Age	Gender	Nationality	Date Appointed to the Leadership Team
46	Male	Singaporean	1 November 2024

Q For details of Adrian's profile, please refer to page 19 of this Annual Report.



FAIRUZ HELMI

Corporate and Regulatory Affairs Director

Age	Gender	Nationality	Date Appointed to the Leadership Team
53	Male	Malaysian	1 April 2022

Qualifications:

- Degree in Law from the University of Wales, Aberystwyth, United Kingdom

Directorship in Public Companies and Listed Issuers:

Nil

Working Experience:

- Fairuz was appointed the External Affairs Director, now known as the Corporate and Regulatory Affairs Director of BAT Malaysia on 1 April 2022.
- Fairuz joined BAT Malaysia in 2006 and has since held various roles in the Company.
- Prior to joining BAT Malaysia, Fairuz was the Head of Department in the Market Policy & Development Division of Securities Commission Malaysia.
- Fairuz is an experienced government and public affairs professional, specialising in strategic government and stakeholder in the regulatory and public policy advocacy.
- Fairuz was a member of the National Kenaf and Tobacco Board from 2020 to 2024.

Additional Information:

None of the Leadership Team has:

- Family relationships with any Directors and/or major shareholders of BAT Malaysia.
- Conflict of interest or potential conflict of interest, including interest in any competing business, with BAT Malaysia.
- Convictions for offences within the past five years or any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year 2025.
- Direct/indirect shareholdings in BAT Malaysia.

LEADERSHIP TEAM



WONG HOI WUN ANN

Supply Chain Director

Age	Gender	Nationality	Date Appointed to the Leadership Team
43	Female	Hong Konger	1 January 2025

Qualifications:

- Bachelor of Business Administration, Chinese University of Hong Kong
- Master of Arts, Chinese University of Hong Kong

Directorship in Public Companies and Listed Issuers:

Nil

Working Experience:

- Ann was appointed as the Supply Chain Director of BAT Malaysia on 1 January 2025.
- Prior to this appointment, she was the Supply Chain Manager of BAT Malaysia.
- She joined BAT Group in 2008 and has worked across several markets - Hong Kong, United Kingdom, and Malaysia.
- During her tenure at BAT Group, she has held various marketing roles. During this time, she has been instrumental in driving excellence and delivering sustainable results through programme and project management across various markets.

Additional Information:

None of the Leadership Team has:

- Family relationships with any Directors and/or major shareholders of BAT Malaysia.
- Conflict of interest or potential conflict of interest, including interest in any competing business, with BAT Malaysia.
- Convictions for offences within the past five years or any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year 2025.
- Direct/indirect shareholdings in BAT Malaysia.



ADRITA DATTA

Human Resources Director

Age	Gender	Nationality	Date Appointed to the Leadership Team
42	Female	Bangladeshi	1 September 2022

Qualifications:

- Master of Business Administration in HRM, Symbiosis Institute of Business Management, Pune, India
- Bachelor of Computer Science, University of Pune, India

Directorship in Public Companies and Listed Issuers:

Nil

Working Experience:

- Adrita has over 15 years of experience across different dimensions of HR as well as commercial functions in a multinational and multicultural environment.
- She joined BAT Bangladesh in 2010 and has since held various senior leadership roles within the BAT Group in several countries like Bangladesh, Japan, and Sri Lanka.
- Prior to her current role, she took a bold step and ventured out to lead the largest Trade Marketing region of Bangladesh to deliver commercial growth, amid the adversities of a global pandemic.
- Adrita has a strong track record of championing D&I in the workplace and beyond. She is also passionate about building future-fit capabilities and championing an empowered culture in the organisation.
- Adrita was recognised as a Progressive Women Leader in 2017 by a reputable local authority in Bangladesh.

LEADERSHIP TEAM



ANTHONEY LEA CLAYTON

Commercial Marketing Director

Age	Gender	Nationality	Date Appointed to the Leadership Team
45	Male	British	15 August 2024

Qualifications:

- Bachelor of Business Management, University of Wolverhampton

Directorship in Public Companies and Listed Issuers:

Nil

Working Experience:

- Anthony was appointed as the Commercial Marketing Director of BAT Malaysia on 15 August 2024.
- Prior to this appointment, he was the Global Head of Customer for Global Travel Retail.
- With extensive experience in sales and business management within the FMCG sector, he has held pivotal roles at companies such as Kellogg’s, GSK, and PepsiCo.



ADIEL EMIR IKRAM AZIZ AL RAHIM

Legal Director/Company Secretary

Age	Gender	Nationality	Date Appointed to the Leadership Team
36	Male	Malaysian	1 January 2026

Qualifications:

- Postgraduate Diploma in Bar Practice, BPP Law School
- Bachelor of Laws (LL.B), University of Reading

Directorship in Public Companies and Listed Issuers:

Nil

Working Experience:

- Adiel is an experienced legal professional with over 12 years of legal experience.
- Adiel was appointed as the Legal Director on 1 January 2026. He started his career at BAT Malaysia in August 2019 as Legal Counsel, and was later promoted to Senior Legal Counsel in September 2021. In October 2022, he also took on the role of Company Secretary.
- Prior to joining BAT Malaysia, Adiel held multiple roles at Zaid Ibrahim & Co.

Additional Information:

None of the Leadership Team has:

- Family relationships with any Directors and/or major shareholders of BAT Malaysia.
- Conflict of interest or potential conflict of interest, including interest in any competing business, with BAT Malaysia.
- Convictions for offences within the past five years or any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year 2025.
- Direct/indirect shareholdings in BAT Malaysia.

02 OUR LEADERSHIP STATEMENT

BAT Malaysia continues to strengthen its core business amid a dynamic operating landscape. Through disciplined leadership and a clear strategic direction, we remain focused on sustainable performance, organisational resilience, and the unwavering commitment of our people.

26 Joint Message from Our Chairman and Our Managing Director

NO.



JOINT MESSAGE FROM **OUR CHAIRMAN** AND **OUR MANAGING DIRECTOR**

Dato' Sri Dr. Mohd
Nizom Sairi
(Chairman)

Nedal Louay Salem
(Managing Director)

Revenue
RM2,184
Million

Profit Before Tax
RM274
Million

JOINT MESSAGE FROM OUR CHAIRMAN AND OUR MANAGING DIRECTOR

**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 2025.**

2025 was a defining year for BAT Malaysia, marked by significant changes and meaningful progress as we remained focused on delivering sustainable value for our shareholders.

The year brought pivotal regulatory developments, including updates to vapour regulations, higher tobacco excise duties and the implementation of the Retail Display Ban (RDB) and new Pictorial Health Warning (PHW) requirement for combustibles – these changes reshaped market dynamics and operating conditions. BAT Malaysia successfully navigated a more complex operating environment – transitioning out its range of Vuse products in Q3 2025 and sharpening its focus on strengthening our combustibles business. This is all made possible by the unwavering efforts of our people, as we continue to deliver discipline and resilience.

Our performance reflects the strength of our strategy and operational execution. BAT Malaysia delivered a revenue of RM 2,184 million and a profit before tax stood at RM274 million. Net profit for the year stood at RM202 million, an increase of 11% year-on-year, underscoring our prioritisation of sustainable profitability.

In recognition of these results, the Board of Directors declared a total net dividend per share of 63.5 sen, equivalent to a 90% earnings payout for the year - demonstrating our continued commitment to delivering consistent and sustainable returns to our shareholders.

Combustibles remain integral to our revenue delivery. In 2025, BAT Malaysia further strengthened its leadership in the premium and Value-for-Money (VFM) segments. Dunhill celebrated its 60 years of excellence while Rothmans reinforced its competitiveness through enhanced premium cues.

The tobacco black market remains a significant challenge for the legal industry, and currently stands at 54.40%. We welcome the Government's stronger enforcement measures under Budget 2026, and BAT Malaysia remains committed to working closely with enforcement agencies and relevant stakeholders to protect the integrity and long-term sustainability of the legal market.

Sustainability continues to guide how we operate as a business. In 2025, we sustained strong momentum in embedding responsible business practices while progressing our alignment with International Financial Reporting Standards (IFRS) S2 Climate-related Disclosures – reflecting our ambition to future-proof our business and create long-term value for society and stakeholders.

Alongside changes in the operating environment, BAT Malaysia also experienced important transitions within its Board of Directors and Leadership Team. We express our sincere appreciation following the retirement of Tan Sri Dato' Seri Dr. Aseh bin Haji Che Mat, former Chairman, and Dato' Chan Choon Ngai, former Senior Independent Non-Executive Director, both of whom concluded their nine-year tenures. Eric Ooi Lip Aun has since assumed the role of Senior Independent Non-Executive Director, and we warmly welcome Low Chooi Hoon as an Independent Non-Executive Director joining the BAT Malaysia family.

The year also saw the departure of BAT Malaysia's Legal Director, Jacqueline Ko. We thank her for her service and wish her every success in her new role within the BAT Group. We are delighted to welcome her successor, Adiel Emir Ikram, who assumes the role of Legal Director while also serving as the Company Secretary. With their combined wealth of experience, BAT Malaysia's Board and Leadership Team are well positioned to drive the Company forward in its next phase of growth.

Our people remain at the heart of our success. We are proud that our culture and employee experience continue to be recognised through multiple external awards and accolades, reflecting our strong employer value proposition and people practices.

As we look toward 2026 and beyond, our priorities remain clear – disciplined execution, strategic focus, and a steadfast commitment to Building A Better Tomorrow™. On behalf of the Board of Directors and Leadership Team, we extend our sincere appreciation to our employees, stakeholders, and partners for their continued trust, resilience, and unwavering support. Together, we will continue to drive sustainable growth, strengthen our market leadership, and deliver long-term value for our shareholders and society.

Dato' Sri Dr. Mohd Nizom Sairi
(Chairman)

Nedal Louay Salem
(Managing Director)

03

MANAGEMENT DISCUSSION & ANALYSIS

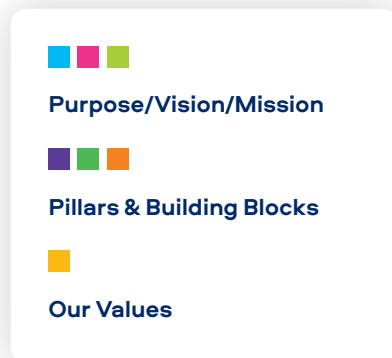
BAT Malaysia is progressing on a long-term transformation to build a more sustainable, forward-looking business. We continue to explore new opportunities, strengthen our combustible business, and uphold the highest standards of responsibility and governance as we navigate a challenging operating landscape.

- 30 Our Strategic Navigator
 - Quality Growth
 - Sustainable Future
 - Dynamic Business
- 39 The Risks We Consider
- 40 Finance Director's Review

NO.



OUR STRATEGIC NAVIGATOR



A Better Tomorrow™ – Building a Smokeless World

In pursuit of BAT Group's vision of Building a Smokeless World, BAT Group aims to become a predominantly smokeless business – with 50% of BAT Group's revenue in Non-Combustible products by 2035. To support this ambition, BAT Group has refined its strategy to ensure clear alignment and collective action across the entire organisation.

Built around the three strategic pillars of **Quality Growth**, **Sustainable Future**, and **Dynamic Business**, the Strategic Navigator sets out the priority building blocks that underpin the achievement of this ambition. These priorities guide execution and define the strategic outcomes against which performance will be measured. BAT Malaysia aims to contribute to BAT Group's vision of creating A Better Tomorrow™ by Building A Smokeless World.

QUALITY GROWTH

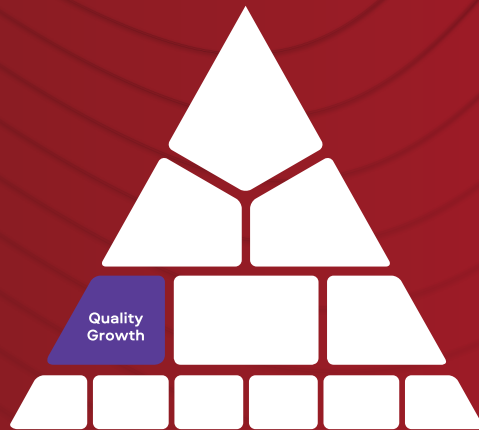
We aim to enhance value in combustibles as we expand into growth areas shaped by shifting consumer preferences for nicotine products.

Combustibles continue to be a core value driver for the business.

Long-term, sustainable growth will be driven by strengthening our global brands and ensuring they stay relevant to the evolving expectations of adult nicotine consumers.

Our commitment under Quality Growth:

Driving Value from Combustibles



DRIVING VALUE FROM COMBUSTIBLES

In 2025, our combustible business maintained strong market leadership despite ongoing industry pressure from declining consumption and an evolving regulatory landscape.

Our focus for 2025 has been to strengthen long-term portfolio resilience by sharpening the roles of the three biggest brands in our portfolio to ensure each fulfills its segment mandate.

We continued to strengthen our priority brands by investing in the areas that matter most to adult consumers and the trade. Our steady visibility in key retail channels and ongoing activation efforts helped sustain performance despite market headwinds, demonstrating resilience in a fast-evolving environment.

At the same time, we refined our portfolio by concentrating investment behind larger, higher-impact brands while systematically reducing focus on lower-value stock keeping units (SKU). This streamlined approach drives sharper consumer propositions, better resource allocation, and a stronger foundation for future value creation.

With disciplined execution, clearer segment roles, and sustained focus on our biggest brands, we are confident in our ability to drive sustainable value and maintain long-term leadership in combustibles.

DUNHILL

Peter
Stuyvesant

Rothmans

QUALITY GROWTH

› EXTENDING PREMIUM SEGMENT LEADERSHIP

Dunhill remains Malaysia's leading cigarette brand (*Source: IPSOS Retail Audit Dec 2025*), performing strongly in the premium segment despite market pressures and regulatory challenges. The brand's stability reflects its resilient equity and strong consumer recognition.

2025 was a landmark year as Dunhill celebrated its 60th anniversary in Malaysia, marking six decades of heritage, craftsmanship, and leadership in shaping the nation's tobacco market. The anniversary was central to the brand, providing an opportunity to honour its legacy while reinforcing relevance in a changing environment.

To support this milestone, we implemented a structured brand development programme that maintained strong presence across major retail channels.

Dunhill's 60th anniversary was not just a celebration of the past but also a platform for future relevance.

DUNHILL



QUALITY
GROWTH

› RESILIENCE IN THE ASPIRATIONAL PREMIUM SEGMENT

Peter Stuyvesant maintained stable performance and demonstrated resilience in a fast-shifting market environment, defending its position as a reliable choice for consumers moving between price tiers.

The brand introduced a modern pack upgrade for its core range, reinforcing Peter Stuyvesant's equity and helping to sustain its competitiveness within the segment.



› CONTINUOUS GROWTH IN THE VFM SEGMENT

In the VFM segment, our focus is primarily on Rothmans, while reducing focus on lower-value SKUs. This disciplined portfolio approach allows us to deliver a clearer consumer proposition and sustain future value creation.

Despite a price disparity for most of the year compared to other leading players in the segment, Rothmans continued to drive growth by building strong consumer loyalty and brand equity. The revised retail pricing implemented in November 2025 has provided early signs of the brand further gaining momentum by growing share of market and is expected to further support Rothmans' growth by narrowing the gap with its primary competitors.



SUSTAINABLE FUTURE

Building a Sustainable Future at BAT Malaysia means creating sustainable value for our shareholders and stakeholders by encouraging adult smokers to choose legal and regulated products, and by shaping the landscape to ensure level playing field for BAT Malaysia.

In line with BAT Group's vision of Building a Smokeless World, we continue to advocate THR acceptance in Malaysia.

Our commitments under Sustainable Future:

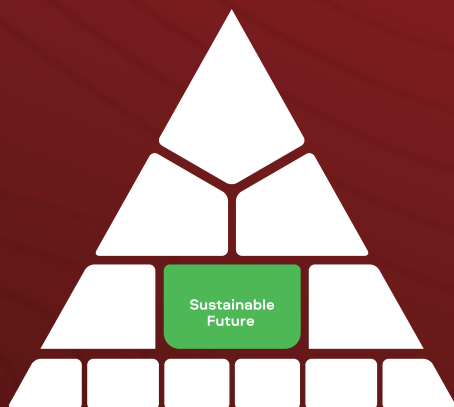
Tobacco Harm Reduction

Please refer to pages 61 to 62 of the SS2025.

Shaping the Landscape

Leading with Sustainability and Integrity

Please refer to pages 46 to 129 of the SS2025.



SHAPING THE LANDSCAPE

Regulatory Development

We fully support the Malaysian Government's efforts to reduce smoking rates and acknowledge the vital role that well-designed regulations play in achieving these objectives.

We consistently advocate for regulations grounded in robust evidence, ensuring they deliver the intended public health outcomes while minimising unintended consequences, such as the expansion of illegal markets.

The Control of Smoking Products for Public Health Act 2024 (Act 852) and its phased regulations provide a clear and comprehensive framework for the transformation of the nicotine industry in Malaysia.

In adhering to this regulatory change, we announced in Q2 2025 that we will transition out our vapour products from the Malaysian market by the end of Q3 2025 to comply with the new Act 852.

We proactively collaborate with distributors and retail partners to ensure they are well-informed of new regulatory requirements as developments unfold.

Following Malaysia's Budget 2026, which announced an increase in tobacco excise duty, we adjusted the prices of our cigarette brands to reflect this fiscal change. We view the government's decision as a measured step forward, particularly given that the last excise adjustment was made 10 years ago, and in light of the current economic environment.

Looking ahead, BAT Malaysia remains committed to supporting Malaysia's public health objectives while safeguarding the sustainability of the legal tobacco industry.

We will continue to focus on delivering combustible value growth including strategic investments in compliance, innovation, and stakeholder engagement, enabling us to navigate the evolving landscape responsibly.

Key regulatory requirements outlined in Act 852 and its regulations include:

- prohibition on advertising, promotion, and sponsorship of tobacco and vapour products;
- requirement for products to be registered with the Ministry of Health by 1 April 2025; and
- adherence to new packaging and labelling requirements by 1 October 2025.

Tobacco Black Market

The tobacco black market continues to be a significant national concern, with illegal cigarettes remaining widely available despite ongoing enforcement efforts. The circulation of black market tobacco weakens legitimate businesses, reduces government tax revenue, puts consumers at risk with unregulated products, undermines tobacco control policies, and impacts Malaysia’s retail landscape.

These challenges reinforce the need for consistent, insights-driven interventions, alongside appropriate policy frameworks to protect the legal market.

Tackling the tobacco black market is critical in ensuring a fair, level playing field for legitimate businesses and safeguarding excise revenue for the nation.

As a responsible industry partner, BAT Malaysia is committed to working closely with the Government to address this long-standing challenge through a comprehensive, data-led strategy. Our role spans conducting retailer surveys, creating public awareness about the tobacco black market, and generating insights on the development of the tobacco black market segment.

1. Tobacco Black Market Landscape

Black market tobacco refers to products manufactured, distributed, and sold in contravention of Malaysian laws, typically involving non-payment of duties and/or non-compliance with regulatory requirements, such as Act 852.

According to NielsenIQ’s Illicit Cigarettes Study (ICS) 2025, illicit incidence stands at 54.40%, equivalent to more than 8 billion illicit sticks. This results in an annual tax leakage of about RM5 billion, underscoring the scale of a multibillion-ringggit black market that continues to undermine legitimate trade and government revenue that could otherwise support national development.

Top 10 Illicit Brands in Malaysia:



Source: NielsenIQ, Illicit Cigarettes Study, 2025

Identifying Illicit Cigarettes

- **Unregistered Brands:** Cigarettes that do not comply with local government requirements and are not linked to legal tobacco companies in Malaysia.
- **Below Regulated Minimum Price:** Typically retailed at around RM7 per pack, below the regulated minimum price, and roughly half the price of legal tobacco.
- **Tax Marker Irregularities:** Packs featuring fake tax markers or no tax markers.
- **Regulatory Non-Compliance:** Brands that do not comply with the new PHW requirements.

The tobacco excise duty increase which took effect in November 2025 further widens the price gap between legal and black market tobacco. This may intensify the tobacco black market as consumers shift toward cheaper alternatives that are widely available across retail outlets nationwide.

2. BAT Malaysia's Priorities in Combating the Tobacco Black Market

Combating the tobacco black market remains a core part of our efforts to ensure business sustainability and regulatory compliance. A robust strategy is essential to preserve market integrity, enabling fair competition, and protecting consumers from unregulated products. The tobacco black market directly affects BAT Malaysia’s performance, erodes brand equity, and reduces contribution to government excise revenue. With the tobacco excise duty increase taking effect in November 2025, strong enforcement and regulatory consistency are even more critical to preventing further growth of the tobacco black market.

High levels of illicit trade deter long-term investment and erode the livelihoods of legitimate retailers. Unregulated black market tobacco also exposes consumers to significant health risks, as its contents are neither known nor controlled. Immediate and coordinated action - through stronger enforcement, enhanced public education, and support for compliant trade - is critical to protecting consumers, sustaining lawful businesses, and preserving market integrity.



Impact of RDB

Under the implemented RDB framework, with all tobacco products placed in enclosed storage, legal and black market tobacco now occupy the same visibility tier, creating an environment where illicit players can easily infiltrate the market. This poses a significant concern and reinforces the need for coordinated enforcement responses.

SUSTAINABLE FUTURE

3. BAT Malaysia Against the Tobacco Black Market

BAT Malaysia works closely with government agencies and industry partners to combat the tobacco black market. These efforts help in enhancing enforcement readiness, building capacity, and unifying responses against illegal trade activities.

Government Engagement

- We engage closely with the Government and law enforcement agencies, particularly the Royal Malaysian Customs Department and the Royal Malaysia Police, to drive effective interventions.
- We provide ongoing support to ensure that Anti-Illicit Trade (AIT) remains a top priority and offer strategic assistance to enhance law enforcement agencies' mobility and capability.

Industry Engagement

- We actively participate in industry platforms, including the Confederation of Malaysian Tobacco Manufacturers (CMTM), to advocate for sustained enforcement actions.
- We also support strengthened enforcement through collaboration with the Multi-Agency Task Force.

Monitoring illicit Trade

- We compile findings from reports such as ICS and market surveys to monitor illicit incidence and assess the impact of enforcement actions.
- We track key illicit hotspots and products circulating in the market to guide targeted interventions.

4. Government and Enforcement Actions

Malaysia's intensified enforcement initiatives, supported by strong government commitment have delivered tangible progress in tackling the tobacco black market. Illicit incidence has shown a sustained downward trend over the past five years, from 2020 to 2025, underscoring the effectiveness of enhanced enforcement coordination, and collaboration among multiple parties. BAT Malaysia expresses its appreciation to the Government and enforcement agencies for their ongoing dedication to combating the tobacco black market.

5. Our Continued Commitment

Looking ahead, BAT Malaysia remains committed to working closely with the Government and law enforcement agencies to build a fair, transparent, and level playing field for legitimate businesses. We will continue to support the Government to strengthen the fight against the tobacco black market.

We are confident that through continued joint efforts between BAT Malaysia, the industry, and the Government, the downward momentum of the illicit cigarettes incidence can be sustained in the coming years.

Five-Year Decline in Illicit Cigarettes Incidence (%)



Source: NielsenIQ, Illicit Cigarettes Study

ILLICIT ENFORCEMENT IN ACTION

ANWAR: Crackdown on cartels, smuggling saved RM15.5b in two years



Prime Minister Datuk Seri Anwar Ibrahim said the government's commitment to combating cartels and smuggling is part of its effort to safeguard the nation and has resulted in RM15.5 billion being saved over two years. — BERNAMA

Source: New Straits Times, 2025

Customs seizes RM903 million in illicit cigarettes, tobacco in two years

By **Muhammad Hafis Nawawi, Hafidzul Hilmi Mohamad Noor** November 13, 2025 @ 1:26pm



Customs Department director-general Datuk Anis Rizana Mohd Zainudin said the Department has recorded seizures of smuggled cigarettes, tobacco, and cigars — including duties and taxes — totalling RM903.49 million over the past two years. — MOHD FADLI HAMZAH

Source: New Straits Times, 2025

BH MEDIA RUJUKAN MASSA: Op Kontraban Mega 1.0 rampas rokok, minuman keras bernilai RM12.2 juta

Onh Sulah Atfahy Huzairi - 09/11/2025 @ 7:29pm




Timbalan Pengerah Jabatan Keselamatan Dalam Negeri dan Kementerian Awam (Keselamatan) Bukit Aman, Datuk Feroz Saifullah (dua kanan) dan Timbalan Ketua Pengerah (Pengangkutan/Perniagaan) Kastam, SRI MING (dua kiri) pada sidang media kejayaan Op Kontraban Mega 1.0, hari ini. — NETP/AMIRUDIN SAHIB

Source: BH Online, 2025

FMT 14 firms probed by MACC for smuggling have valid cigarette import licences

A source from the anti-graft agency says the companies were found to have made false declarations during the import process.



MACC said smuggled tobacco, cigarettes, and cigars resulted in more than RM250 million in lost tax revenue between 2020 and 2024.

PETALING JAYA: The 14 companies under investigation by the Malaysian Anti-Corruption Commission for allegedly smuggling tobacco, cigarettes and cigars were found to hold valid licences to import cigarettes.

A source from MACC said the investigation, under Op Silau, was ongoing.

Source: FMT News, 2025

Sinar Daily Government allocates over RM700 million to boost MACC, PDRM and key enforcement agencies

The government will allocate more than RM700 million next year to enhance the effectiveness of key enforcement agencies through training and new asset acquisitions.



Royal Malaysia Police PDRM is among the agencies that will receive a portion of this allocation to strengthen its operational capabilities and support ongoing efforts in maintaining public order and national security.

Source: Sinar Daily, 2025

Govt Waging All-out War On Cartels, Smuggling To Save Country – PM Anwar

13/11/2025 04:01 PM



BANGI, Nov 13 (Bernama) -- The MADANI Government's resolve to wage an all-out war against cartels and smuggling represents an extraordinary effort to save the nation and its people, said Prime Minister Datuk Seri Anwar Ibrahim.

Source: Bernama, 2025

PGA tumpas sindiket rokok seludup, rampas 1.15 juta batang rokok bernilai RM2.2 juta

Bernama 13/07/2025 | 19:40 MYT



KOTA BHARU: Pasukan Gerakan Am (PGA) Briged Tenggara menumpaskan sindiket penyeludupan rokok seludup menerusi serbuan Op Taring Alpha 1 di kawasan kuari Mukim Jerus, Bukit Jawa, Pasir Puteh, Jumaat lepas.

Source: Astro Awani, 2025

Kastam Kelantan Rampas Rokok Seludup Bernilai RM2.25 Juta Di Tumpat

21/09/2026 02:37 PM



KOTA BHARU 21 Ogos (Bernama) -- Jabatan Kastam Kelantan merampas sebanyak 2.8 juta batang rokok putih bernilai RM2.25 juta termasuk cukai, dalam satu serbuan di Tumpat pada 5 Ogos.

Source: Bernama, 2025

FMT Crackdown on illicit trade to boost national revenue, says finance ministry

Experts note that Malaysia's efforts to curb illicit trade, while commendable, could benefit from advanced technologies such as enhanced tax stamps.



KUALA LUMPUR: Budget 2026 signals a firm push by Putrajaya to expand government revenue by clamping down on the shadow economy rather than introducing new taxes for the rakyat.

Treasury secretary-general Johan Mahmood Merican said the government is focusing on improving enforcement and compliance to plug revenue leakages, especially in sectors where illicit trade thrives.

"One example is cigarettes. We're aware that there are illicit cigarettes in the market — cigarettes on which taxes had not been paid," he said.

Source: FMT News, 2025

DYNAMIC BUSINESS

The Dynamic Business pillar envisages a future-fit, data-driven organisation; ensuring we are efficient and effective in all of our operations.

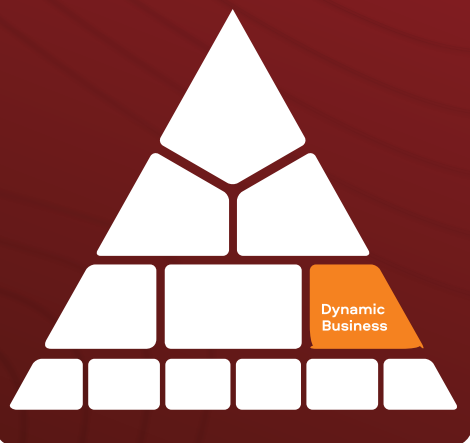
This will ensure that we deliver financial flexibility to invest in our business, people and products to win in a fast-changing environment and deliver superior returns to our investors.

Our commitments under Dynamic Business:

Operating Excellence

Diverse, Inclusive Workplace

Please refer to pages 73 to 86 of the SS2025.



OPERATING EXCELLENCE

Our operations are designed for resilience, precision, and sustainability, ensuring that logistics, distribution, and manufacturing deliver consistent performance. In 2025, we advanced operational excellence through the following initiatives:

1. Warehousing Integrity

We sustained a 'Zero Beetle Count' across all warehouse facilities, achieved through strict environmental controls and ongoing monitoring. Continuous temperature and humidity regulation, preventive maintenance of racking systems, air-conditioning, CCTV, and pest control were executed in collaboration with our third-party logistics partner.

2. Scheduled Maintenance Framework

Reliability is planned, not assumed. Our preventive maintenance programme adhered fully to scheduled interventions, safeguarding operational continuity. Infrastructure, security systems, and pest control were aligned under a unified compliance model, reinforced by regular audits.

3. Continuous Waste Governance

Waste management is closely monitored through container-level tracking, providing detailed visibility of waste type and weight. This data-driven approach supports reduction, recycling, and regulatory compliance, while enhancing transparency across operations.

4. Training Culture

Continuous safety and process training, supplemented by refresher programmes, ensures our workforce remains prepared and compliant. This embeds operational readiness and reinforces adherence to procedures as a standard practice.

5. Automated Fluid Transfer

We implemented pump-to-IBC tank flow for SW303 (Scheduled Waste Code), reducing manual handling and improving efficiency in chemical management. This automation reduces risk, enhances accuracy, and optimises factory workflows.



THE RISKS WE CONSIDER

BAT Malaysia sees three key risks that have the ability to significantly impact BAT Malaysia:



Financial Crimes



Sustainability Governance and ESG Regulations



Non-Compliance with Competition Laws and Guidelines

In addition to the above, BAT Malaysia is subject to the ever-present risk of competitor actions. Steps to anticipate, mitigate, and respond to such risks are core to our business.

2025 RISK MANAGEMENT ACTIVITIES

REVIEW OF BAT MALAYSIA'S RISKS

The Risk Management Team reviewed and assessed BAT Malaysia's risks formally twice during the year, in January and July 2025.

During Business Continuity Plan (BCP) testing period, the Chief Risk Officer (CRO) provided monthly updates on the status of the BCPs testing and highlighted any key threats to the internal controls of BAT Malaysia to the Leadership Team.

On a quarterly basis, the Risk Management Committee (RMC) was briefed by the CRO on BAT Malaysia's Enterprise Risk Management Programme. The briefing included updates on the key risks of BAT Malaysia, risk mitigation plans and the status of the BCPs testing.

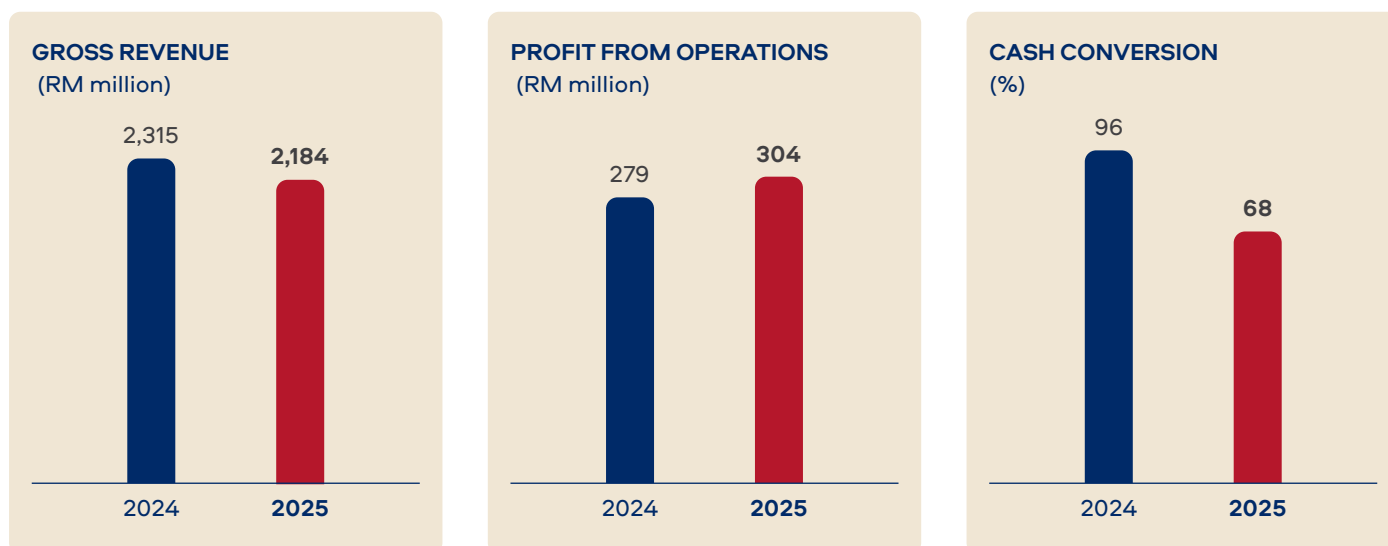
PROMOTION OF RISK AWARENESS

Risk communication is equally important and forms an integral part of the risk management activity as it focuses on the dissemination of risk information to appropriate levels of employees and stakeholders. Appropriate channels are available for employees to provide feedback on risk management issues and suggestions for improvement.

During the year, company-wide risk and control awareness communications were cascaded and department huddles were conducted regularly for all employees throughout the nation. The objectives of the communications and huddles were to raise risk and control awareness within BAT Malaysia and to drive compliance of controls and adherence to risk mitigation plans.

FINANCE

DIRECTOR'S REVIEW



REVENUE

In 2025, BAT Malaysia operated in a challenging environment marked by unprecedented regulatory developments, persistently high illicit incidence and continued affordability pressures. These factors collectively weighed on legal industry volumes, resulting in a decline of 5.50% in BAT Malaysia's total volume and a softer revenue performance for the year.

In addition, the evolving regulatory landscape led to BAT Malaysia's strategic decision to transition out its range of Vuse products in Q3 2025, allowing the business to sharpen its focus on strengthening its core combustible portfolio under the new requirements.

COST OF SALES

Cost of sales decreased by 7%, reflecting BAT Malaysia's continued focus on operational efficiency and disciplined cost management. Throughout 2025, BAT Malaysia leveraged on its established supply chain model to drive productivity improvements and optimise sourcing, manufacturing, and logistics expenses. These initiatives supported a more competitive product cost structure and helped mitigate the impact of lower volumes during the year.

OPERATING EXPENSES

Operating expenses decreased by 16% to RM225 million, reflecting BAT Malaysia's sustained focus on cost discipline and spend optimisation across the organisation. Despite inflationary pressures and additional regulatory implementation costs during the year, BAT Malaysia effectively managed its operating base through tighter cost controls, productivity improvements, and the streamlining of non-essential expenditure. These measures strengthened operational efficiency and supported its overall resilience in a challenging market environment. In addition, the reduction in Vuse-related costs following the product transition further contributed to the overall decline in operating costs.

PROFIT FROM OPERATIONS

Profit from operations increased by 9% to RM304 million, reflecting BAT Malaysia's ability to deliver resilient performance despite a softer top line. The improvement was supported by strengthened operational discipline and the cumulative impact of efficiency measures implemented throughout the year. These efforts enabled us to maintain robust profitability in the face of continued market and regulatory pressures.

FINANCE DIRECTOR'S REVIEW

TAXATION

BAT Malaysia recorded an effective tax rate of 26.20% for the financial year, slightly lower than the preceding year. This was mainly due to a reduction in non-deductible expenses during the year, resulting in a more favourable tax position overall. BAT Malaysia continues to comply fully with prevailing tax regulations and maintains a disciplined approach to tax governance, as evidenced by its recognition by IRB for voluntary participating in the Tax Corporate Governance (TCG) Programme, which underscores its commitment to transparency, strong internal controls, and responsible tax practices.

DIVIDENDS

Despite the challenging operating environment, BAT Malaysia remained committed to delivering strong shareholder returns. In 2025, BAT Malaysia declared four interim dividends totaling 63.50 sen per share, representing a 90% payout ratio for the year. This translated into a 11.60% dividend yield, based on the average share price for the year. BAT Malaysia continues to prioritise consistent and sustainable returns through disciplined capital management and robust cash generation.

DEBT, DEBT STRUCTURE, WORKING CAPITAL, AND LIQUIDITY

As at 31 December 2025, BAT Malaysia maintained a total debt facility of RM890 million across several licensed financial institutions in Malaysia. BAT Malaysia continued to utilise revolving credits and bank overdrafts to support short-term working capital needs. This flexible debt structure enabled BAT Malaysia to optimise borrowing levels, minimise financing costs, and maximise interest deductibility.

In addition, BAT Malaysia maintained a debt factoring facility to further strengthen liquidity and provide flexibility to accommodate increased working capital requirements. Cash conversion declined from 96% to 68%, primarily due to higher cash needs arising from regulatory changes.

At the end of 2025, BAT Malaysia held RM570 million in revolving credit and short-term loans, with tenures ranging from one month to three months, compared to RM558 million in 2024. In 2025, cash from operations declined by 22.30% (RM59 million) compared to 2024, primarily due to higher year-end sales demand.

	2025 (RM million)	2024 (RM million)
Profit from Operations	304	279
Cash from Operations	206	266
Cash Conversion	68%	96%
(Decrease) / Increase in cash and cash equivalents	(2)	8

TREASURY

BAT Malaysia's foreign currency exposure primarily stems from the purchase of finished goods. In accordance with BAT Malaysia's treasury policy, this exposure is minimised by hedging net positions for up to 18 months, in line with the hedging period allowed under the Foreign Exchange Control guidelines enforced by Bank Negara Malaysia. The permitted range for the hedge ratio within the 18 months of the transaction date is 0% to 95%. The hedging strategy aims to safeguard shareholder value by minimising the impact of foreign exchange fluctuations. This is achieved through a structured approach, where hedges are layered monthly within the limits established by Bank Negara Malaysia.

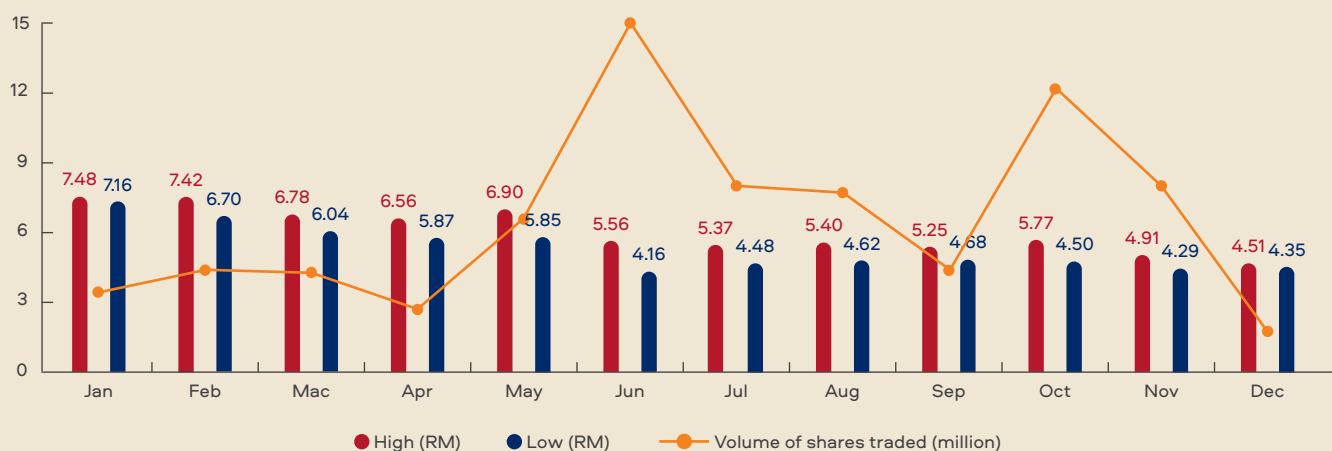
FINANCE

DIRECTOR'S REVIEW

SHAREHOLDERS' RETURN

BAT Malaysia's share price was primarily influenced by external factors, including the tobacco black market and the enforcement of Act 852. While the share price remained relatively stable in the first quarter of 2025, it declined in the second, third, and fourth quarters largely driven by the phased implementation of Act 852 with full compliance by retailers by 1 October 2025. BAT Malaysia's market capitalisation stood at RM1.3 billion in 2025, with an estimated annual dividend yield of 11.60%. BAT Malaysia continues to ensure the maximisation of shareholders' returns through its A Better Tomorrow™ strategy.

BAT MALAYSIA'S SHARE PERFORMANCE 2025



Share Performance	2019	2020	2021	2022	2023	2024	2025
Net Dividends	1.18	0.83	0.98	0.88	0.63	0.59	0.64
Capital Gain/Loss	(21.00)	(1.00)	(0.10)	(2.76)	(1.93)	(1.83)	(3.17)
Annual Shareholders' Return	(19.82)	(0.17)	0.88	(1.88)	(1.30)	(1.24)	(2.53)

OUTLOOK

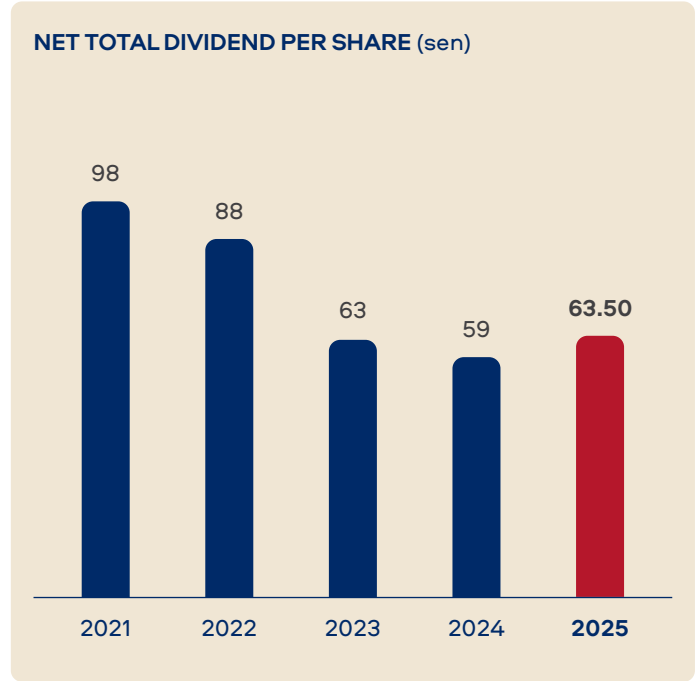
BAT Malaysia enters 2026 with strengthened fundamentals following a resilient FY2025 performance. BAT Malaysia remains focused on core combustible portfolio, maintaining strict operational discipline, and building on strategic actions completed in 2025, including the full transition out of Vuse and accelerated cost optimisation initiatives.

2026 will be a pivotal year as the phased implementation of Act 852, covering the RDB and PHW, together with the tobacco excise duty increase introduced in late 2025, move the Malaysian tobacco industry into a fully regulated dark market environment. Despite these challenges, BAT Malaysia is well positioned to navigate the evolving landscape by leveraging its extensive experience in highly regulated markets and its continued leadership in the premium segment through the Dunhill brand. BAT Malaysia remains committed to operational excellence, disciplined performance, and delivering sustainable long-term value to shareholders and stakeholders.

Illicit incidence has shown a declining trend, from 55% in 2024 to 54.40% in 2025. BAT Malaysia recognises the Government's ongoing efforts in combating illicit trade and encourages further strengthened enforcement in 2026 to support a more sustainable legal tobacco market.

FINANCE DIRECTOR'S REVIEW

FIVE-YEAR PERFORMANCE HISTORY



FINANCE

DIRECTOR'S REVIEW

FIVE-YEAR PERFORMANCE HIGHLIGHTS

2021

This was the second consecutive year of the COVID-19 global pandemic. Despite this, BAT Malaysia produced stellar results, registering volume growth for the first time since 2002 and profit growth for the first time since 2015. Dunhill, our flagship brand, gained market share of 2.1 percentage points, while our KYO brand in the VFM segment continued to see encouraging response. During the year, we expanded its range with the launch of KYO Switch and KYO Full Flavour. As a whole, the KYO brand established itself as the fastest-growing modern consideration offer. Altogether, BAT Malaysia's total market share grew to 52.40%, an increase of 0.80% from 2020. It was also encouraging to note that the illicit incidence decreased to 57.30% from 63.80% in 2020. Lastly, we welcomed the Budget 2022 announcement that the Malaysian Government intended to legalise the sale of nicotine vapour products, which would help push forward our own aspirations to reduce the health impact of our business.

2022

2022 saw Malaysia easing out of the COVID-19 global pandemic as the economy showed signs of gradual recovery. Businesses continued to find their footing in the post-pandemic high-inflationary environment while adjusting to the shifts in consumption patterns. In tandem with the market's downtrading trend, BAT Malaysia's VFM brands – KYO and Rothmans – captured an additional 1% market share. Although the legal tobacco industry's premium segment declined by 1% during the year, Dunhill continued to cement its strong foothold in the premium segment as the brand secured growth of 1.10% share of segment. BAT Malaysia's market share contracted by 0.80% when compared to last year following a strategic exercise to delist the Pall Mall and Kent brands in the second quarter of this year as part of the portfolio simplification. This allowed BAT Malaysia to intensify its focus on business portfolio expansion of reduced-risk[†] products with the launch of glo™ in the first quarter of 2023. We are also encouraged by the decline of the illicit cigarettes incidence from 57.30% in 2021 to 56.60% in the current year. BAT Malaysia is in full support of the Malaysian Government's stance to reduce the illicit incidence and urges the Government to consider science and evidence-based regulations to legalise the vapour market.

2023

The legal cigarette industry was impacted by external pressures affecting consumption. The tobacco black market incidence remained high at 55.60% and the legal market experienced downtrading alongside lower consumption as the trend of consumers opting for lower risk products continued. Within this environment, Dunhill remained resilient. BAT Malaysia launched Luckies during the year to better compete in the VFM segment. Upon the legalisation of vapour products earlier this year, BAT Malaysia was swift to expand into this segment of nicotine consumers by launching Vuse. This inaugural moment for BAT Malaysia presented far-reaching opportunities for BAT Malaysia as we transformed into a multicategory business. During the second half of the year, multiple formats of Vuse were introduced in order to cater to the varying tastes and needs of vapour consumers. We were encouraged by the initial performance and continued to invest to grow Vuse. BAT Malaysia continued to urge the Government to implement science-based regulations to regulate the vapour market.

* Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk-free and are addictive.

† Our vapour product Vuse (including Alto, Solo, Ciro, and Vibe), and certain products, including Velo, Grizzly, Kodiak, and Camel Snus, which are sold in the U.S., are subject to FDA regulation and, no reduced-risk claims will be made as to these products without agency clearance.

FINANCE DIRECTOR'S REVIEW

2024

The legal combustible industry experienced a 2% decline in volume for the year as compared to the previous year despite the decrease of illicit incidence by 0.60%, from 55.60% to 55% in the current year. Combustible products continued to face challenges as consumer preference shifted to reduced-risk*† products. In addition, inflationary pressures had driven consumers to downtrade or consume alternative nicotine products such as vapour. Within this environment, in carving a pathway for VFM leadership, a Rothmans pack upgrade campaign was launched, aimed at reinforcing its premium perception and increase its competitiveness within the VFM segment. In solidifying its leadership in the premium segment, BAT Malaysia kicked off the Dunhill 60th year celebration with vibrant nationwide in-store branding that emphasised on the brand's premium and prestigious cues and reinforce its smooth and great taste credentials that have helped it to maintain its leadership position over the years. Regulations from Act 852 was gazetted in October 2024 and took effect in phases over the course of the year in 2025. BAT Malaysia was fully prepared to navigate these changes effectively.

2025

The year marked significant regulatory and fiscal developments, with the PHW and RDB implemented in October 2025, followed by the tobacco excise duty increase in November 2025. In parallel, BAT Malaysia made a decisive strategic move to transition out its range of Vuse products from the market due to nicotine-content limit restrictions. This enabled a sharper commercial focus on the core combustible portfolio and aligned BAT Malaysia's portfolio strategy with regulatory expectations. In addition, the legal combustible segment continued to face volume pressure in 2025 despite a slight improvement in illicit incidence from 55% to 54.40%. Consumer behaviour remained challenged by inflationary pressures, ongoing downtrading, and a shift toward reduced-risk†† alternatives. Amid these conditions, BAT Malaysia reinforced its market position by building stronger brand equity for Rothmans in the VFM segment and strengthening Dunhill's leadership in the premium segment, supported by its 60 years of heritage in Malaysia. As these developments continue to shape legal market dynamics into 2026, BAT Malaysia remains well positioned to navigate the evolving environment through disciplined execution, strong brand leadership, and unwavering commitment to long-term value creation.

* Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk-free and are addictive.

† Our vapour product Vuse (including Alto, Solo, Ciro, and Vibe), and certain products, including Velo, Grizzly, Kodiak, and Camel Snus, which are sold in the U.S., are subject to FDA regulation and, no reduced-risk claims will be made as to these products without agency clearance.

04

SUSTAINABILITY

Sustainability is at the forefront of our business as we aim to create long-term value for our stakeholders through a holistic approach.

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NO.



SUSTAINABILITY STATEMENT

About This Statement

British American Tobacco (Malaysia) Berhad (BAT Malaysia, We, Us, Our) is pleased to present its Sustainability Statement (SS2025) for the financial year 2025, serving as BAT Malaysia's account of its sustainability priorities, performance, and strategic commitments.

Operating within the tobacco and consumer goods sectors, BAT Malaysia integrates sustainability across all aspects of its business, demonstrating its commitment to value creation. BAT Malaysia's approach is aligned with its sustainability strategy whereby environmental, social, and governance considerations are embedded in its strategic decision-making, operational execution, and stakeholder engagement.

As a subsidiary of the BAT Group, BAT Malaysia aligns its sustainability strategy with the BAT Group's strategy, supporting its impact areas. Through SS2025, BAT Malaysia continues to enhance its transparency, accountability, and relevance in its disclosures, seeking to reinforce trust, and foster enduring partnerships with its stakeholders.

Operations in other jurisdictions, as well as those outside the three entities mentioned above, have been excluded from the SS2025, as it is prepared specifically for BAT (Malaysia) Berhad. A detailed overview of BAT Malaysia's corporate structure and operational footprint is set out in the Corporate Structure section on page 9 of this Annual Report.







Where data is available, the SS2025 includes up to three years of historical information, providing comparative insights, and illustrating performance trends that demonstrate BAT Malaysia's progress and strategic approach to sustainability.

Reporting Guidelines and Standards

This Statement has been prepared using all available internal data and in full compliance with Paragraph 29, Part A of Appendix 9C, as well as Practice Note 9 of Bursa Malaysia Securities Berhad's (Bursa Securities) Main Market Listing Requirements (MMLR) governing sustainability statements. BAT Malaysia's sustainability disclosures are prepared with reference to the requirements applicable to Group 1 entities under the National Sustainability Reporting Framework (NSRF), following the IFRS Sustainability Disclosure Standards and aligned with internationally recognised sustainability frameworks and standards set out below. In applying these requirements, BAT Malaysia has adopted the NSRF transition relief under the climate-first approach, in alignment with IFRS S2.

SUSTAINABILITY STATEMENT

With Reference:

 <p>International Financial Reporting Standards</p> <p>National Sustainability Reporting Framework (NSRF), following the International Financial Reporting Standards (IFRS) Climate Disclosure Standards</p>	 <p>Global Reporting Initiative (GRI) 2021 (Core Option)</p>	 <p>FTSE4Good FTSE4Good Bursa Malaysia (F4GBM) Index</p>
 <p>Task Force on Climate-Related Financial Disclosures (TCFD)</p>	 <p>Now part of IFRS Foundation</p> <p>Sustainability Accounting Standards Board (SASB) Sector-Specific Disclosures</p>	 <p>United Nations Sustainable Development Goals (UNSDGs)</p>

Statement of Use

The Board of Directors (the Board) of BAT Malaysia, as BAT Malaysia’s highest governing authority, affirms its oversight and accountability for this declaration. The information presented in this SS2025 has been prepared with diligence and in accordance with the GRI Standards. This Statement has been approved by the Board on 5 March 2026.

Data Quality and Reliability

The data presented in SS2025 was systematically collected, verified, and validated by the relevant business units under the oversight of BAT Malaysia’s Chief Sustainability Officer (CSO), ensuring accuracy, consistency, and reliability. Upon finalisation, the SS2025 was reviewed by the Board SC and endorsed by the Board, reinforcing BAT Malaysia’s accountability to its disclosures.

While SS2025 has not undergone internal or external assurance, environmental data disclosed is derived from the centralised database of the BAT Group and was subjected to external limited assurance conducted at BAT Group level. BAT Malaysia remains committed to strengthening credibility and plans to obtain reasonable external assurance for Scope 1 and Scope 2 emissions in 2027.

Exclusions and Limitations

BAT Malaysia acknowledges that certain limitations in data availability and consistency remain, particularly where reliance is placed on external inputs or non-standardised measurement approaches. BAT Malaysia continues to enhance its data governance and systems to support more robust and decision-useful disclosures over time.

Forward-looking Statement

SS2025 includes forward-looking statements, including strategic priorities and performance aspirations relating to BAT Malaysia’s anticipated performance and future outlook. These statements are based on current conditions and reasonable assumptions at the time of reporting and are subject to inherent uncertainties. Accordingly, actual outcomes may differ materially due to changes in business conditions, regulatory developments, or other external factors beyond BAT Malaysia’s control.

SUSTAINABILITY STATEMENT

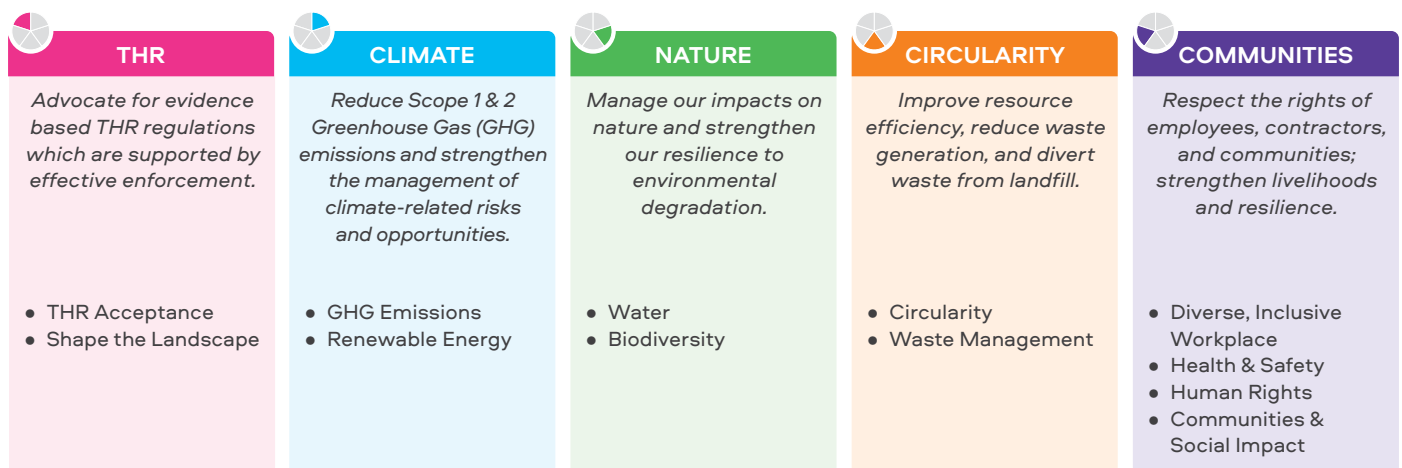
BAT MALAYSIA'S SUSTAINABILITY STRATEGY

BAT Malaysia's sustainability strategy underpins how we conduct our business and how we deliver the BAT Group's corporate vision of creating A Better Tomorrow™ by Building a Smokeless World.

At the heart of this vision is the BAT Group's ambition to reduce the health impact of its business. Achieving this requires a responsible transformation – one that places sustainability at the centre of how we evolve, operate, and create long-term value.

BAT Malaysia's sustainability strategy was refined in 2025, following the Double Materiality Assessment (DMA) (refer pages 57 – 58) carried out. The strategy is aligned to the BAT Group's strategy, by addressing the five strategic impact areas – Tobacco Harm Reduction (THR), Climate, Nature, Circularity, and Communities. Further, BAT Malaysia seeks to manage environmental and social impacts of its business responsibly through careful and effective governance of our impacts, risks, and opportunities. Our governance framework supports and provides the foundation for sustainable, long-term decision-making.

BAT Malaysia's Sustainability Strategy:



SUSTAINABILITY STATEMENT

Our sustainability strategy is applied across the value chain with a clear focus on managing sustainability-related risks, dependencies, and impacts that are most relevant to business resilience and long-term value creation.

Upstream activities primarily involve the importation of finished products from global manufacturing hubs, alongside sourcing of key raw materials for local production. At this stage, sustainability considerations are centred on supplier practices and the management of environmental, social, and regulatory risks within the supply chain, recognising the role of responsible sourcing in supporting business continuity and reputational integrity.

Within internal operations, sustainability considerations are embedded into manufacturing activities at the Johor Bahru factory (the factory), with emphasis placed on resource efficiency, environmental management, workplace safety, and operational reliability. These factors support consistent performance while managing exposure to environmental and social risks that may affect operational resilience.

Downstream, sustainability considerations are most closely associated with distribution and logistics activities. This includes the management of the Pulau Indah warehouse (the warehouse), transportation-related emissions and efficient distribution practices across the domestic market, supported through ongoing engagement with logistics and distribution partners.

Together, these areas represent key interfaces between sustainability considerations and enterprise value. By focusing on these material touchpoints, BAT Malaysia is better positioned to understand how sustainability-related factors influence business resilience and long-term value creation across the six capitals — financial, manufactured, human, intellectual, social and relationship, and natural capital.

To articulate this linkage, BAT Malaysia adopts a value creation lens that considers six interrelated capitals, which collectively represent the key resources and relationships BAT Malaysia relies on to operate, compete, and meet stakeholder expectations. Through the effective management of these capitals, BAT Malaysia seeks to create value for its key stakeholder groups, including consumers through product quality and responsible offerings, investors and shareholders through sustainable financial performance, employees through a safe and engaging workplace, suppliers and business partners through stable and responsible relationships, and society through responsible environmental and social practices.

Reporting the six capitals provides a holistic view of how sustainability considerations are integrated into business operations, decision-making processes, and performance outcomes, rather than being treated as standalone initiatives. The Value Creation Model (VCM) below provides a contextual view of how sustainability considerations intersect with BAT Malaysia's value creation process. The subsequent sections in the SS2025 build on the elements reflected in the model, providing further detail on material matters, sustainability-related risks, and performance outcomes that support long-term value creation.

SUSTAINABILITY STATEMENT

VALUE CREATION

Capital Input



Financial capital

- RM32,932,000 assets (cash and cash equivalents)
- RM475,109,000 of shareholders' funds



Manufactured capital

- 1 Manufacturing Facility
- 1 Warehouse
- 10 State Offices
- 1 Head Office



Human capital

- 270 Employees
- RM481,438.05 Investment in employee learning and development (L&D)



Intellectual capital

- Established management systems and robust internal standards and procedures, including business continuity planning (BCP)



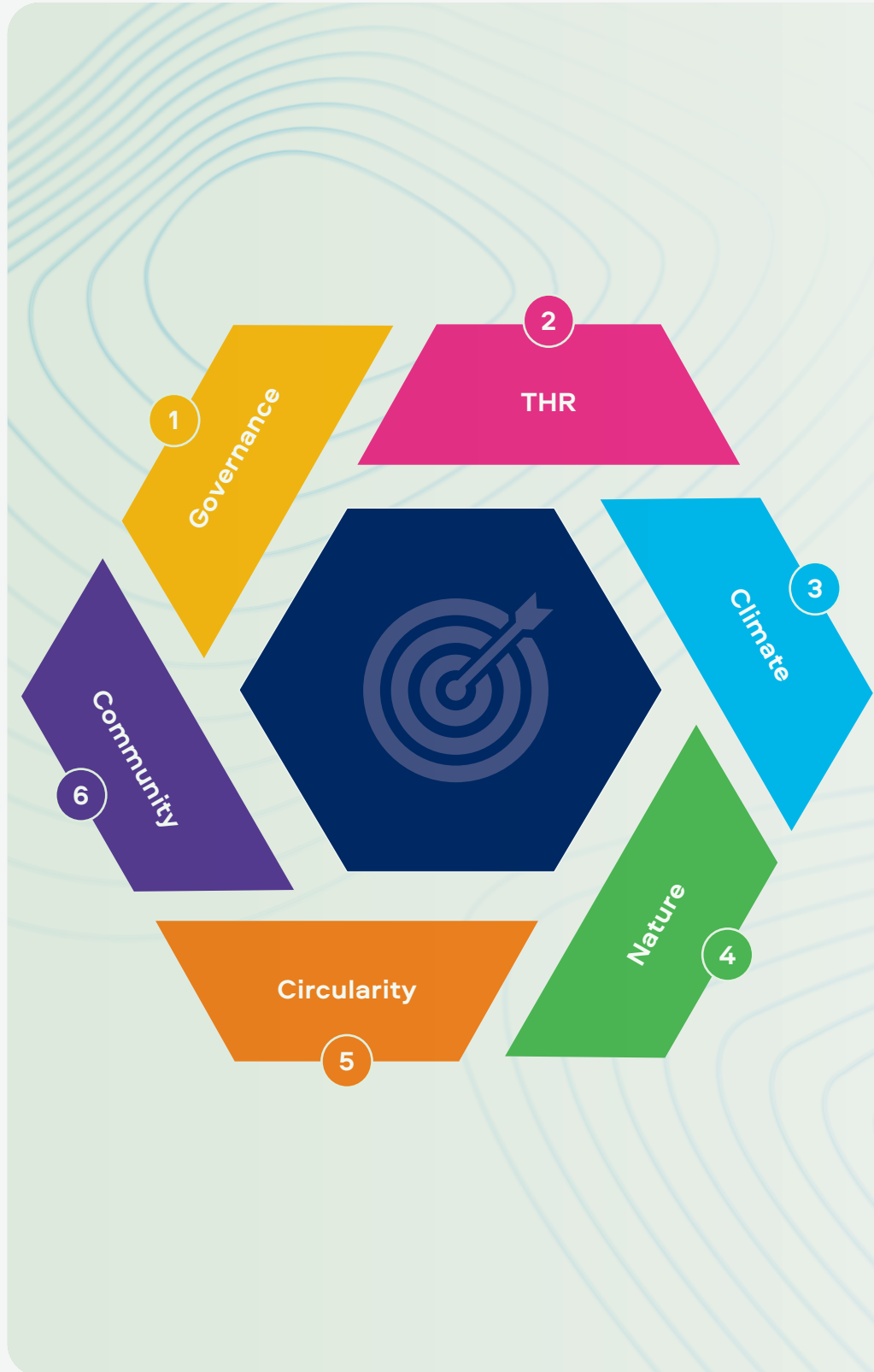
Social capital

- RM325,348 invested in communities (Beyond Benih)
- RM80,000 invested in developing sanitation facilities in an indigenous community



Natural capital

- 388,117 litres of gasoline
- 8,434 litres of diesel
- 2,388.83 MWh of purchased electricity
- 7,893 m³ of water
- MWh of onsite generated solar electricity



SUSTAINABILITY STATEMENT

	Value Delivery & Impact	Relevance to UNSDGs
<p>1 Upholding Robust Governance Managing environmental and social impacts responsibly through effective governance of impacts, risks, and opportunities, enabling informed decision-making, regulatory compliance, and sustained stakeholder confidence.</p>	<p>Sustained revenue generation from domestic and export markets</p> <ul style="list-style-type: none"> - RM2,183,898,000 in total revenue - RM202,446,000 in net profit 	
<p>2 Upholding Evidence-Based Regulations and Responsible Market Practices Advocate for evidence-based regulations supported by effective enforcement, enabling responsible product offerings, market integrity, and informed adult consumer choice, while supporting long-term business sustainability in a highly regulated operating environment.</p>	<p>Reliable operational capability supporting consistent production and distribution</p> <ul style="list-style-type: none"> - Zero product quality incidents/recall 	
<p>3 Driving Decarbonisation and Climate Risk Management Reduce Scope 1 and 2 GHG emissions and strengthen the management of climate-related risks and opportunities, supporting operational resilience, energy efficiency, and preparedness for transition and physical climate impacts.</p>	<p>A safe environment and a capable workforce leading to improved business performance and competitiveness</p> <ul style="list-style-type: none"> - Zero work-related fatalities and injuries - 845.27 hours of training on employee L&D - 31.85% female representation in total workforce 	  
<p>4 Managing Environmental Impacts and Resource-Related Risks Manage impacts on nature and strengthen resilience to environmental degradation by addressing resource-related risks, reducing in water withdrawal, and complying with environmental regulations across operations and relevant parts of the value chain.</p>	<p>Strong brand portfolio supporting market relevance and compliance</p> <ul style="list-style-type: none"> - Six active brands - Zero significant¹ product or regulatory non-compliance incidents 	
<p>5 Enhancing Resource Efficiency and Waste Management Improve resource efficiency, reduce waste generation, and divert waste from landfill by embedding circular practices within operational processes, packaging design, and waste management systems.</p>	<ul style="list-style-type: none"> - Stable stakeholder and supply chain relationships supporting license to operate - 84.56% of BAT Malaysia's 298 suppliers are local, driving 57.95% of total procurement spend - ~154,000 beneficiaries from low-income (B40) communities (Beyond Benih) - 80 beneficiaries from indigenous community (sanitation project) 	 
<p>6 Supporting Workforce and Community Wellbeing Respect the rights of employees, contractors, and communities by fostering safe, fair, and inclusive practices, while strengthening livelihoods, workforce capability, and community resilience in areas where BAT Malaysia operates.</p>	<p>Reduced emissions</p> <ul style="list-style-type: none"> - 51.91% reduction in operational emissions (Scope 1 and 2) against the 2020 baseline - 45.62% renewable energy use - 98.18% waste recycled - Alliance for Water Stewardship (AWS)-certified manufacturing facility 	 

¹ Significant non-compliance incidents are defined as incidents that result in a RM5,000 and above fine or conviction of a criminal offense by a court of law.

SUSTAINABILITY STATEMENT

MESSAGE FROM THE CHAIRWOMAN OF THE BOARD SUSTAINABILITY COMMITTEE



Dear Stakeholders,

As we present our Sustainability Statement for 2025, it is timely to reflect on our collective progress in creating A Better Tomorrow™, while continuing to embed sustainability into how we operate as a business.

The introduction of the NSRF by the Securities Commission Malaysia indicated a significant step in formalising sustainability reporting requirements. In response, we have commenced aligning our sustainability disclosures with the IFRS S2 Climate-related Disclosures as part of this transition.

As we stay ahead of the curve, not only have we refined the findings from the Climate Risk Assessment (CRA) workshop conducted in 2024 to be disclosed in this SS2025 for the first time, but in parallel, we also undertook a thorough analysis and review of sustainability-related risks and opportunities across the business, with disclosures to be made in the upcoming reporting periods. These efforts reflect our focus on strengthening risk governance, decision-making processes, and increasing stakeholder confidence. We view the growing scrutiny of sustainability reporting as an opportunity to sharpen our sustainability and climate strategy and to enhance transparency in how such risks are managed.

Against this backdrop, BAT Malaysia continued to make measured progress across the five strategic impact areas of its strategy, each of which supports the long-term resilience of the business.

THR remains central to our strategy, supported by informed adult consumer choice through access to scientifically substantiated reduced-risk^{††} alternatives. We continue to advocate for THR acceptance by engaging stakeholders on the reduced-risk^{††} potential of our Smokeless products. We support progressive, evidence-based regulations – supported by meaningful enforcement. To this effect, we launched Omni™ in Malaysia in 2025. Omni™ is a resource intended for scientists, public health authorities, regulators, policymakers, and investors.

Sound governance and responsible conduct remain the backbone of our operations, supporting ethical decision-making, effective risk oversight, and stakeholder confidence. Oversight of sustainability-related risks and opportunities, including climate change, continues to be embedded within our governance and risk management structures, ensuring resilience in the face of evolving regulatory requirements and heightening stakeholder expectations.

* Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk-free and are addictive.

† Our vapour product Vuse (including Alto, Solo, Ciro, and Vibe), and certain products, including Velo, Grizzly, Kodiak, and Camel Snus, which are sold in the U.S., are subject to FDA regulation and, no reduced-risk claims will be made as to these products without agency clearance.

SUSTAINABILITY STATEMENT

We maintain a clear position in support of climate policies aligned with national and global commitments, including the Malaysian Nationally Determined Contributions (NDCs), the National Energy Transition Roadmap (NETR), and the Paris Agreement. This alignment is reflected in our Environmental Policy Statement that outlines our commitment to reducing environmental impacts, mitigating climate change, and reducing GHG emissions. As we move forward, we have made tangible progress in these areas, including reducing our total operational emissions by 51.91%, increasing renewable energy consumed to 45.62%, obtaining AWS certification for our factory, and recycling 98.18% of waste generated through our operations.

Our employees and the communities in which we operate remain central to our sustainability strategy. Internally, we foster a safe, inclusive, and respectful workplace, underpinned by clear policies, consistent practices, and ongoing engagement with our employees. Our focus is on supporting workforce well-being and capability development, recognising that a motivated, and skilled workforce strengthens operational performance. In 2025, we delivered 845.27 training hours, alongside ongoing health and safety, and employee engagement initiatives. Externally,

we engage responsibly with the communities in which we operate, focusing on initiatives that are relevant and aligned with local needs, supporting approximately 154,000 beneficiaries through our flagship community investment programme – Beyond Benih.



















As we navigate 2026, we will remain guided by the BAT Group's vision to create A Better Tomorrow™, while continuing to refine our sustainability practices in line with evolving regulatory requirements and stakeholder expectations. This includes further reducing our environmental and social impacts and maintaining our renewable energy footprint while further enhancing our climate and sustainability-related disclosures.

On behalf of the Board, I extend my sincere thanks to the Leadership Team, employees, business partners, regulators, and stakeholders. Your support empowers us to grow responsibly and sustain our momentum for years to come.

Norliza binti Kamaruddin
(Sustainability Committee Chairwoman)

SUSTAINABILITY STATEMENT

OUR PERFORMANCE IN 2025

Key	 Achieved/On track - Likely to meet target/ambition on time	 Ongoing focus - Continued progress towards target/ambition required	 Target not met/Not on track - Significant progress required to meet target/ambition on time		
Material Topics	BAT Malaysia's Ambitions and Targets	Metrics	2025 Performance	2024 Performance	Progress
Climate	50% reduction in absolute Scope 1 and 2 GHG emissions by 2030 (vs. 2020 baseline)	% reduction in Scope 1 and 2 CO ₂ e emissions (- indicates reduction in emissions)	-51.91%	-56.28%	
	Over 50% renewable energy use across own operations by 2030	% of energy sourced from renewable sources	45.62%	50.56%	
Circularity	25% reduction in waste generated by 2025 (vs. 2017 baseline)	% of waste reduced (- indicates reduction in waste)	-33.33%	-24.51%	
	90% recycling rate of waste generated by 2025	% of waste recycled	98.18%	99.32%	
	Zero waste sent to landfill from direct operations	% of waste sent to landfill from direct operations	0.76%	0%	
Nature	35% reduction in water withdrawn by 2025 (vs. 2017 baseline)	% reduction in water withdrawn (+ indicates increase in water withdrawn)	+11% ²	+42.93%	
Diverse, Inclusive Workplace	40% women in management roles (G34 and above) by 2025 ³	% of women in management roles	40%	38.61%	
Health and Safety	Aim to maintain zero accidents across BAT Malaysia's business operations	Number of work-related accidents resulting in injury, lost time incidents, or fatalities	0	0	
Human Rights	Aim for zero child labour in BAT Malaysia's tobacco supply chain	Number of incidents of child labour reported	No Reported Incidents	No Reported Incidents	
Communities and Social Impact	~250,000 beneficiaries supported through Beyond Benih by 2026	Estimated number of beneficiaries	~154,000	~89,000	
Ethics and Integrity	100% of employees completed Standards of Business Conduct (SoBC) training and sign-off on SoBC procedure	% of employees	100%	100%	
Regulatory Compliance	Zero incidents of significant ¹ non-compliance with marketing regulations	Number of significant incidents	0	0	
	Full adherence to BAT Group's Underage Access Prevention (UAP) and Responsible Marketing Principles (RMP)	Number of reported incidents	0	0	
	Aim for the reduction in total illicit incidence ⁴	% of illicit incidence	54.40%	55%	
Sustainability Governance	Effective management of sustainability governance to ensure compliance with Bursa Malaysia's MMLR	-	Adoption of IFRS S2 reporting and in progress to meet full compliance per NSRF by 31 December 2027	In progress to meet compliance by 31 December 2025	

¹ Significant non-compliance incidents are defined as incidents that result in a RM5,000 and above fine or conviction of a criminal offense by a court of law.

² Refer pages 69 to 71 for the reasons in the increase in water withdrawal.

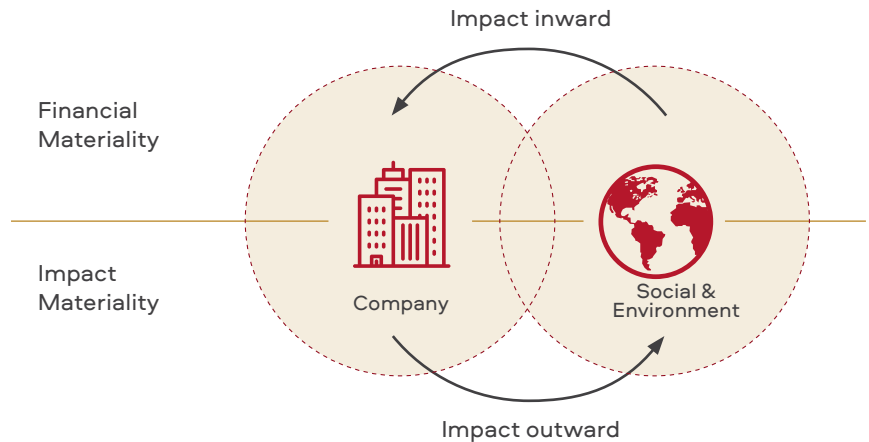
³ Target reduced from 45% to 40% in 2025.

⁴ Illicit incidence is based on the annual NielsenIQ's Illicit Cigarettes Study.

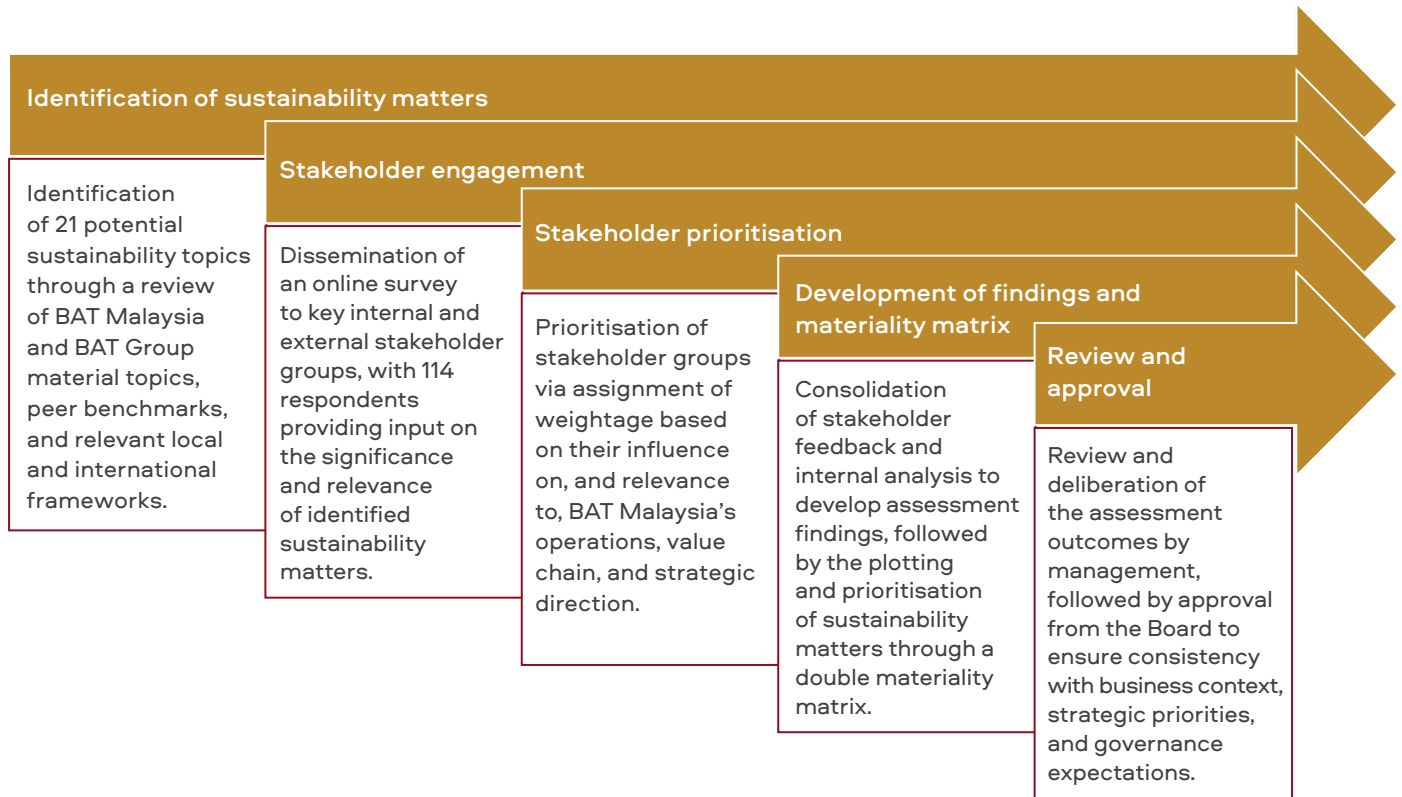
SUSTAINABILITY STATEMENT

MATERIALITY ASSESSMENT

In 2025, BAT Malaysia conducted a DMA to strengthen its understanding of sustainability-related matters that are relevant from both an impact and a financial perspective. The DMA considers the dual lenses of impact materiality and financial materiality, enabling a more structured assessment of stakeholder expectations alongside matters that may influence BAT Malaysia's ability to create long-term value.



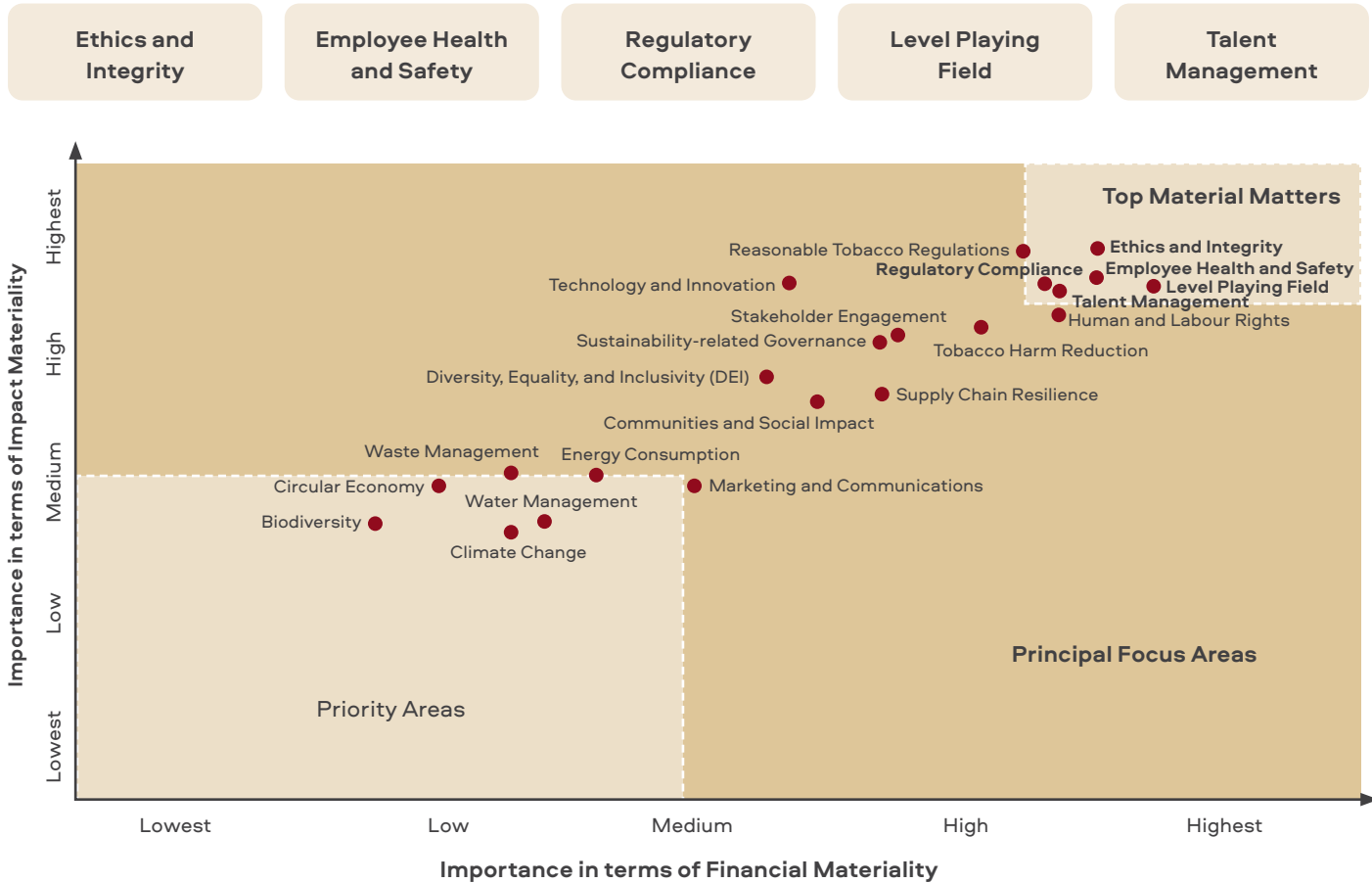
The assessment was designed to support decision-useful sustainability disclosures and to inform the identification and prioritisation of sustainability-related risks and opportunities. The DMA was conducted with the support of an external sustainability guidance and advisory firm, applying a structured, multi-step approach to ensure robustness and consistency.



The resulting materiality matrix provides a foundation for focusing sustainability efforts in 2025 and beyond. It also supports the identification of material sustainability-related risks and opportunities (SRROs), aligned with the principles of IFRS S1, and informs how these matters are integrated into strategy, risk management, and reporting.

SUSTAINABILITY STATEMENT

TOP MATERIAL MATTERS



KEY RELATIONSHIPS

BAT Malaysia’s key relationships are integral to how the business operates, manages risks, and sustains long-term value creation. Stakeholders are defined as individuals and organisations whose interests, decisions, or influence are closely connected to our operations, license to operate, and strategic direction. As such, stakeholder considerations are approached through a structured and business-relevant lens.

We prioritise purposeful engagement that supports informed decision-making and organisational resilience. Dialogue with stakeholders is focused on understanding emerging expectations, regulatory developments, and potential impacts on the business. Engagement is conducted through a combination of established physical and digital channels, including consultations, industry forums, social media platforms, and targeted interactions, enabling the business to remain responsive to a changing external environment.

Our key stakeholder groups include regulators, consumers, employees, investors, business partners, the media, non-governmental organisations (NGOs), and local communities. Each group plays a distinct role in shaping the operating landscape, and engagement is embedded within existing governance, risk management, and operational processes to ensure relevance and consistency.

SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT

Stakeholders	Engagement Platforms	Issues	How We Addressed the Issues
Regulators	<ul style="list-style-type: none"> Public consultations and regular meetings. 	<ul style="list-style-type: none"> Tobacco black market. THR and Smokeless products. Tobacco control regulations. Fiscal regulations. Embedding sustainability into business strategy and operations. Managing sustainability and climate-related risks. 	<ul style="list-style-type: none"> Two-way dialogue and shared information about the tobacco black market and its impacts, THR, and Smokeless products. Two-way industry led dialogue on tobacco control and fiscal regulations. Sustainability disclosures including the climate-related financial report published in the Annual Report. Reporting Material Sustainability Matters on Bursa CSI Platform.
Consumers	<ul style="list-style-type: none"> Customer service hotline. Corporate emails. Corporate website. Company press releases. 	<ul style="list-style-type: none"> Product information. Tobacco black market. Smokeless products. 	<ul style="list-style-type: none"> Dedicated call centre to identify and address consumer concerns and provide essential information to keep consumers informed. Awareness through press releases of quarterly financial performance.
Employees	<ul style="list-style-type: none"> Annual 'Your Voice' Engagement Survey and 'Your Voice' Inclusion Survey . Quarterly town hall sessions. Annual corporate line-of-sight session. 'Speak Up' channel. Annual employee engagement events. 	<ul style="list-style-type: none"> Career progression and development. Fair compensation. Rewards mechanisms. Diversity and inclusivity. Physical and mental wellness. Grievances, discrimination, and fair treatment. Managing sustainability across operations and performance. 	<ul style="list-style-type: none"> Feedback from 'Your Voice' surveys incorporated into the talent strategy. Progress review and development discussions with line managers. Coaching and mentoring sessions. Safety training and awareness through Safety Days and regular information sharing. Employee wellness sessions. All grievances reported via the 'Speak Up' channel and other means are investigated to ensure a closure and outcomes communicated to relevant parties. Various employee engagement platforms to engage with all employees. Employee volunteer activity under Beyond Benih. Sustainability performance disclosed as part of annual line-of-sight and Annual Report.
Investors and Analysts	<ul style="list-style-type: none"> Annual General Meeting (AGM). Annual Report. Regular analyst briefings. Corporate website. Company press releases. 	<ul style="list-style-type: none"> Corporate strategy and financial performance. Corporate governance and compliance. Tobacco black market. Smokeless products. Managing sustainability risks and identifying opportunities. 	<ul style="list-style-type: none"> Briefings and engagement throughout the year for analysts and investors to discuss business performance, strategies, and related issues.
Media	<ul style="list-style-type: none"> Press conferences. Media interviews and events. Formal and informal briefings. Press releases. 	<ul style="list-style-type: none"> Corporate strategy. Financial performance. Products and services. Tobacco black market. Sustainability initiatives and Community Investments. 	<ul style="list-style-type: none"> Releasing press statements to provide updates on business performance, strategies, products, and how we are creating value in communities.

SUSTAINABILITY STATEMENT

Stakeholders	Engagement Platforms	Issues	How We Addressed the Issues
Business Partners	<ul style="list-style-type: none"> Meetings with business partners. 	<ul style="list-style-type: none"> Compliance with the latest regulations and standards. Embedding sustainability into operations. 	<ul style="list-style-type: none"> Briefings, information-sharing sessions, and training with our business partners to ensure their compliance with regulations and standards.
Communities and NGOs	<ul style="list-style-type: none"> Meetings with resident associations (RAs) of the communities supported through Beyond Benih. Company press releases. Corporate website. 	<ul style="list-style-type: none"> Empowering B40 communities. Upholding Environmental, Health, and Safety (EHS) best practices. 	<ul style="list-style-type: none"> Maintained Beyond Benih community investment programme - 22 farm gardens covering 8 states supporting B40 communities. Constructed 11 lavatories to improve sanitary facilities of an indigenous village situated in Sungai Johor. Monitoring and tracking environmental performance and ensuring compliance with applicable EHS regulations. Annual survey conducted to understand how Beyond Benih is impacting B40 communities and collect feedback from the community.

Membership of Associations

BAT Malaysia also recognises the importance of participating in credible industry and business associations as part of our broader approach to responsible business conduct, regulatory engagement, and continuous improvement. We are actively involved in industry initiatives focused on tobacco product safety, where engagement centres on sharing technical knowledge, supporting discussions on product standards, and contributing to industry-wide efforts to enhance consumer safety and regulatory compliance.

Association	BAT Malaysia's Contribution
Confederation of Malaysian Tobacco Manufacturers (CMTM)	Contributes technical and operational perspectives to industry discussions; supports coordinated, responsible industry positions on product safety and regulatory compliance; and engages constructively within established legal and regulatory boundaries.
Malaysian International Chamber of Commerce and Industry (MICCI)	Shares business insights informed by operational experience; and participates in dialogues on trade, regulatory reforms, and business competitiveness affecting the wider commercial environment.
Federation of Malaysian Manufacturers (FMM)	Contributes perspectives on manufacturing operations, regulatory impacts, and workforce considerations; and supports industry-wide discussions on strengthening Malaysia's manufacturing ecosystem.
Institute of Corporate Directors Malaysia (ICDM)	Engages with governance-related programmes and resources; and supports the adoption of sound governance practices and effective oversight aligned with our governance priorities.

SUSTAINABILITY STATEMENT

Tobacco Harm Reduction

Our Approach to THR

BAT Malaysia is committed to the BAT Group's vision of creating A Better Tomorrow™ by Building a Smokeless World. This means reducing the negative health impacts of our business. THR is a core element of this strategy, reflecting the BAT Group's ambition to transition adult smokers who would otherwise continue smoking to scientifically substantiated, reduced-risk^{††} alternatives. The BAT Group targets are:

50mn

Smokeless product consumers[‡] by 2030

50%

of BAT Group's revenue from Smokeless Products
by 2035

Guided by three key principles:

1. **Consumer Choice:** offering adult smokers who would otherwise continue to smoke, alternative products which have the potential to reduce harm compared to continued smoking.
2. **World-class Science and Due Diligence:** applying robust scientific assessment, toxicological evaluation, and product stewardship to non-combustible products.
3. **Standards and Regulations:** ensuring products meet Malaysia's legal requirements as well as the BAT Group's RMP, which extend beyond local obligations.

We seek to engage with public health authorities and regulators, to support the development of policies and strategies that balance THR objectives with key concerns, such as underage access and product safety.

BAT Malaysia introduced Omni™ in Malaysia in October 2025, with the objective of enhancing THR awareness. Omni™ is a resource intended for scientists, public health authorities, regulators, policymakers, and investors. It clearly articulates how THR should be a part of Malaysia's public health framework.

BAT Malaysia transitioned out its current range of Vuse products in Q3 2025 to be in compliance with regulatory changes under the Act 852 and its related regulations. BAT Malaysia will undertake commercial assessments of its reduced-risk^{††} products taking into consideration the new regulations governing such products before making decisions on future product launches.

Responsible Delivery of Our Products

BAT Malaysia strictly complies to applicable laws and has put in place marketing controls, and clear safeguards to prevent unintended use of products. Our approach to responsible marketing is guided by the BAT Group's RMP and the local regulatory framework, including the Act 852 and emerging regulations for Smokeless products.

BAT Malaysia recognises and supports the Malaysian Government's public health objectives, as well as the role regulations play in achieving these goals. We have been consistently clear in our support for regulations that are based on robust evidence to effectively achieve intended policy outcomes and avoid unintended consequences, such as the growth of tobacco black market. In line with this, we have provided our views to the authorities via consultation sessions held by the Government during the drafting of Act 852 and its regulations, which was gazetted to take effect from 1 October 2025.

* Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk-free and are addictive.

† Our vapour product Vuse (including Alto, Solo, Ciro, and Vibe), and certain products, including Velo, Grizzly, Kodiak, and Camel Snus, which are sold in the U.S., are subject to FDA regulation and, no reduced-risk claims will be made as to these products without agency clearance.

‡ **Smokeless Products:** Refers to our Heated Products, Modern Oral, Traditional Oral and Vapour categories.

SUSTAINABILITY STATEMENT

The BAT Group's RMP, available on its website, at <https://www.bat.com/strategy-and-purpose/responsibility/responsible-marketing>, is designed to mitigate negative impacts by ensuring informed adult choice, preventing unintended use, and maintaining transparency about product characteristics and risks and details the BAT Group's approach to preventive training.

BAT Malaysia Performance:

FY2025

Zero

significant¹ non-compliance with regulatory requirements relating to marketing, labelling, or product information.

FY2024: -

FY2023: -

In 2025, there were no confirmed incidents of significant¹ non-compliance with regulatory requirements relating to marketing, labelling, or product information.

In addition to complying with Act 852 and its regulations, we also work closely with our employees, partners, and retailers to support the effective implementation of the RMP. All product communications are required to be truthful, accurate, and not misleading, complying with applicable laws and internal standards governing marketing and labelling. Robust internal approval processes are in place to ensure that marketing materials meet regulatory requirements and align with BAT Group expectations before release.

Employees involved in sales, marketing, and customer engagement are required to receive regular guidance and training to seek to ensure that all their activities

comply with these principles. Compliance with the RMPs is also supported by periodic internal reviews through established governance channels.

Beyond responsible product development and marketing, BAT Malaysia recognises its responsibility to manage products appropriately at the end of life. This includes ensuring that products withdrawn from the market are handled in a controlled and compliant manner to prevent unintended use, environmental harm, or non-compliance to applicable regulations.

As such, following BAT Malaysia's decision to exit the Vapour market in Malaysia, a structured process was initiated to responsibly manage all remaining Vuse inventories and market returns. In line with our commitment to environmental stewardship and regulatory compliance, all Vuse devices and components were channelled for controlled destruction in accordance with the Department of Environment (DOE) guidelines and applicable Malaysian environmental regulations.

This initiative seeks to ensure that no electronic waste, batteries, nicotine-containing materials, or branded components entered the general waste stream. The destruction activities were carried out exclusively through DOE-licensed waste management contractors, covering the full lifecycle of the disposal process—from secure collection and transportation to dismantling, treatment, and issuance of Certificates of Destruction.

Key compliance measures implemented:

- Adherence to the Environmental Quality Act 1974 (Act 127) and the Environmental Quality (Scheduled Wastes) Regulations;
- Classification, handling, and disposal of all product components as scheduled waste under DOE requirements;
- Secure, traceable logistics from warehouse retrieval to final destruction;
- Independent verification through Certificates of Destruction to ensure transparency, accuracy, and audit readiness; and
- Alignment with internal EHS Governance, sustainability commitments, and corporate responsibility standards.

This phase-out operation underscores our commitment to minimising the environmental impact of our products, upholding legal and regulatory obligations, and ensuring that all waste Vuse products are managed responsibly. The initiative also reflects our continued focus on strong sustainability governance in support of the expectations set by the regulators.

¹ Significant non-compliance incidents are defined as incidents that result in a RM5,000 and above fine or conviction of a criminal offense by a court of law.

Product Labelling and Health Information

BAT Malaysia's product labelling and health information comply with regulatory requirements and support informed adult consumer choice.

In 2025, we implemented preparations for the new PHW and RDB, which came into effect 1 October 2025. The PHW changes required updates to packaging and labelling formats and resulted in a phasing of shipment volumes to ensure full compliance with the new requirements.

From 1 October 2025:

- BAT Malaysia transitioned its cigarette packs to carry 65% PHW, as mandated; and
- Other mandated health warnings and information were included across product packaging.

There were no product recalls and no confirmed incidents of significant¹ non-compliance relating to health or safety labelling during the reporting year.

Underage Access Prevention (UAP)

Preventing underage access to tobacco and nicotine products is a core priority for BAT Malaysia. Given the nature of the business, we emphasise clear and meaningful product information and robust safeguards to keep products out of the hands of those under 18.

BAT Malaysia complies with Act 852, which prohibits the sale of tobacco products to anyone under 18, and reinforces this requirement through:

- Retailer engagement and communications on age-verification;
- UAP messaging at point-of-sale;
- Providing prescribed UAP signage mandated under Act 852; and
- Providing guidance to retailers and traders on UAP guidelines and responsibilities.

In addition, BAT Malaysia has worked closely with retailers to support compliance with new regulations under Act 852. Through these efforts, BAT Malaysia aims to align responsible commercial practices with regulatory expectations.

Maintaining a Level Playing Field

In line with BAT Group's Anti-Illicit Trade Policy, BAT Malaysia maintains strong internal supply chain controls to reduce the risk of product diversion. This includes working with reputable suppliers and customers, implementing supply chain compliance procedures such as 'Know your Customer' and 'Know your Supplier' checks, and applying third-party compliance requirements to help ensure that products are sold in quantities consistent with legitimate demand.

To prevent illicit trade, BAT Malaysia engages through industry platforms, including its membership in CMTM, to support coordinated action against illicit trade.

In 2025, illicit incidence in Malaysia declined to 54.40%. We continue to engage constructively with policymakers and enforcement agencies to support further progress in addressing the tobacco black market and create a level playing field for the legal business.

¹ Significant non-compliance incidents are defined as incidents that result in a RM5,000 and above fine or conviction of a criminal offense by a court of law.

SUSTAINABILITY STATEMENT

Market Sales Performance

Market sales performance reflects the regulated nature of our current product portfolio and operating environment. Sales performance is assessed with reference to legal market dynamics, enforcement intensity, excise structures, consumer affordability, and the illicit incidence.

In line with SASB Standards, market sales performance is presented by relevant product categories applicable to BAT Malaysia's operations during the reporting period. Further information on the economic values can be found in the Financial Performance section.

Table: Sales Performance

Year		2023	2024	2025
	Revenue net of excise taxes from non-tobacco nicotine products⁵ (RM)	Not Applicable	Not Applicable	Not Applicable
	Revenue net of excise taxes from heated tobacco products (RM)	4,275,998	-	-
Combustible tobacco product sales volume	Cigarette	3,224,997,000	3,338,091,000	3,143,115,000
	Cigar	-	-	-
	Other smoked tobacco products	-	-	-
Non-combustible product sales volume	Traditional smokeless tobacco	-	-	-
	Non-tobacco nicotine products	Not Applicable	Not Applicable	Not Applicable
	Heated tobacco products	6,704,000	-	-
	Nicotine replacement therapy products	-	-	-

Economic Value Overview

Across the reporting period, the distribution of economic value reflects BAT Malaysia's continued role as a key contributor to the Malaysian economy through our operational activities, supply chain engagements, employment, and fiscal contributions. The distribution of economic value reflects BAT Malaysia's ongoing role in supporting local businesses and service providers through procurement and operating expenditures, providing stable employment and benefits to our workforce, and fulfilling our tax obligations to the Government.

Employee wages and benefits represent sustained investment in human capital, supporting livelihoods and capability development, while payments to suppliers and service providers underpin broader economic activity across BAT Malaysia's value chain. Taxes paid during the year further demonstrate our contribution to public finances and the regulatory framework within which BAT Malaysia operates.

Economic value retained represents the resources available for reinvestment to BAT Malaysia's operations, organisational capability, and long-term initiatives. These retained resources support business continuity, operational resilience, and BAT Malaysia's ability to adapt to evolving market, regulatory, and sustainability-related expectations over time.

Detailed information on the BAT Malaysia's financial performance, including revenue, operating costs, employee-related expenses, taxes, returns to capital providers, and retained earnings, is presented in the Financial Performance section of the Annual Report.

⁵ Nicotine in the e-liquids of our Vapour products is extracted from tobacco leaf and therefore not considered 'non-tobacco nicotine products'.

SUSTAINABILITY STATEMENT

Product Stewardship and Consumer Protection

Quality Assurance

BAT Malaysia’s sustained economic performance is linked to the integrity, quality, and responsible delivery of our products. Therefore, we maintain processes to safeguard product quality and ensure effective handling of consumer enquiries and complaints.

BAT Malaysia also supports relevant industry initiatives and codes of practice aimed at strengthening responsible product stewardship, marketing standards, and product safety, including alignment with international guidelines and participation in industry platforms that promote regulatory compliance and responsible conduct.

Our quality assurance approach is aligned with relevant legislation and international frameworks, including:

- Control of Smoking Products for Public Health Act 2024 (Act 852) and its regulations.
- Articles 11 and 13 of the World Health Organisation Framework Convention on Tobacco Control (WHO FCTC).

Quality control measures at our factory are further supported by BAT Group policies, including BAT Group's Quality Policy Statement and the Product Stewardship Framework. Key elements of the local quality assurance process include:

- Raw material and component verification;
- Quality checks during manufacturing and packaging embedded within BAT Group’s Quality Management System;
- Compliance with labelling and health warning requirements; and
- Internal controls supporting product traceability and supply chain governance.

Product stewardship also forms an integral part of quality assurance across all product categories. This includes structured assessment of ingredients and materials, application of toxicological and safety risk assessments, and ongoing consideration of scientific and regulatory developments to inform product evaluation and decision-making.

FY2025
Zero

Product recalls for health and safety reasons.

FY2024: - _____

FY2023: - _____

Responsibility for product quality and consumer satisfaction is shared across relevant functions to ensure a consistent end-to-end experience. Product quality is primarily led by the Quality function within Operations, which is responsible for ensuring compliance with internal standards and regulatory requirements, conducting routine quality checks, managing traceability, and supporting investigations into escalated product-related issues.

Consumer Feedback Mechanism

Consumer feedback and complaints are managed through established engagement channels overseen by the Marketing function, which operates the Consumer Call Centre. BAT Malaysia has dedicated toll-free numbers for each brand, which is printed on the product packaging. All enquiries and complaints are logged, classified, and managed through established procedures, with escalation to relevant internal functions.

Consumer enquiries and complaints are tracked and analysed to identify recurring themes or emerging risks. Material issues, including potential product quality concerns, are escalated through defined workflows for further investigation.

In 2025, we recorded 60 consumer complaints, which were investigated and addressed.

SUSTAINABILITY STATEMENT

Climate

GHG Emissions

Climate change continues to be a global issue, with businesses in Malaysia responding through more structured climate management and compliance with mandatory climate-related disclosure requirements. In this context, BAT Malaysia recognises the importance of addressing climate-related considerations and remains committed to reducing carbon emissions across our operational footprint.

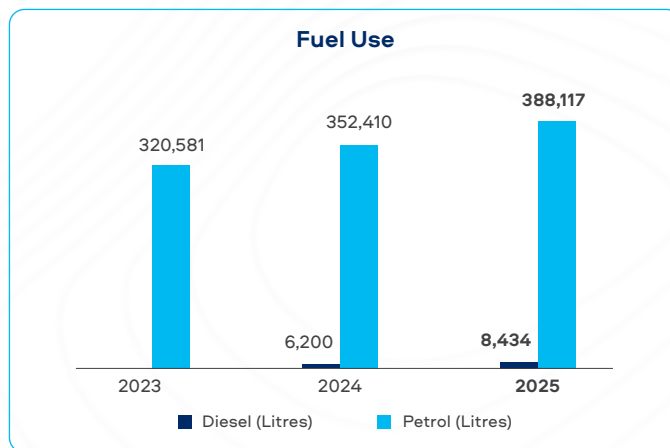
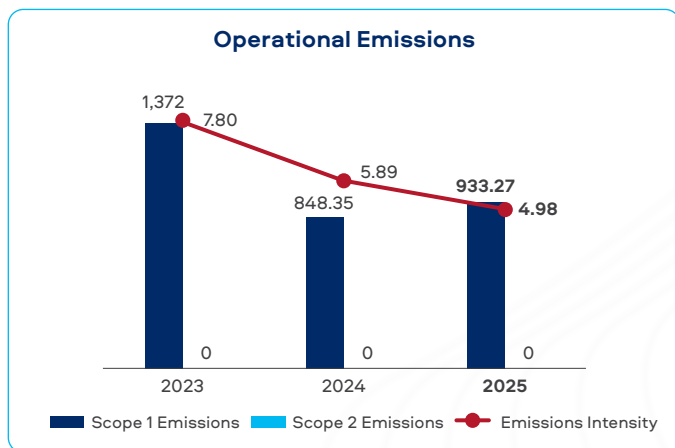
Through the Climate Risk Assessment (CRA) Workshop conducted in December 2024, BAT Malaysia identified both physical and transition climate-related risks that could affect business operations and financial performance across Short-Term (< 1.5 years), Medium-Term (1.5 – 5 years), and Long-Term (> 5 years) horizons. This exercise enabled the identification of inherent and emerging risks, the assessment of potential business and financial impacts, and the implementation of mitigation strategies to support resilience planning. In parallel, it also highlighted potential climate-related opportunities, including resource efficiency improvements, productivity enhancements, and potential value creation in a lower-carbon economy. Further details are set out in pages 107 to 127 under the IFRS S2 Disclosures section.

The BAT Group has a long-term ambition to achieve net zero greenhouse gas emissions by 2050. BAT Malaysia is aligned to BAT Group's ambition and has set a target⁶ of:

50% reduction in absolute Scope 1 and 2 GHG emissions by 2030 (vs. 2020 baseline)

We monitor our key environmental metrics, implement mitigation initiatives, and drive continuous improvement across areas under BAT Malaysia's direct operational control while remaining cognisant of material value chain impacts.

Our emission reporting follows the operational control approach, covering activities where we have full control to implement operational and environmental policies, including the factory, the warehouse, and offices. Emissions are calculated in accordance with the BAT Group's reporting methodology, which applies DEFRA emission factors for Scope 1 and International Energy Agency (IEA) annually updated emission factors for Scope 2, in alignment with the GHG Protocol. Operational emissions are also benchmarked against production volumes to assess our operational and production efficiency.



⁶ BAT Malaysia's target as of 31 December 2025.

SUSTAINABILITY STATEMENT

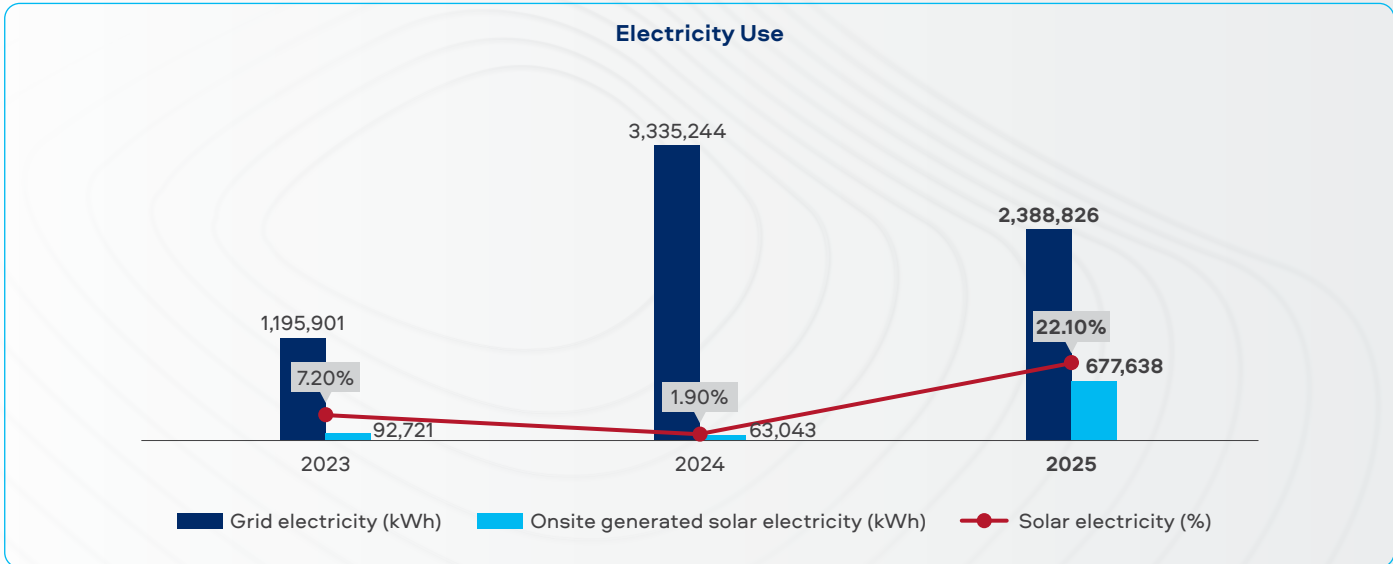


Table: Electricity Generated

	2023	2024	2025
Grid electricity (kWh)	1,195,901	3,335,244	2,388,826
Onsite generated solar electricity (kWh)	92,721	63,043	677,638

In 2025, total operational emissions decreased to 933.27 tCO₂e, versus the 2020 baseline of 1,940.50 tCO₂e, representing a 51.91% reduction. In parallel, our emissions intensity decreased from 5.89 in 2024 to 4.98 in 2025, reflecting improved operational efficiency. The decline in emissions is largely attributed to enhanced machine performance, where efficiency was improved by replacing ageing components and closely monitoring production waste-related performance to minimise operational losses.

Electricity consumption represents a significant component of BAT Malaysia’s energy use. Since 2023, electricity-related emissions have been addressed through the procurement and retirement of an equivalent volume of i-Renewable Energy Certificates (i-RECs), which means that 100% of BAT Malaysia’s electricity was sourced from renewable sources. BAT Malaysia therefore reports zero Scope 2 emissions.

Accordingly, BAT Malaysia’s reported operational emissions in 2025 primarily reflect Scope 1 emissions, with ongoing efforts focused on improving energy efficiency and supporting the transition to lower-carbon energy sources where feasible.

SUSTAINABILITY STATEMENT

Renewable Energy

In 2025, BAT Malaysia recorded total energy consumption of 24,196 GJ, of which approximately 45.62% was generated by renewable energy sources. This is in alignment with our aim to:

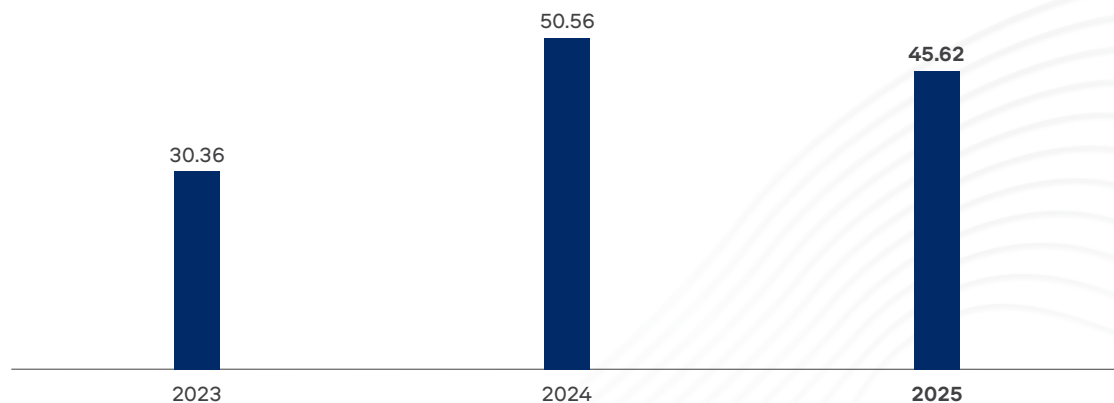
Over 50% renewable energy use across own operations by 2030

While our overall operational footprint is relatively small and major step changes are not anticipated, focus areas include maintaining operational efficiency, preventive maintenance, and exploring low-carbon energy options where feasible. These efforts include the integration of renewable energy solutions, backed by the purchase of i-RECs.

Table: Total Energy Consumption

	2023	2024	2025
Total Energy Consumption (GJ)	15,276	24,184	24,196
- Renewable energy use ⁷ (GJ)	4,639	12,234	11,039
- Non-renewable energy use (GJ)	10,637	11,950	13,157
- Renewable energy usage (%)	30.37	50.59	45.62
Energy intensity (GJ per million cigarette equivalent)	7.80	5.89	4.98

Renewable Energy Consumption (%)



Climate and energy considerations are embedded within BAT Malaysia's existing operational and governance processes. Implementation is overseen by the Facilities Management team, supported by EHS and Sustainability personnel, with performance monitored through regular KPI reviews and the use of an energy management system for tracking and reporting. This holistic approach supports consistent execution and ongoing improvement as we progress towards a lower-carbon operating model.

⁷ Renewable energy includes onsite generated solar energy and i-RECs retired.

SUSTAINABILITY STATEMENT

Nature

Water

BAT Malaysia's operations are not water intensive, and water is not a key input resource in our manufacturing activity. Based on the Aqueduct Water Risk Atlas⁸, most BAT Malaysia's facilities operate in areas assessed as having low baseline water stress, with approximately 7.69% located in areas classified as high baseline water stress.⁹

BAT Malaysia manages water use and related impacts through a risk-informed approach that considers both site-level operations and broader catchment conditions. A comprehensive water management plan aligned with the AWS framework guides the identification and management of key water-related risks, including water leakage and inaccurate consumption data, adequacy of Water, Sanitation and Hygiene (WASH) facilities, declining water quality, potential non-compliance with effluent standards, supply disruptions, and ecosystem degradation.

To address these risks, BAT Malaysia has implemented a combination of governance, operational, and monitoring controls, recognising that effective water stewardship extends beyond site boundaries. Oversight is coordinated by the Sustainability Manager, supported by the Facilities Team.

Our factory in Johor Bahru was certified under AWS for the second consecutive year in 2025. The certification journey has involved demonstrating well-established practices across key areas, such as water governance, water balance, water quality, important water-related areas, and stakeholder engagement.

Water Governance: We have established governance structures, including clear policies and accountability mechanisms, to support responsible water management.

Water Balance: We monitor and manage our water usage to ensure the amount of water withdrawn is balanced with the water returned to the environment.

Water Quality: Our operations maintain the standards for water quality, both for incoming water and discharge, ensuring minimal environmental impact.

Important Water-Related Areas: We have identified critical water-related areas, with the aim of reducing the impact of our operations on these vital ecosystems.

Stakeholder Engagement: We actively engage with local communities and stakeholders, fostering collaboration and transparency in our water stewardship efforts.

Water consumption within BAT Malaysia is primarily associated with routine operational activities, as well as employee welfare through WASH facilities. During the reporting year, a total of 7,893 cubic metres (m³) of water was withdrawn, representing an increase of 11% compared to the 2017 baseline.

Water consumption at the warehouse increased from May 2025 after the site shifted from two water inlets to a single metered inlet, correcting previously under-reported usage. In June, a disruption to water supply to the warehouse required the temporary reactivation of the unmetered inlet (Inlet 2), causing July to August water consumption figures to appear lower than actual demand. Inlet 2 was permanently closed and a motor pump installed in September. Water consumption increased from October through December as a result of heightened pump operation and a major cleaning activity in November, before dropping in January 2026 when the pump was shut down.

⁸ Aqueduct Water Risk Atlas measures the ratio of total water demand to available renewable surface and groundwater supplies. Water demand includes domestic, industrial, irrigation, and livestock uses. Available renewable water supplies include the impact of upstream consumptive water users and large dams on downstream water availability. Higher values indicate more competition among users.

⁹ 1 out of 13 BAT Malaysia's facilities is situated in a high baseline water stress area - CMD office in Alor Setar.

SUSTAINABILITY STATEMENT

Water is primarily sourced from state municipal supplies. To enhance supply resilience, we have also implemented rainwater harvesting systems, with a target of 8m³ per month at the factory. These efforts are also complemented by routine maintenance, system enhancements, and monitoring practices designed to ensure responsible water use at the factory:

Installation of water meters

Water meters installed at each process area to enable accurate measurement of water consumption across operations.

Water monitoring and leak management

Monthly water balance monitoring and regular leak testing conducted to identify losses early and maintain control over water use.

Stakeholder engagement

Engagement with relevant government agencies and local communities on WASH initiatives, alongside participation in water quality awareness programmes.

Table: Water Withdrawal by Source

Water withdrawal by source	2023	2024	2025
Total water withdrawal ¹⁰ (m ³)	1,170	10,164	7,893
- Municipal water	1,020	10,043	7,786
- Groundwater	-	-	-
- Surface water	-	-	-
- Used quarry water	-	-	-
- External wastewater	-	-	-
- Sea water	-	-	-
- Harvested rainwater	150	121	107
Water Intensity (m ³ per million cigarette equivalent)	3.71	2.12	1.75

Effluent and liquid waste are managed through a system designed to prevent contamination and ensure compliance with regulatory requirements. Domestic wastewater is discharged into designated drainage systems, while scheduled liquid waste is segregated, stored in Intermediate Bulk Containers (IBCs), and disposed of through licensed contractors within 180 days. Wastewater quality testing is conducted on a bi-annual basis in accordance with standards set by the DOE. During the reporting year, BAT Malaysia recorded zero non-compliance with water quality and regulatory requirements.

¹⁰ In 2024, total water withdrawn increased to 10,164 m³, reflecting a 42.93% hike against the 2017 baseline. This increase is primarily attributed to the integration of a new warehouse where water usage is predominantly associated with cooling tower operations.

SUSTAINABILITY STATEMENT

Table: Water Discharge by Destination

Water discharge by destination	2023	2024	2025
Total water discharge (m ³)	1,114	9,183	7,104
- Municipal water ¹¹	1,114	9,183	7,104
- Groundwater	-	-	-
- Surface water	-	-	-
- Used quarry water	-	-	-
- External wastewater	-	-	-
- Sea water	-	-	-
- Harvested rainwater	-	-	-

Biodiversity

BAT Malaysia's operations do not directly take place within or adjacent to areas of high biodiversity value or protected habitats. As tobacco leaf is imported and primary agricultural activities do not occur locally, our direct operational footprint has limited interaction with biodiverse ecosystems. Notwithstanding this, we remain aligned with BAT Group's policies and procedures relating to responsible sourcing and environmental stewardship as biodiversity-related impacts, risks, and dependencies may arise across the broader value chain.

¹¹ BAT Malaysia's wastewater is discharged to municipal wastewater systems. The reported number is based on the assumption that we discharge 90% of the water withdrawn.

SUSTAINABILITY STATEMENT

Circularity

Waste Management

BAT Malaysia seeks to embed circularity principles into its operations through a focus on responsible material use, effective waste management, and reducing operational waste sent to landfill, with the objective of minimising environmental impacts and improving resource efficiency.

Waste management at BAT Malaysia is conducted in accordance with applicable regulatory requirements. All of our waste is handled and disposed of through waste transporters licensed by the DOE, ensuring appropriate treatment, traceability, and compliance. At site level, waste is segregated by stream to facilitate recycling, recovery, and appropriate disposal, reducing environmental risks, and supporting higher diversion rates.

Total waste generation during the reporting year amounted to 48.41 tonnes, comprising both hazardous and non-hazardous waste streams arising from operational and support activities. Our hazardous waste primarily includes scheduled waste, while non-hazardous waste mainly consists of tobacco waste, general waste, and packaging waste. Hazardous waste generated increased as compared to the previous year due to an increase in production at the factory. The increase in manufactured cigarettes led to higher consumption of glue, which in turn led to hazardous liquid waste generated from the glue pot washing activity.

Table: Total Waste Generated

	2023	2024	2025
Total waste generated (tonnes)	37.13	54.81	48.41
- Hazardous waste (tonnes)	0.36	2.73	8.09
- Non-hazardous waste (tonnes)	36.77	52.08	40.32

Waste diversion remains a key focus area under our approach to circularity. In 2025, 98.18% of total waste generated from our operations was diverted from disposal through recycling and recovery pathways, reflecting continued progress towards our targets of achieving a 90% recycling rate and zero waste to landfill. We continued to convert 100% of tobacco waste generated from factory operations into bricks, diverting this waste from landfills.

Table: Waste Diverted from Disposal

	2023	2024	2025
Waste diverted from disposal (tonnes)	30.66	54.44	47.53
Waste directed to disposal (tonnes)	6.47	0.37	0.88¹²

Material use is monitored as part of routine operational management, to avoid unnecessary consumption and reduce waste generation where feasible.

Selected packaging formats under the Benson & Hedges brand transitioned from laminated foil components to recyclable paper materials from July 2023 onwards. This change supports improved end-of-life handling of packaging materials, while maintaining product protection and compliance requirements. Such changes are implemented as part of BAT Malaysia's ongoing efforts and broader approach to responsible material use and waste management, supporting progress towards our longer-term waste and circularity objectives. Although none of BAT Malaysia's sites currently hold formal certification under ISO 14001, all operations are aligned with ISO 14001 principles and comply fully with Malaysian environmental legal requirements, including Act 127 and DOE standards. Environmental management practices include risk assessments, waste segregation and tracking, emissions and resource monitoring, and the implementation of corrective and preventive actions where required.

¹² Quantity of waste directed to disposal, consisting of 0.37 tonnes to landfill and 0.51 tonnes treated via incineration with energy recovery (WTE).

SUSTAINABILITY STATEMENT

Communities

Diverse, Inclusive Workplace

BAT Malaysia recognises that a diverse, inclusive, and equitable workplace is fundamental to Building A Better Tomorrow™ and sustaining long-term organisational performance. BAT Malaysia is committed to providing a work environment in which all employees are treated with dignity and respect, regardless of gender, age, sexual orientation, race, disabilities, ethnicity, religion, nationality, background or ability, and where discrimination is not tolerated in any form. This commitment underpins equitable practices across all levels of the organisation and supports fair access to employment, development, and progression opportunities. To remain agile in a changing environment, we have adopted BAT Group's People Strategy, designed to prepare the organisation for future shifts and enable rapid responses to consumer expectations. Central to this strategy are the following five intentions, championed by every employee at BAT Malaysia.



SUSTAINABILITY STATEMENT

Our Values

We have adopted BAT Group's six corporate values, which guide our culture and behaviours, supporting the BAT Group's purpose of Building A Better Tomorrow™. They are closely embedded in our People Strategy, emphasising diversity and inclusion, empowerment and collaboration, and organisational agility to drive sustainable growth. Through these values, we aim to empower our people and create an engaging and rewarding workplace.

The Values are:



Diversity, Inclusion and Equity

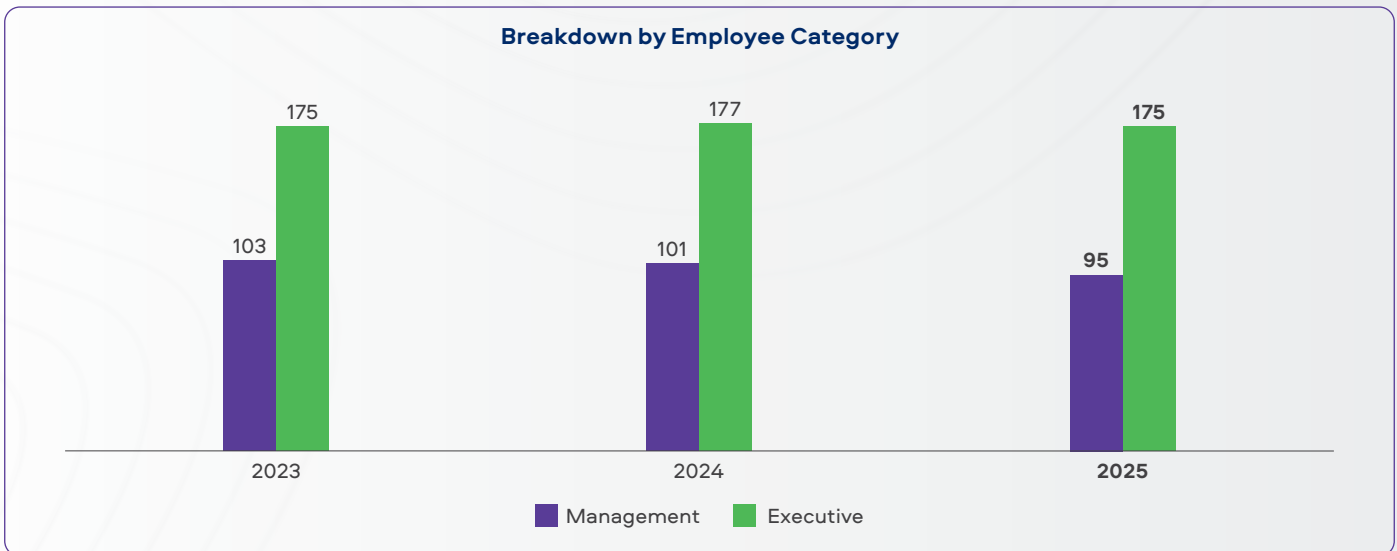
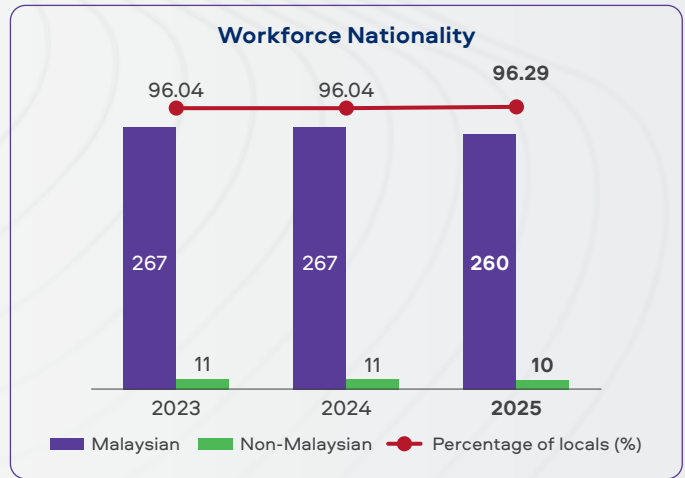
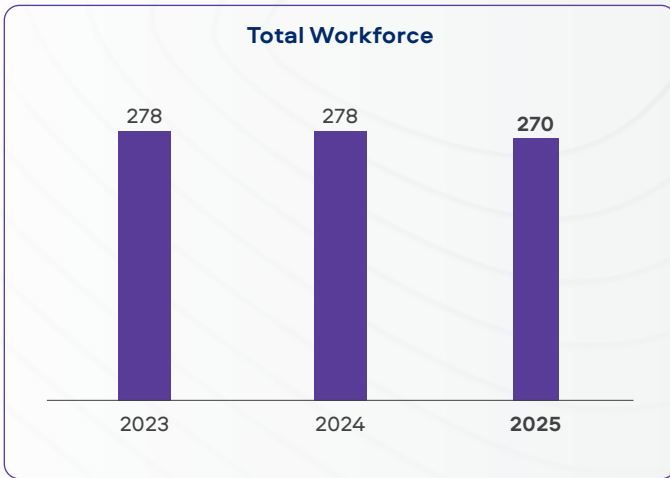
BAT Malaysia has adopted a People, Diversity and Culture strategy, which provides a framework to foster an inclusive and non-discriminatory workplace culture, strengthen workforce capability, and support a future-ready organisation. Diversity, inclusion and equity are embedded within this strategy and reflected in our people policies, leadership expectations, and organisational practices. These efforts are aligned with recognised governance principles, including the MCCG, reinforcing BAT Malaysia's commitment to responsible employment practices and transparent workforce management.

We seek to cultivate an environment in which employees feel valued, supported, and empowered to contribute meaningfully to the organisation. Leadership behaviours emphasise inclusion, collaboration and accountability, shaping a workplace that promotes psychological safety, mutual respect, and trust. Feedback mechanisms, including the annual 'Your Voice' Engagement and Inclusion surveys, enables us to assess employee perceptions of leadership, inclusion, well-being, and ways of working. The localised people strategy reinforces inclusive behaviours and capability development, while leadership engagement ensures that inclusion principles are embedded into decision-making and people management practices.

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Further, the BAT Group is recognised as the first global tobacco company to achieve both the National Equality Standard (NES) and the Global Equality Standard (GES). This achievement reflects BAT Group's strong commitment to diversity and inclusion, underscoring its focus on mental health, employee well-being, and the continuous strengthening of D&I practices.

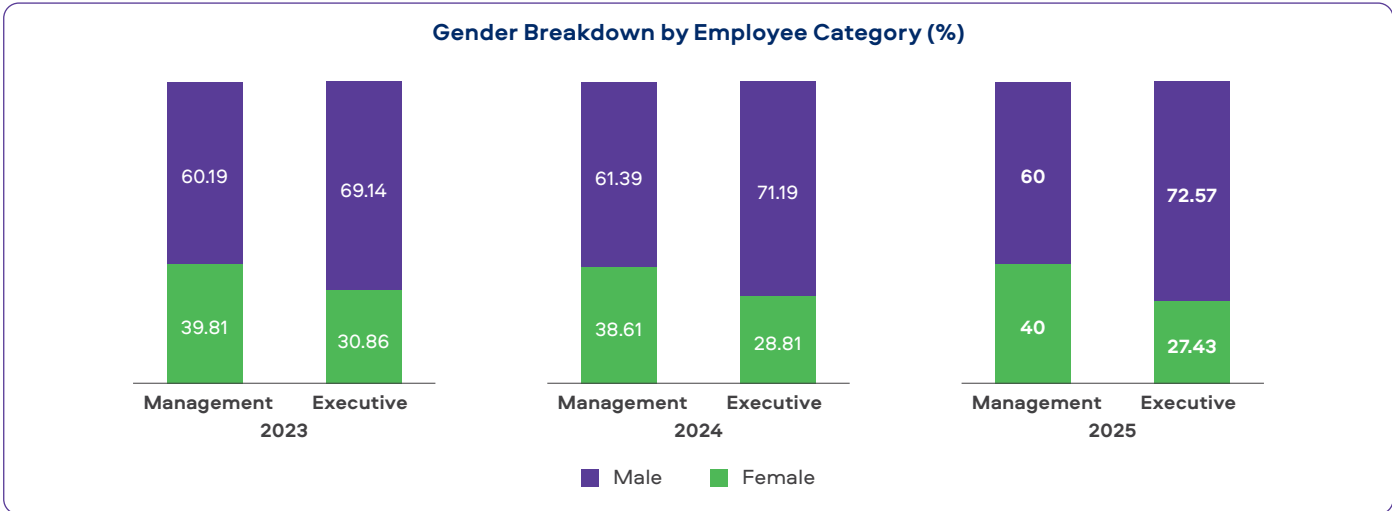
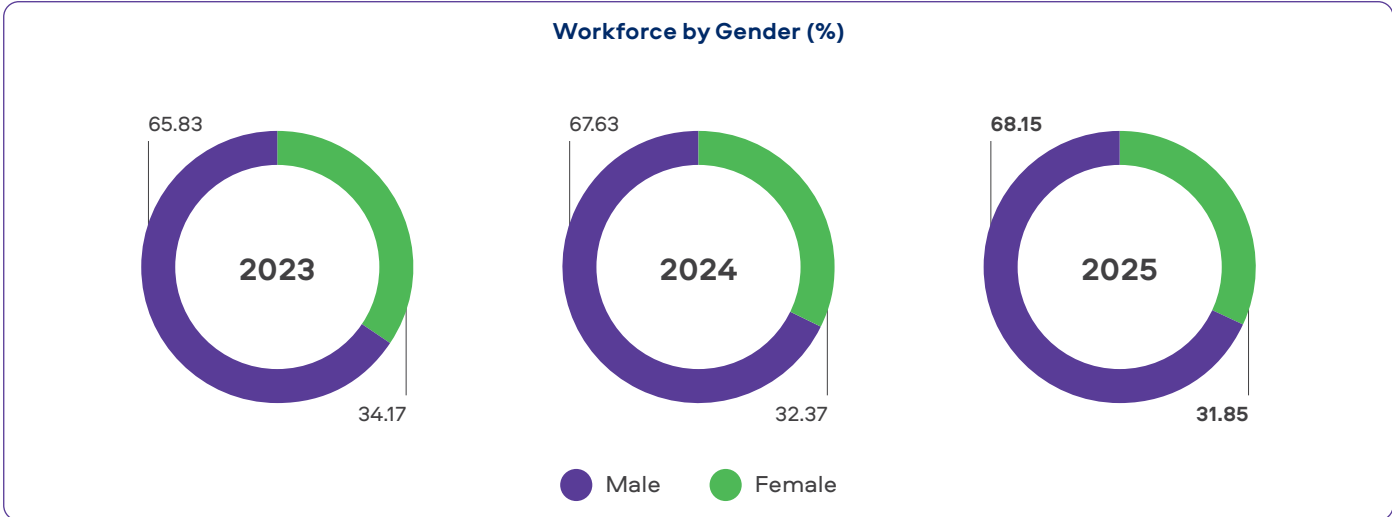
In 2025, BAT Malaysia employed 270 employees in its Malaysian operations.¹³



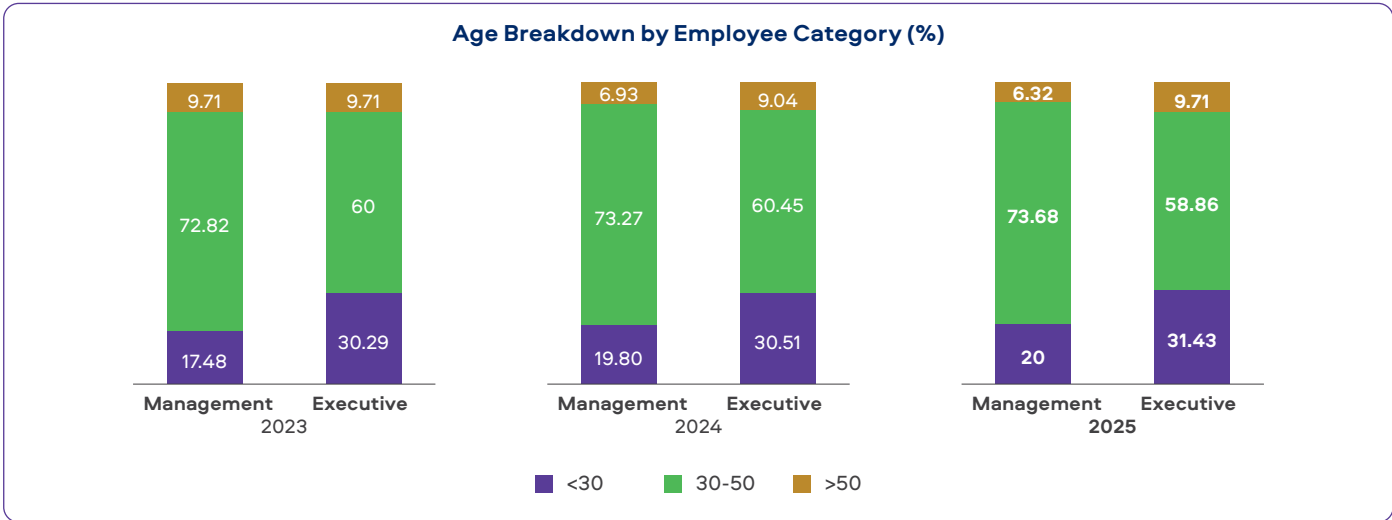
¹³ This year, the Sustainability Statement covers only employees under BAT Malaysia Berhad, Commercial Marketers and Distributors Sdn Bhd and Tobacco Importers and Manufacturers Sdn Bhd, which represent the listed entity. Employees previously included from the APMEA South Direct Reporting Business Unit (DRBU) based in KL are now excluded, which accounts for the difference compared to the 2023 and 2024 reports.

SUSTAINABILITY STATEMENT

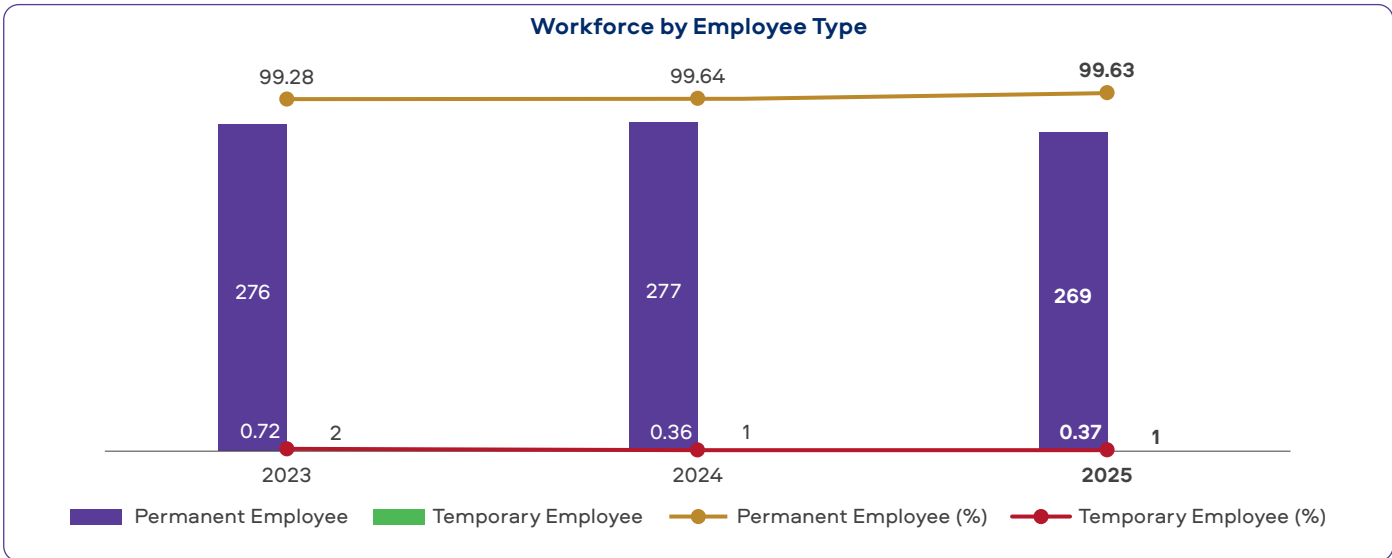
BAT Malaysia continues to place strong emphasis on diversity across its workforce. We remain committed to providing equitable opportunities for career development and leadership progression based on merit.



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In addition to the direct workforce, certain business activities are supported by third-party contractors, including Area Sales Associates and call centre personnel. These arrangements are managed within defined engagement frameworks to ensure consistency with the BAT Group’s expectations on ethical conduct, fair treatment, and workplace standards, while maintaining appropriate oversight across different workforce models. The following graph represents only permanent and temporary employees who fall under BAT Malaysia's payroll.



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Hiring and Attrition

BAT Malaysia adopts a workforce management approach designed to support business continuity, talent sustainability, and long-term organisational capability. Workforce planning is aligned with operational needs and future skills requirements, enabling BAT Malaysia to attract, develop, and retain talent in a competitive labour market.

BAT Malaysia applies a merit-based approach to hiring and career progression, ensuring that employment decisions are made fairly, consistently, and transparently. Interns are recruited based on the business needs, ensuring that their contributions align with organisational priorities. Our non-discriminatory policies guarantee equal opportunity in hiring, promotion, remuneration, and selection, regardless of gender, race, disability, nationality, religion, or age. We also comply with local labour laws and cultural practices, and regularly review workforce data to monitor and enhance diversity.

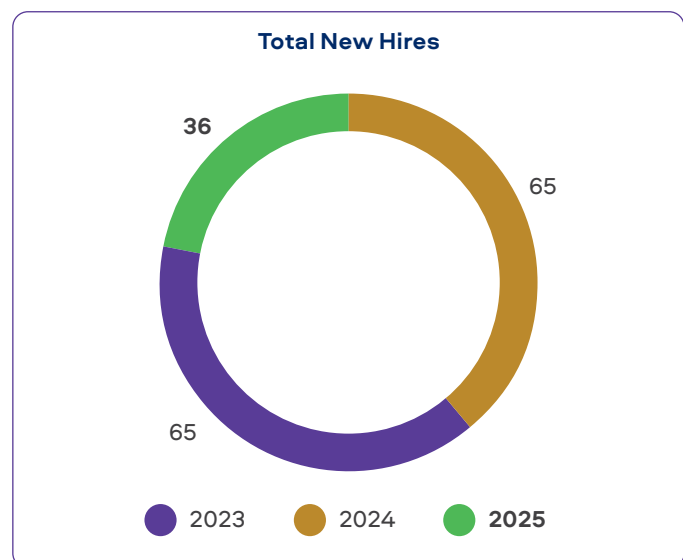
Onboarding and Exit Process

New joiners participate in leadership-led, in-person, or hybrid onboarding sessions designed to introduce the Company's values, culture, organisational structure, and key policies. Functional onboarding is further supported through local induction plans, including Legal, Security and EHS briefings, alongside role-specific training and mandatory SoBC and HR modules. During their onboarding week, new employees are provided access to relevant tools, systems, and learning platforms, such as the GRID, and offered informal coffee chat sessions with the Managing Director and HR Director, to support integration and engagement.

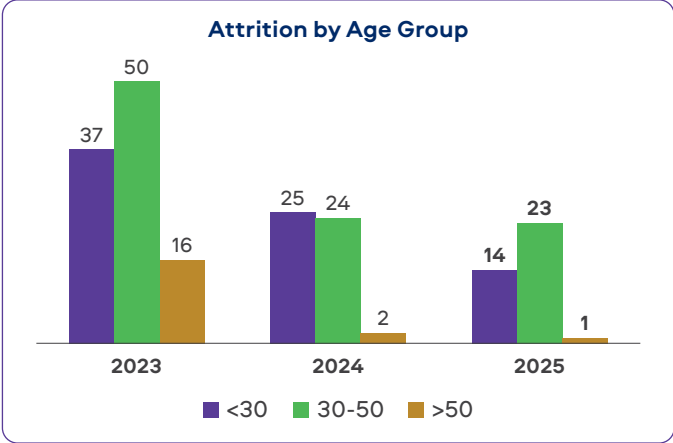
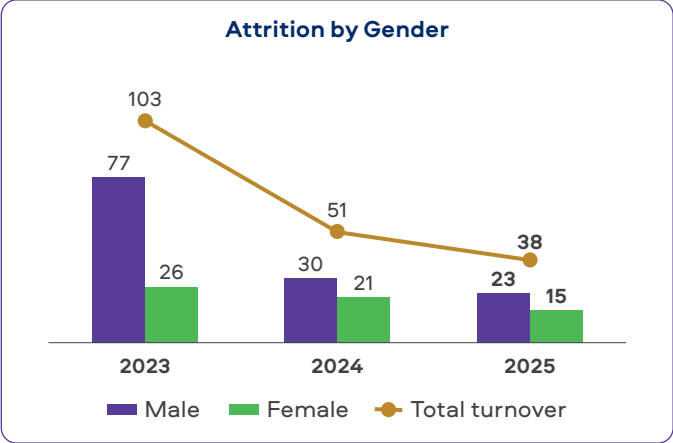
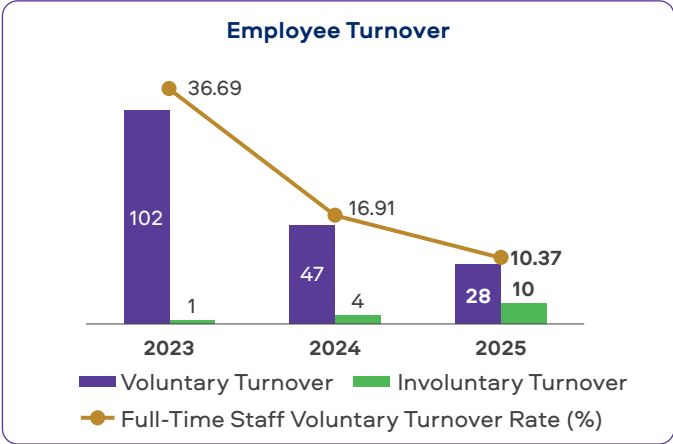
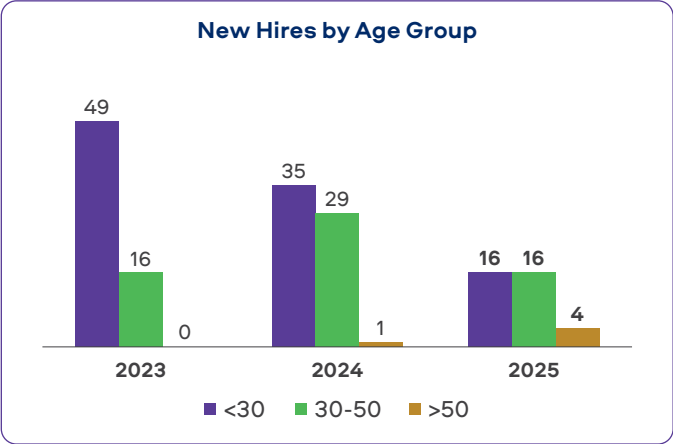
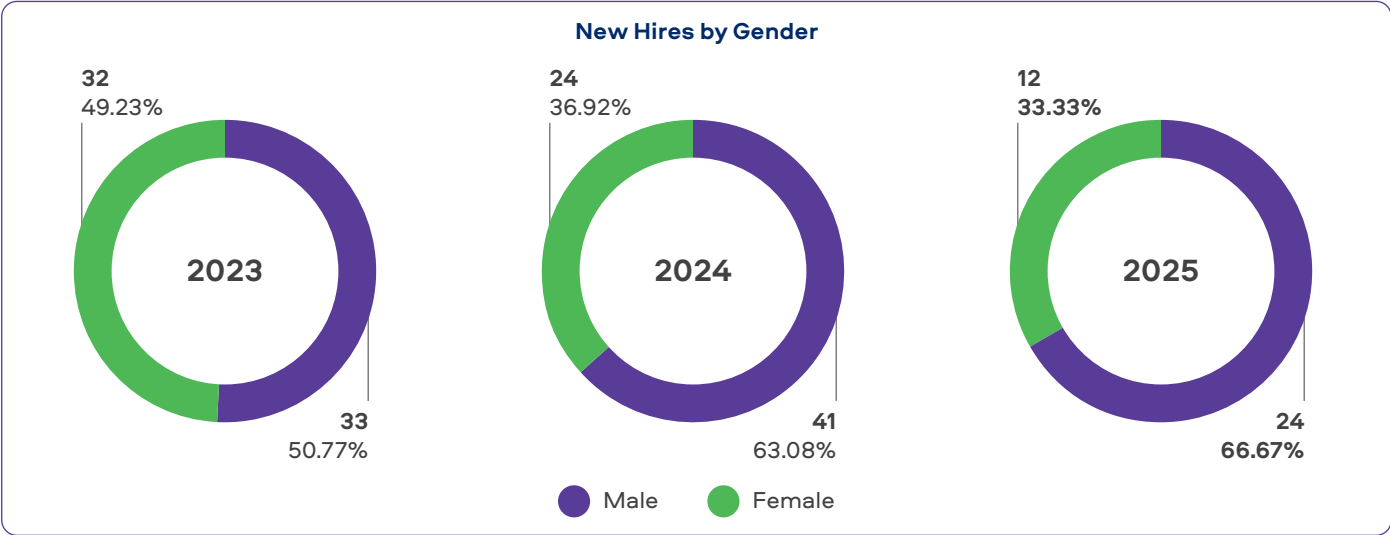
Departing employees are required to complete an HR-facilitated exit interview to gather feedback on their overall employee experience and identify areas for improvement. HR works closely with the employee and Line Manager to manage handover arrangements, clearance requirements, and final payroll processes. Feedback and insights from exit interviews are consolidated and reviewed to inform retention initiatives, policy enhancements, and continuous improvement efforts.

Inputs from the annual 'Your Voice' surveys, support Management's evaluation of people-related risks and opportunities and enable timely adjustments to people management strategies.

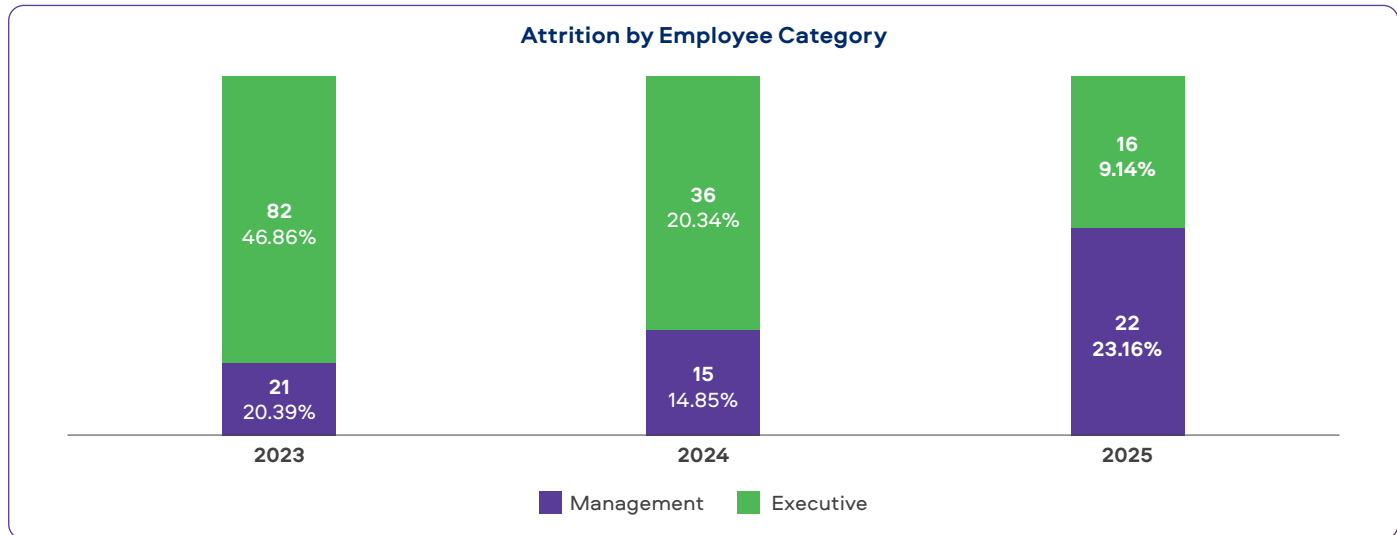
The year-on-year variation in hiring and attrition reflects changes in workforce composition driven by business restructuring, workforce optimisation, and strategic hiring aligned with priority capability areas such as digital and commercial functions. Hiring levels are adjusted in response to organisational requirements, talent pipeline planning, and prevailing market conditions, including the availability of specialised skills. At the same time, turnover rates declined due to improved career mobility opportunities, market competitiveness, and the strengthening of internal retention initiatives, including development programmes, employee engagement activities, and enhanced policies. Business performance considerations and transformation initiatives also influenced overall staffing levels, resulting in natural attrition, role consolidation, and selective replacement strategies.



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Accelerating Tomorrow's Leaders

BAT Malaysia continuously fosters a workforce that is skilled, motivated, and equipped for the future. Our focus spans employee development through targeted training, engagement initiatives to foster collaboration and open communication, and comprehensive benefits that support wellbeing and work-life balance, including parental leave. By integrating these elements, BAT Malaysia ensures employees have the tools, support, and opportunities to enhance their capabilities, progress in their careers, and contribute effectively to business performance.

Training and Development

BAT Malaysia is committed to developing a capable, confident, and future-ready workforce through a structured and integrated learning approach. This combines digital platforms such as the 'GRID' and 'SouthBeats', hybrid sessions such as the 'Governance Boost', in-person workshops, leadership programmes, micro-learning modules, and internal subject matter expert sessions. This approach is designed to strengthen employee skills, enhance professional competencies, and support career progression while enabling employees to adapt to evolving business and operational needs.

During 2025, BAT Malaysia implemented a range of programmes to accelerate workforce capability, including:

- Revamped training curricula and the GRID academies for digital and technical learning;
- Leadership development programmes and hybrid learning workshops;
- Respect at Workplace training and inclusion-focused line manager development initiatives; and
- Mentoring, coaching, and function-specific academies to retain and grow local talent.

The GRID

The GRID serves as our central digital learning platform, designed to evolve with the changing needs of our workforce. Its user-friendly, on-demand interface empowers employees to take ownership of their development anytime, anywhere. The platform integrates enhanced skills management, intelligent learning automation, and AI-powered coaching to support personalised development, and career growth. Line managers are equipped with tools and resources, including leadership capability guides, performance survey insights, and structured coaching support, to identify skill gaps, support development, and drive team capability building.



Governance Boost Plan

In 2025, the Company delivered the Governance Boost Plan to strengthen governance practices and deepen the culture of integrity that supports our long-term sustainability. The initiative reinforced that strong governance is built not only on frameworks and controls, but also on the everyday actions and accountability of our people.

The programme focused on enhancing awareness of governance expectations and ethical conduct, strengthening organisational accountability and decision-making discipline, and embedding governance principles more firmly into business operations. Through leadership communications, targeted engagement activities, and practical learning sessions, employees gained a clearer understanding of their ethical responsibilities and the role they play in upholding compliance and risk management.

The Governance Boost Plan has contributed to a stronger governance culture across the organisation, supporting more transparent decision-making and greater alignment on responsible business practices. This initiative represents an important step forward in advancing our sustainability agenda, and we remain committed to empowering our people to 'Do the Right Thing' as we pursue long-term, responsible growth.



These initiatives aim to deliver tangible benefits for both employees and BAT Malaysia, enhancing leadership pipelines, improving engagement, and supporting workforce resilience. Potential negative impacts, such as unequal access to training or overextension, are mitigated through structured oversight and continuous alignment with organisational priorities.

All employees, including managers, are required to complete mandatory annual SoBC training and attestation, reinforcing expected behaviours and responsibilities related to ethical conduct. In addition, managers have mandatory inclusion-related objectives embedded within their Performance Objectives (PO) and participate in inclusion-focused training. This is further supported by annual Respect in the Workplace training for all employees and the Truly Inclusive Leaders workshop for people leaders. Managers are trained to promptly escalate any suspected instances of bullying or harassment to HR or Legal, who then guide the matter through a formal, confidential, and structured investigation process to ensure consistency, fairness, and protection for all parties involved.

Mandatory company-wide training is led by HR, while function-specific programmes are initiated by line managers to address team-specific needs. Managers are accountable for employee development during performance reviews.

BAT Malaysia allocates financial, human, and technological resources to support these initiatives, including budgets for workshops, digital learning platforms, leadership programmes, and external facilitators.

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During 2025, BAT Malaysia recorded 845.27 training hours and invested RM 481,438.04 in employee development initiatives.

Table: Training Data

	2023	2024	2025
Total Training Hours (hours)	3981.62	1890.65	845.27*
Total Training Spend (RM)	474,168.30	785,762.25	481,438.04
Number Of Employees Attended Training	10,119	2,109	2,188^
Average Training Hours Per Employee	14.32	6.80	3.13
Average Training Days Per Employee	1.79	0.85	0.39
Average Training Spend Per Employee (RM)	1705.64	2826.48	1783.10

Table: Training Data by Gender

	2023	2024	2025
Average Training Hours			
Male	13.32	6.36	1.94
Female	16.24	7.72	5.67
Total Training Hours			
Male	2,438.42	1,195.95	357.75
Female	1,543.20	694.70	487.52

Table: Training Data by Employee Category

	2023	2024	2025
Average Training Hours			
Management	29.47	15.30	5.25
Executive	5.40	1.95	1.98
Total Training Hours			
Management	3,036	1,546	499
Executive	946	345	346

Employee Satisfaction

Employee satisfaction is regularly monitored through feedback mechanisms that allow BAT Malaysia to gauge workforce sentiment, identify areas for improvement, and continuously enhance workplace practices. Central to this, is the annual 'Your Voice' global survey, which is disseminated to employees across the BAT Group and measures key dimensions including leadership effectiveness, inclusion, employee wellbeing, and organisational culture.

Employee Satisfaction (%)

2025: 83

2024: 86

2023: 77

* Year-on-year fluctuations in training hours and costs reflect the organisation's evolving learning and development strategy, including shifts between digital learning initiatives and in-person workshops, as well as varying programme intensity and development priorities.

^ The figure represents cumulative training attendances as employees may participate in multiple training sessions throughout the year.

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To complement the annual survey cycle, targeted pulse checks and smaller-scale surveys, such as the Your Voice Engagement Survey and the Your Voice Inclusivity Survey are conducted during the year in response to specific business needs or organisational changes. Survey results are reviewed at leadership level and cascaded into action plans at functional and team levels, ensuring that identified concerns are addressed in a timely and accountable manner. Insights derived from these satisfaction metrics inform ongoing improvements to workplace policies, recognition practices, and talent development initiatives.

BAT Malaysia uses the employee Net Promoter Score (eNPS) as a complementary metric to existing feedback tools. eNPS provides an additional, standardised indicator of employee advocacy and engagement over time, supporting clearer benchmarking and trend analysis. BAT Malaysia aims to maintain a positive eNPS score, reflecting a sustained focus on strengthening employee experience, engagement, and organisational culture.

Employee Engagement

Employee engagement is supported through initiatives and practices that encourage participation, collaboration, and open communication across BAT Malaysia. Beyond formal surveys, BAT Malaysia promotes ongoing dialogue between employees and Management through structured communication channels and team-level interactions, enabling feedback to be raised and addressed throughout the year. Engagement activities span leadership and development programmes, cultural and inclusion initiatives, and recognition and social events. Examples include:

- **Leadership and team building:**
 - 'Line-of-Sight' – 3-day session in Kota Kinabalu, Sabah
 - MYC Champions Cup sports event
- **Inclusion and diversity initiatives:**
 - International Women's and Men's Day celebration
 - Cultural Diversity Day
 - Inclusion Week
- **Cultural and community celebrations:**
 - Chinese New Year
 - Hari Raya
 - Deepavali
 - Malaysia Day
- **Organisational feedback and recognition:**
 - 'Your Voice' surveys conducted twice a year
 - Year-End Appreciation Dinner

These engagement efforts are designed to strengthen connection to the organisation, foster a culture of respect and inclusion, and encourage employees to contribute meaningfully to business objectives. Potential risks associated with disengagement are mitigated through continuous monitoring, management oversight, and alignment of initiatives with workforce needs and organisational priorities.

Employee Benefits and Welfare

BAT Malaysia is committed to providing a comprehensive benefits and welfare framework that supports the health, wellbeing, and financial security of employees and their immediate families. BAT Malaysia's benefits structure is designed to be inclusive, practical, and aligned with both local regulatory requirements and international best practices.

HR and line managers are responsible for administering employee benefits and welfare programmes, ensuring compliance with applicable laws and alignment with BAT Group policy. Regular reviews are conducted to assess the relevance and competitiveness of benefits, while also identifying opportunities to enhance employee satisfaction and overall well-being.

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Notes: 1. Long Service Award has been renamed as Career Milestones Award.
2. BAT Malaysia's employer contribution to EPF is higher than the local regulatory requirement.

LiveWell

In January 2025, BAT Malaysia introduced LiveWell, a holistic well-being programme designed to support employees across four key pillars: physical, emotional, social, and financial well-being. Serving as a core enabler of benefits and well-being strategy, LiveWell reflects BAT Malaysia's commitment to fostering a supportive, inclusive, and enabling workplace where employees are empowered to thrive both professionally and personally.

Throughout the year, LiveWell was embedded into employees' day-to-day experiences. Key measures included the provision of complimentary sanitary napkins in all female lavatories in the head office and state offices. Enhancements to existing leave policies were also implemented during the year, to provide greater flexibility to employees.

In addition, BAT Malaysia launched more than 20 exclusive corporate discounts for employees, spanning wellness, lifestyle, and essential services as part of ongoing efforts to support financial well-being and everyday affordability.

Benefits and Workplace Inclusion

To support expectant and new mothers, BAT Malaysia has implemented enhanced parental leave provisions and flexible working arrangements, enabling greater work-life balance during pregnancy and early parenthood.

Expectant mothers in field-based roles, are given the option to transition to desk-based duties during pregnancy, should they choose to do so, ensuring continued safety, comfort, and productivity at work. Insights and feedback from female employees have also informed the introduction of targeted measures such as flexible working arrangements during the menstrual cycle for women within the National Sales Team.

In addition, BAT Malaysia has strengthened workplace infrastructure to better support women, including the provision of nursing and prayer rooms at state offices, as well as priority parking for expectant mothers.

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Salary and Remuneration

BAT Malaysia adheres to all applicable Malaysian employment laws, including the Employment Act 1955, which governs minimum wage, statutory benefits, working hours, and overtime regulations. Employees are compensated fairly, with salaries benchmarked to market standards, and overtime remunerated according to statutory requirements.

Employee benefits were enhanced during the financial year through market-aligned salary adjustments and strengthened benefits offerings, aimed at maintaining competitiveness and supporting overall employee well-being. Total employee-related payments, including salaries, bonuses, and benefits, increased year-on-year in line with business performance and annual merit processes. Statutory retirement contributions remained unchanged, with BAT Malaysia continuing to provide employer EPF contributions above local regulatory requirements. Medical insurance coverage was further improved through expanded benefits and extended eligibility to family members. Parental leave support remained robust, with increased awareness and utilisation driven by improved communication and HR guidance.

Table: Employee Remuneration

	2023	2024	2025
Total payments made to employees in terms of salaries, bonuses and benefits (RM)	47,015,076.32	38,025,376.24	38,759,350.02
Total statutory payments made for EPF (RM)	11,561,968	10,797,049	10,856,244
Total payments in medical insurance (SOCSO) for employees (RM)	374,782.90	286,086.25	434,954.10

Table: Ratio of Basic Salary and Remuneration of Male to Female

	2023	2024	2025
Male	0.66	0.71	0.85
Female	0.60	0.88	0.93

Parental Leave

BAT Malaysia recognises the importance of supporting employees in balancing professional responsibilities with family life. Parental leave provisions are offered to both male and female employees, which are higher than Malaysian labour law requirements. These measures support workforce retention, diversity, and inclusion, reflecting BAT Malaysia's commitment to a family-friendly and equitable workplace.

Table: Parental Leave

	2023	2024	2025
Number of employees entitled to Parental Leave	272	272	266
Number of employees who utilised Paternity Leave	9	7	12
Number of employees who utilised Maternity Leave	4	3	2
Employees who took parental leave (%)	5.51	2.94	0.75

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Table: Post-Parental Leave

	2023	2024	2025
Return To Work Rates (%)			
Male	100	100	100
Female	100	100	100
Retention Rates (%)			
Male	77.78	85.71	33.33
Female	75	66.67	- ¹⁴

Health and Safety

BAT Malaysia seeks to protect employees, contractors, and other relevant stakeholders, while supporting operational continuity and workforce productivity. Its approach is guided by the BAT Group Health and Safety Policy Statement, which emphasises the application of the highest international standards of practice to safeguard employees and non-company personnel on company premises, backed by detailed operational requirements. Effective occupational safety and health (OSH) practices contribute positively to people outcomes by reducing workplace injuries and health risks, and to economic performance by minimising incident-related disruptions and costs. BAT Malaysia recognises that maintaining robust safety standards also involves ongoing investment in training, audits, systems, and compliance, which are necessary to support long-standing organisational resilience.

We have implemented an OSH management system aligned with internationally recognised, ISO-based standards and applicable regulatory requirements. The system applies to all employees without exception and extends to contractors and external parties operating on behalf of BAT Malaysia, ensuring consistent safety expectations.

We have also allocated appropriate organisational resources, including financial investment for safety training, audits, and personal protective equipment (PPE) for the factory, as well as dedicated human resources such as EHS professionals and trained emergency responders. BAT Malaysia reviews and maintains BCPs for three key OSH-related scenarios – Head Quarter Emergency Evacuation, Johor Bahru Emergency Evacuation, and Pandemic Disease Outbreak. The evacuation plans are tested annually through emergency drills, while the pandemic plan undergoes a desktop review.

The OSH management system is supported by processes and action plans to proactively identify, assess, and mitigate risks. Key measures include Hazard Identification, Risk Assessment, and Risk Control (HIRARC) processes. The Governance Boost session conducted in 2025 further strengthened compliance awareness, helping to sustain a strong safety culture.

Additional measures include the sharing of unsafe practices and lessons learned, and a formal incident reporting mechanism. These practices support continuous improvement by enabling timely corrective actions, reinforcing accountability, and embedding safety awareness at all levels of the organisation.

OSH Committee and Oversight

Oversight of OSH falls under the purview of Senior Management and the Leadership Team, ensuring that OSH considerations are embedded within operational decision-making and organisational governance. While OSH performance is not directly linked to remuneration, accountability is reinforced through management oversight, defined roles, and structured reporting mechanisms. The Supply Chain Director is responsible for championing OSH across the organisation, supported by cross-functional collaboration to drive consistent implementation and continuous improvement.

¹⁴ Retention rate is not available as employees who took parental leave during the reporting period have yet to complete the one-year retention period. Updates will be provided in the next reporting cycle.

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Management engages regularly with worker representatives on OSH matters through established internal forums such as the monthly 'EHS Meeting' at the Johor Bahru factory and the monthly 'KPI Meeting' with the third-party logistics service provider at the Pulau Indah warehouse, ensuring that employee perspectives are incorporated into OSH discussions and initiatives. Although BAT Malaysia does not operate within a trade union framework, participative engagement structures enable meaningful consultation.

OSH standards and policies are cascaded to employees through formal communication and engagement channels, including induction programmes, and regular toolbox meetings and the displaying of the policies and other OSH-related information via noticeboards placed at the factory and warehouse. These mechanisms promote awareness, reinforce shared responsibility, and support consistent application of OSH requirements across the workforce.

Employees can raise health and safety near-misses, concerns, and support the identification of risks and improvement opportunities by contacting the Sustainability Manager or EHS Officer directly.

Non-compliance with OSH standards is addressed through a structured and proportionate escalation framework based on BAT Group's reporting methodology. Immediate corrective actions are taken to mitigate hazards, followed by root cause analysis and preventive measures to reduce the likelihood of recurrence. Where necessary, retraining, or disciplinary action is applied for repeated or serious breaches, reinforcing accountability while supporting a culture of continuous learning and safety ownership.

Health and Safety Policy and Steering Committee

BAT Malaysia's workplace health and safety is governed by its Health and Safety Policy, with oversight provided by the EHS Steering Committee chaired by the Supply Chain Director. The Committee guides the ongoing management of health and safety by:

- Reviewing and assessing the Health and Safety Policy, management systems, and programmes;
- Ensuring implementation of actions in line with legal requirements and health and safety objectives;
- Overseeing maintenance programmes;
- Engaging with external stakeholders; and
- Making decisions on critical issues, budgets, and target-setting.

OSH Risk Assessment

BAT Malaysia proactively identifies and mitigates OSH risks across its operations through hazard identification, risk assessment, and risk control, ensuring that potential negative impacts on people, the environment, and operational performance are addressed systematically. BAT Malaysia is committed to providing a safe working environment while maintaining operational resilience and compliance with relevant laws, regulations, and international best practices.

Risk assessments are conducted for both existing operations and new initiatives, as required, to evaluate workplace hazards and determine appropriate mitigation measures. High-risk activities, such as noise exposure in factory operations, are specifically addressed through targeted controls, which includes providing PPE, engineering and administrative controls, and the implementation of HIRARC processes to minimise potential incidents and protect employee health.

In addition, BAT Malaysia maintained a strong focus on fleet vehicle safety. Acknowledging that field-based employees face elevated safety risks, a new global platform, Halo Insight, was introduced in 2024 to strengthen the monitoring and management of fleet safety. The platform delivers data-driven insights into driver behaviour through a structured scoring system, supported by feedback captured via onboard telematics. These insights enable targeted interventions and continuous improvement, helping to ensure that fleet operations are conducted under the safest possible conditions.

Hazards, near misses, and accidents, are reported by employees or contractors to their respective line managers and recorded within BAT Malaysia's local health and safety reporting system. Each event is investigated to identify root causes. Corrective actions are developed and implemented to prevent recurrence, and findings, supporting documentation, and action plans are maintained in the reporting system.

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Incident trends and outcomes are monitored continuously to support ongoing improvement and organisational learning. Summary reports, including performance updates, identified risk patterns, and the effectiveness of protective measures, are communicated to the Leadership Team via monthly updates at the Governance Meeting. This ensures that leadership oversight informs strategic decision-making and the allocation of resources to safeguard employee safety.

OSH Performance

BAT Malaysia monitors and evaluates its performance through its established system of internal and external oversight. At the end-market level, monthly reviews are conducted by the Sustainability Manager, with all data validated before submission to BAT Group's regional reporting channels. Key performance metrics collected include hazards, near misses, minor injuries, restricted work cases (RWC), lost-time injuries (LTI), serious incidents (SI), fatalities, and total hours worked. Data is sourced from internal audits, external audits, and digital reporting systems to ensure accuracy, completeness, and reliability.

Health and safety performance is assessed against previously established OSH targets, and benchmarking exercises are conducted to compare performance against other BAT Group companies. Internal verification is conducted by the BAT Group regional EHS team to validate the integrity of the data and confirm adherence to regulatory and BAT Group requirements.

During the reporting period, BAT Malaysia achieved zero reported incidents and non-compliance with OSH policies and standards, reflecting the effectiveness of its risk management framework, proactive mitigation measures, and continuous monitoring. BAT Malaysia aims to achieve zero work-related accidents on an annual basis.

Table: OSH Performance Data

OSH Performance Data	2023	2024	2025
Total Manhours Worked (hours)	538,303	351,628	330,137
Number of Lost Time Injuries	-	-	-
Lost-time Injury Rate (LTIR)	-	-	-
Injury Rate (including fatalities)	-	-	-
Fatality Rate	-	-	-
Number of work-related fatalities (Employees)	-	-	-
Number of work-related fatalities (Contractors)	-	-	-
Number of recordable work-related injuries	-	-	-

OSH Training

BAT Malaysia provides OSH trainings to relevant employees. These programmes aim to raise awareness of workplace safety, reinforce safe practices, and support a proactive safety culture. Training is delivered through various channels such as induction sessions, defensive driving training, and toolbox trainings at the factory, to ensure accessibility and engagement, helping to maintain compliance with relevant regulations and international best practices.

Table: OSH Training Data¹⁵

	2025
Number of Employees Trained on Health and Safety Standards	142
Total Training Hours	260

¹⁵ OSH-related training data are now tracked and reported separately from 2025 onwards. In prior years, OSH-related training data were captured as part of general employee training data and were not disaggregated.

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Human Rights

BAT Malaysia operates across multiple categories, including manufacturing and engagement with raw material and service suppliers. These activities carry inherent human rights considerations, particularly in relation to labour practices, ethical conduct, and supply chain integrity. BAT Malaysia is committed to respecting and upholding the rights of employees, business partners, and the communities connected to its operations.

Our approach to labour and human rights is aligned with BAT Group’s overarching sustainability strategy and internationally recognised frameworks, including the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. These commitments are embedded within BAT Group’s SoBC and SCoC, both of which have been localised by BAT Malaysia to reflect national regulatory requirements and operating context.

The SoBC provides the foundation for BAT Malaysia’s human rights governance framework. It guides stakeholder engagement, supports the identification and assessment of human rights risks, and enables the implementation of mitigation measures across operations. Where risks are identified, appropriate controls, and remedial actions are applied to prevent, address, or minimise potential adverse impacts.

A key priority within this framework is the prevention of child labour and forced labour. BAT Malaysia aims to achieve zero child labour across its supply chain and to ensure respect for human rights throughout its operations. During the reporting period, no BAT Malaysia operations or suppliers were identified as being at risk of child labour incidents, as BAT Malaysia does not engage in leaf growing or agricultural tobacco operations within Malaysia.

Responsible Employment Practices

BAT Malaysia has an established set of Employment Principles that underpin fair, respectful, and inclusive workplace practices. These principles are aligned with applicable Malaysian labour laws, international labour standards, and BAT Group expectations, and form the foundation for BAT Malaysia’s internal policies, procedures, and people management practices.

In practice, these principles support:

Equal opportunity and non-discrimination across all stages of employment, including pay equity through the BAT Group’s Global Grading Structure (Korn Ferry Hay methodology)	Open and transparent internal communication to encourage employee engagement and the exchange of ideas	Freedom of association and respect for worker representation in accordance with Malaysian labour law	Fairness at work, supported by a zero-tolerance approach to harassment and bullying
Prohibition of child labour and forced labour	Responsible performance management and accountability	Protection of employee health and safety, alongside environmental responsibility	Skills development and continuous learning opportunities for employees
	Reasonable working hours, supported by an established overtime policy, family-friendly practices, and minimum notice periods for significant operational changes	Competitive, fair and equitable remuneration and benefits, with wages paid above the statutory minimum levels	

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Raising and Reporting Concerns

BAT Malaysia maintains a framework to enable employees, suppliers, business partners, and other stakeholders to raise concerns safely, confidentially, and without fear of retaliation. All employees receive training under the SoBC, which outlines expectations on ethical behaviour, human rights, and responsible workplace conduct.

Concerns may be raised through multiple channels, including line managers, HR and Legal business partners, or BAT Malaysia's Designated Officer (Legal Director). Alternatively, employees and external stakeholders may report concerns through the 'Speak Up' whistleblowing portal, which is independently managed and accessible 24 hours a day via telephone or online platforms in both English and Bahasa Malaysia. These mechanisms ensure accessibility, confidentiality, and protection for individuals who raise concerns in good faith.

Oversight of responsible employment practices, including whistleblowing, is jointly championed by HR, Legal, the Company Governance Forum, and the Board. Management accountability is embedded through line manager oversight, performance discussions, and formal reporting to the Leadership Team, ensuring that ethical standards and reporting mechanisms are consistently applied across the organisation.

Whistleblowing Framework

The BAT Group's whistleblowing framework sets out clear procedures to support the reporting of suspected misconduct, unethical behaviour, or breaches of standards. The framework is designed to protect whistleblowers from retaliation, ensure confidentiality, and provide assurance that all reports will be addressed appropriately. It is reviewed periodically to strengthen effectiveness and reflect evolving governance expectations.

The whistleblowing framework serves as an early-warning mechanism, enabling BAT Malaysia to detect potential wrongdoing and take timely corrective action. The Board considers the maintenance of a robust whistleblowing system to be a key component of sound corporate governance and an important factor in sustaining stakeholder and investor confidence.

The link to the 'Speak Up' whistleblowing portal is available at: www.bat.com/speakup.

Investigation of Reported Concerns

To support the effective management of reported concerns, BAT Malaysia has implemented formal Incident Reporting and Investigation Procedures, which are made available to all employees through the Company intranet and reinforced during onboarding programmes. These procedures define the processes for reporting, investigation, evaluation, and resolution of suspected misconduct involving employees or business partners.

All reported incidents are assessed and investigated by a dedicated investigation team mandated by BAT Malaysia's Business Integrity Panel. Findings are reviewed by a formal evaluation committee comprising HR Director, Finance Director, and the Legal Director, guided by established standard operating procedures that define roles, responsibilities, and investigation timelines. Where necessary, corrective actions may include disciplinary measures, remedial controls, or escalation to relevant authorities.

Investigation outcomes and actions taken are reported to the Audit Committee and escalated, where applicable, to the Regional Audit Committee of the BAT Group. BAT Malaysia maintains a register of all whistleblowing reports and confirmed breaches to support monitoring, accountability, and continuous improvement of internal controls.

SUSTAINABILITY STATEMENT

Respect at the Workplace and Prevention of Bullying and Harassment

BAT Malaysia places strong emphasis on equipping line managers and employees with the knowledge and accountability required to prevent and address bullying and harassment in the workplace. All employees, including line managers, are required to complete mandatory annual SoBC training and attestation, reinforcing expected behaviours, ethical conduct, and responsibilities related to respectful workplace practices. In addition, inclusion objectives are embedded within individual POs, supported by participation in inclusion-focused learning to promote fair, respectful, and inclusive behaviours across the organisation.

Respect in the Workplace training is completed by all employees on an annual basis. Further details on training related to Respect in the Workplace are available on pages 80 to 81 of the SS2025. Line managers are trained to recognise potential bullying or harassment and to escalate matters promptly to HR or Legal, who provide guidance on the formal investigation process. All reported cases are managed through a confidential, consistent, and structured investigation framework to ensure fairness, due process, and protection for all parties involved.

Compliance with Labour and Human Rights Standards

BAT Malaysia complies with all applicable local labour laws and regulations and aligns its practices with recognised international standards supporting the prevention of child labour and forced labour. Oversight mechanisms, policies, and codes of conduct are in place to ensure continued compliance, and to support responsible workforce management across operations and the supply chain.

- Employees have the right to freedom of association and may join legally recognised unions or representative bodies in accordance with Malaysian law.
- Equal pay for equal work is ensured through the BAT Malaysia’s pay methodology, which considers pay equity, market competitiveness, and living wage principles.
- BAT Malaysia implements structured action plans to tackle labour and human rights issues across all operations and supply chains.

The SoBC and SCoC undergo regular reviews, most recently in 2025, to ensure alignment with best practices. Allegations or breaches are investigated objectively through the SoBC Assurance Procedure. Reports from employees and partners via confidential channels are reviewed quarterly by the Audit Committee, ensuring accountability and protection against retaliation. This reflects the effectiveness of existing policies, controls and monitoring mechanisms, and reinforces the BAT Group’s commitment to ethical labour practices and compliance with applicable legal requirements. In 2025, BAT Malaysia recorded zero reported incidents relating to violations of human rights and labour standards.

Number of substantiated complaints concerning human rights violations

2025: Zero

2024: -

2023: -

Communities and Social Impact

At BAT Malaysia, community investment (CI) is guided by a tailored approach that responds to the specific social priorities and needs of Malaysian communities. We have established our CI Strategy, aligned with the BAT Group CI Framework, to ensure consistency in governance while allowing for local adaptation.

The CI Strategy was developed and launched in 2022 following an assessment of national development priorities and community needs. This assessment involved stakeholder engagement as well as desktop research to identify key social challenges in Malaysia. Insights from this process informed a targeted action plan designed to deliver measurable and positive social outcomes. BAT Malaysia’s flagship community programme – Beyond Benih was designed and launched in 2022.

Beyond Benih is governed by a formal Standard Operating Procedure (SOP), which is approved by the Board’s Sustainability Committee (SC), providing oversight, accountability, and alignment with our sustainability objectives.

SUSTAINABILITY STATEMENT

In compliance with Malaysian tobacco regulations, BAT Malaysia does not sponsor or operate programmes intended for children or individuals below 18 years of age. While no community programmes directly target children, the BAT Group requires full adherence to the SoBC and SCoC across its operations and supply chain including CI, reinforcing responsible business conduct.

Flagship Programme: Beyond Benih

Beyond Benih focuses on enhancing food security within low-income (B40) communities. The programme which is run in collaboration with the Department of Agriculture (DOA) is aligned with the Ministry of Housing and Local Government's Urban Community Garden Policy and is designed to support communities in establishing and sustaining farm gardens to meet their own food needs.

We developed a structured methodology was developed to guide programme implementation, which was subsequently translated into SOPs, serving as operational guidelines for all stakeholders involved. This ensures consistency in execution, clarity of roles and responsibilities, and effective delivery of intended outcomes.

The impact of Beyond Benih is measured through outcomes, including:

- The number of Beyond Benih farm gardens established and operational in Peninsular Malaysia; and
- The number of beneficiaries supported through access to the gardens.

Beneficiary reach is estimated based on the number of B40 households within a five-kilometre radius of each garden, multiplied by the average household size of 3.8 persons. This approach provides a consistent and transparent basis for assessing community reach and social impact. BAT Malaysia's ambition is to support an estimated 250,000 beneficiaries by the end of 2026 through the Beyond Benih programme.

Oversight of programme progress against established targets is led by the CSO, with updates presented to the Leadership Team, SC, and the Board.

During the reporting period, BAT Malaysia recorded the following financial contributions and corresponding community investment beneficiaries:

Table: Community Investment Data

Total Amount Invested in the Communities			
Year	2023	2024	2025
Amount (RM)	727,959	655,830	325,348
Number of Beneficiaries			
Year	2023	2024	2025
Cumulative number	~14,000	~89,000	~154,000

No new regular Beyond Benih gardens were established in 2025, as BAT Malaysia focused on supporting the 10 gardens launched at the end of 2024. During the year, we also developed a new concept – the 'Mega Garden' – a centralised farm spanning five acres designed to support multiple surrounding communities. Initial work on the first pilot Mega Garden began in 2025, with implementation expected to continue into 2026.

SUSTAINABILITY STATEMENT

Community Engagement and Feedback Mechanisms

We seek to ensure effective implementation and continuous engagement with beneficiary communities of the Beyond Benih programme. BAT Malaysia has appointed Paluan Sejati, a third-party service provider, to manage programme delivery and monitoring. Progress is reported back to BAT Malaysia on a weekly basis, enabling timely oversight and issue resolution.

All communication with beneficiaries is conducted through their respective Residents' Associations (RAs), facilitated by Paluan Sejati's field officers. In addition, an annual survey is conducted to gather feedback from RA members and beneficiaries, providing insights into programme effectiveness and areas for improvement. Findings from the survey are used to inform ongoing programme enhancements and strengthen long-term community outcomes.

Key feedback from the 2025 survey highlighted the following:

89% of survey respondents (RA members) participated in the programme on a part-time basis to earn additional income source.	45.38% female representation on the RAs (in farm gardens established in 2024 – 2025).
48.10% of survey respondents (RA members) affirmed that Beyond Benih provides new revenue streams, offers access to quality and affordable vegetables, and reduced spend on groceries, all contributing to a direct economic impact.	98% of survey respondents (beneficiaries) reported purchasing from their local Beyond Benih farm gardens.
39.80% of survey respondents (beneficiaries) reported purchasing from the gardens on fortnightly basis, showing demand for the crops grown in Beyond Benih farm gardens.	85.60% of survey respondents (beneficiaries) agreed that the availability and variety of produce are sufficient for their own consumption.
90% of survey respondents (beneficiaries) agreed that the gardens produced good quality produce.	77.60% of survey respondents (beneficiaries) reported a noticeable decrease in their monthly household food expenses due to purchasing at subsidised rates from the gardens.

Employee Engagement and Volunteering

Employee involvement is a key enabler of our CI efforts.

Employee engagement is supported through:

- Bi-annual updates shared during company-wide town hall sessions; and
- The annual employee volunteer programme, which provides an opportunity for employees to spend half a day engaging directly with communities, including participation in farm garden activities.

FY2025

24 employees
actively contributed to
community initiatives, clocking
a combined total of
96 volunteering hours¹⁶
over the year.

These mechanisms strengthen employee awareness, raise a sense of shared responsibility, and reinforce BAT Malaysia's commitment to positive social impact.

¹⁶ No volunteer hours were recorded in 2023 and 2024 even though volunteer events were held as the events were conducted on weekends to support employee participation.

SUSTAINABILITY STATEMENT

As at 31 December 2025



* Total estimated beneficiaries as provided by the RAs.

SUSTAINABILITY STATEMENT

OUR GARDENS AT A GLIMPSE

2022

Pangsapuri Melati, Taman Bukit Subang, Selangor



Sungai Gulang-Gulang, Kuala Selangor, Selangor



2023

Hiliran Ampang, Kuala Lumpur



Jiranita Bacang, Pasir Gudang, Johor



Jalan Duku, Pasir Gudang, Johor



Pangsapuri Kenari, Seri Kembangan, Selangor



Masjid Kampung Tengah, Gemencheh, Negeri Sembilan



Masjid Kampung Tok Randok, Aji, Terengganu



Masjid Pengkalan Berangan, Marang, Terengganu



Seri Bakawali, Hulu Selangor, Selangor



Taman Angsana, Kulim, Kedah



Taman Serai Setia, Kulim, Kedah



SUSTAINABILITY STATEMENT

2024

Sungai Koyan, Kuala Lipis, Pahang



Felda Pasoh 1, Jelebu, Negeri Sembilan



Kampung Dato Abdul Rahman Yassin, Kluang, Johor



Kampung Temeris, Kuala Pilah, Negeri Sembilan



Kota Jaya A, Kota Tinggi, Johor



LKIM Muara Sungai Duyong, Melaka Tengah, Melaka



Kampung Padang Sena, Kuala Terengganu, Terengganu



Kampung Seri Mendapat, Merlimau, Melaka



Kampung Jaya Setia, Kuala Selangor, Selangor



SUSTAINABILITY STATEMENT

Indigenous Village Sanitation Project

In 2025, BAT Malaysia also conducted the Indigenous Village Sanitation Project, an initiative designed to support improved access to safe, dignified, and reliable sanitation facilities for indigenous communities located within our water catchment areas. The project was initiated following the completion of all required legal approvals and due-diligence processes in accordance with the CI Framework.

The project involves the construction of 11 lavatories being built in Kg Sayong Pinang, an indigenous village situated near one of our key water sources. Implemented in collaboration with the Department of Orang Asli Development (JAKOA), the initiative responds to identified sanitation needs and aims to support improved hygiene practices and healthier living conditions for the community, while respecting local context and practices.

This initiative aligns with commitments made under the AWS certification, which emphasises the protection of shared water resources and the well-being of communities within catchment areas. By supporting sanitation infrastructure improvements, the project contributes to community resilience and responsible water stewardship.

As at the end of the reporting year, the project had reached the handover preparation stage, with handover completed in early 2026, benefitting 80 people in the community.



Handover ceremony held on 27 March 2026.



Newly-built lavatories.

SUSTAINABILITY STATEMENT

Governance

Sustainability Governance

Governance structure

Strong corporate governance remains central to BAT Malaysia's ability to deliver long-term value and create A Better Tomorrow™. Governance structures, risk management, and the BAT Group's SoBC together provide the backbone for how sustainability is overseen, implemented, and assured across our business.

Oversight of sustainability matters is embedded at BAT Malaysia's Board and Management levels. The Board of Directors provide overall stewardship, supported by structured committees and management-level governance, to ensure that environmental, social, governance, and climate-related considerations are integrated into strategy, performance monitoring, and decision-making. The Sustainability Committee Chairwoman supported by the CSO, presents quarterly updates to the Board, ensuring ongoing oversight of sustainability performance and emerging risks. To enable informed oversight, Directors and Board Committees have access to relevant information and may obtain internal stakeholder input or independent professional advice where necessary. Directors also undertake continuous training, including sustainability-related training, to maintain the skills required to oversee sustainability and climate-related matters.

Additionally, corporate governance-related policies, including those relevant to sustainability oversight, are reviewed annually or biennially, as determined by BAT Malaysia's Management to support a structured cadence of governance and accountability.

Governance Body	Roles & Responsibilities
BAT Malaysia's Board of Directors	<ul style="list-style-type: none"> ● Holds ultimate accountability for sustainability governance and oversight. ● Oversees sustainability and climate-related risks and opportunities, including material ESG matters. ● Reviews and approves the Climate Risk Register (as approved by the Sustainability Committee) and provides oversight of material climate-related matters. ● Considers sustainability impacts as part of the Board's deliberation and decision-making, including potential impacts on business, operational, and financial performance over the short, medium, and long-term. ● Approves sustainability strategy, priorities, budgets, and key initiatives, ensuring the Management has developed appropriate internal reporting processes and controls, and allocated sufficient resources to drive the sustainability agenda. ● Reviews sustainability performance, emerging risks, progress against targets and KPIs, and approves the annual Sustainability Statement. ● Strives to ensure integrity of BAT Malaysia's sustainability and climate disclosures against regulatory reporting requirements such as the NSRF.

SUSTAINABILITY STATEMENT

Governance Body	Roles & Responsibilities
BAT Malaysia's Board Sustainability Committee	<ul style="list-style-type: none"> Assists the Board in overseeing the sustainability strategy, goals, and performance. Reviews sustainability-related policies, resource allocation, and implementation plans to ensure BAT Malaysia has a robust reporting process for emerging material sustainability topics aligned with relevant reporting frameworks and standards. Reviews and approves the Climate Risk Register and other climate information, monitors implementation of climate risk mitigation action plans and outcomes. Monitors progress on sustainability initiatives and KPIs, including climate-related matters. Reviews and approves material climate-related risks and mitigation measures. Reviews sustainability disclosures and reporting prior to Board consideration. Considers appointment/removal of the CSO and receives CSO reporting on findings and resolutions. Meets at least four times annually and reports to the Board, with minutes tabled to and noted by the Board.
BAT Malaysia's Board Risk Management Committee	<ul style="list-style-type: none"> Oversees the effectiveness of BAT Malaysia's enterprise risk management framework. Supports integration of sustainability-related risks and impacts (including climate risks) into the overall risk management approach, including by assisting the SC in reviewing sustainability-related risks and impacts. Reviews key risk mitigation action plans and monitors emerging risk trends. Considers appointment/removal of the CRO and receives CRO reporting at meetings. Meets at least four times annually and reports to the Board, with minutes tabled to and noted by the Board.
BAT Malaysia's Leadership Team	<ul style="list-style-type: none"> Drives execution of Board-approved sustainability strategies, supported by internal reporting and escalation processes that enable issues to be surfaced to the relevant Committees and the Board in a timely manner (including matters that may be material to the business, operations, or financial performance). Oversees operational integration of sustainability across business functions. Allocates resources and monitors performance against sustainability objectives.
BAT Malaysia's Chief Sustainability Officer	<ul style="list-style-type: none"> Coordinates sustainability initiatives across functions. Monitors progress against sustainability goals and KPIs. Provides recommendations, status updates, findings, and resolutions to the Sustainability Committee at its meetings. Reports regularly to the Leadership Team and Sustainability Committee.

SUSTAINABILITY STATEMENT

Ethics and Integrity

BAT Malaysia's culture of integrity is anchored in the BAT Group's SoBC, which apply to all employees and Directors, and are complemented by the BAT Group's SCoC for third parties. BAT Malaysia is also a signatory of the Malaysian Corporate Integrity Pledge, which was signed on 19 February 2014, demonstrating our commitment to upholding anti-corruption in the conduct of our business.

Together, these codify expectations on honesty, transparency, anti-bribery and anti-corruption, human rights, responsible marketing, and compliance with laws. Where relevant, SCoC requirements are embedded into contractual arrangements to reinforce accountability across the value chain.

We require employees to read, understand, and confirm their adherence to the SoBC. This is supported by regular communication, training, and an annual compliance sign-off. The SoBC is periodically updated by the BAT Group in line with emerging regulatory expectations, and its implementation is reinforced through internal controls, audit processes, and management oversight.

Employees are expected to act with integrity at all times and have a responsibility to speak up if they become aware of suspected misconduct or breaches of the SoBC, whether involving employees or third parties. Failure to comply with the SoBC may result in disciplinary action, up to and including the termination of employment, and referral to relevant authorities where required.

Anti-Financial Crimes (AFC)

Number of confirmed incidents of corruption

2025: Zero

2024: -

2023: -

BAT Malaysia maintains zero tolerance for bribery and corruption. Our AFC controls are aligned with Malaysian law, including Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act, and with BAT Group policies. This is further reinforced by our Board, which assumes oversight for the effectiveness of the anti-corruption programme. Corruption and bribery risks are incorporated into BAT Malaysia's risk register, facilitating regular assessments, proactive mitigation, and continuous monitoring. All employees are required to prevent, counter, and report any suspected instances of bribery or corruption through established whistleblowing channels, reinforcing a culture of accountability and ethical conduct.

SUSTAINABILITY STATEMENT

Key measures in place include:

- ‘Know your Supplier’ and ‘Know your Customer’ procedures, including the Third-Party AFC Procedure, which are proportionate to the risk involved;
- Clear prohibitions on bribery, facilitation payments, and improper advantages;
- Controls governing gifts, hospitality, donations, and sponsorships;
- Requirements for accurate books, records, and internal controls to support transparency and prevent improper payments;
- Contractual anti-corruption provisions and SCoC requirements for suppliers;
- Risk-based due diligence for higher-risk counterparties and intermediaries; and
- Annual SoBC sign-off supported by targeted AFC communication and training.

In 2025, 100% of employees completed AFC-related training modules or SoBC refresher sessions, contributing to a cumulative total of 135 training hours¹⁷.

Table: Anti-Corruption Training Data

Percentage of employees who have received training on anti-corruption (%)	2023	2024	2025
Senior management	100	100	100
Middle management	100	100	100
Junior management	100	100	100
Non-executive	100	100	100

Anti-corruption expectations extend across BAT Malaysia’s value chain. Suppliers, contractors, and other intermediaries are expected to comply with our AFC standards and the SCoC, including cascading these expectations to subcontractors where applicable. In 2025, 100% of BAT Malaysia’s operations were assessed for corruption-related risks. This was conducted as part of the AFC evaluations carried out for all new relationships and activities during the contract process as well as the risk management framework. These assessments informed mitigation strategies, supported enhancements in internal control, and underpinned responsible business practices with third parties.

Percentage of operations assessed for corruption-related risks (%)

2025: 100

2024: 100

2023: 100

We have recorded zero confirmed cases¹⁸ involving alleged or potential breaches of business integrity policies, all of which were investigated and addressed in accordance with internal procedures. No material fines, penalties, or settlements related to corruption or bribery were recorded during the reporting year.

¹⁷ Anti-corruption is covered as part of the annual SoBC training. The total duration of the SoBC training is an average 30 minutes, as indicated on the platform. The total number reported here is based on the 30 minutes per employee for the full SoBC training and sign-off process.

¹⁸ This reporting only includes confirmed cases and does not include ongoing investigations in keeping with confidentiality obligations in line with our ‘Speak Up’ commitment.

SUSTAINABILITY STATEMENT

Table: Anti-Corruption Data

	2023	2024	2025
Total cost of fines, penalties, or settlements in relation to corruption (RM)	-	-	-
Number of staff disciplined or dismissed due to non-compliance with anti-corruption policy	-	-	-
Total amount of political contributions (RM)	-	-	-

Political Contributions

BAT Malaysia is an apolitical organisation and does not make political donations. This position reflects our commitment to maintaining independence and avoiding perceived or actual conflicts of interest in our engagement with policymakers, and applies to all political parties, candidates, and related entities.

Whistleblowing

BAT Malaysia has a formal 'Speak Up' mechanism that enables employees, suppliers, and other stakeholders to raise concerns in confidence. Reports may include suspected violations of the SoBC, AFC requirements, human rights standards, health and safety obligations, or other forms of serious misconduct. This mechanism is aligned with the MACC Act 2009 and is underpinned by the Whistleblower Protection Act 2010 (Act 711).

Key features of the 'Speak Up' channel include:

- Multiple reporting channels, including line management, local compliance, and global 'Speak Up' portals or hotlines;
- Confidential handling of all reports;
- Clear investigation procedures with designated case owners; and
- Protection against retaliation for individuals who raise concerns in good faith.

Concerns are assessed and investigated in line with established internal procedures, with appropriate corrective or disciplinary action taken where warranted. Outcomes, including confirmed incidents and remedial actions, are reported to the Leadership Team on a monthly basis, and to the Board on a quarterly basis, reinforcing accountability from the top.

Table: 'Speak Up' Data

	2023	2024	2025
Total 'Speak Up' reports received	11	12	13
Substantiated cases ¹⁹	3	3	3
Cases closed with corrective action	6	4	5

The remaining eight cases reported in 2025 are still under investigation and will be included in the 2026 report once closed with corrective actions.

¹⁹ Substantiated cases refer to incidents, complaints, or claims that have been formally verified as legitimate under the BAT Malaysia's grievance mechanism.

SUSTAINABILITY STATEMENT

Regulatory Compliance

BAT Malaysia adheres to all applicable laws and regulations in Malaysia. Regulatory compliance is supported by structured internal legal review processes, where relevant marketing, labelling, and communication materials are subject to review and approval by the Legal function prior to activation. Additionally, BAT Malaysia's products comply with local certification and regulatory standards, supporting safe and legal product availability.

In 2025:

- There were no significant incidents of non-compliance with environmental or social laws and regulations;
- There were no monetary losses arising from legal proceedings associated with marketing, labelling, or advertising practices; and
- There were no significant¹ fines or settlements arising from government or regulatory orders.

Table: Environmental and Socio-Economic Incidents and Fines Data

	2023	2024	2025
Number of environmental non-compliance incidents in the company and/or subsidiaries that resulted in a fine or censure	-	3	-
Number of socioeconomic non-compliance incidents in the company and/or subsidiaries that resulted in a fine or censure	-	-	-
Total cost of fines for environmental non-compliance (RM)	-	6,000	-
Total cost of fines for socio-economic non-compliance (RM)	-	-	-
Monetary losses from marketing / labelling / advertising legal cases (RM)	500	-	-

Customer Data Privacy

BAT Malaysia complies with the Personal Data Protection Act 2010 (PDPA) and BAT Group data privacy standards. Data privacy controls include:

- Secure IT infrastructure and restricted system access;
- Internal procedures for data handling and retention;
- Legal review of data-related processes; and
- Staff awareness on confidentiality obligations.

Data protection and information security are governed through BAT Group policies, defined access controls, and incident escalation procedures. Related risks are assessed as part of BAT Malaysia's operational risk management framework. In 2025, we recorded zero data privacy incidents.

Number of substantiated complaints concerning breaches of customer privacy and loss of customer data

2025: Zero

2024: -

2023: -

¹ Significant non-compliance incidents are defined as incidents that result in a RM5,000 and above fine or conviction of a criminal offense by a court of law.

SUSTAINABILITY STATEMENT

Supply Chain Management

Supply chain plays a critical role in supporting BAT Malaysia's operations and long-term sustainability. As part of the BAT Group, BAT Malaysia manages its supply chain in line with the BAT Group's SCoC, which complements the SoBC by setting out the minimum standards expected of suppliers across human rights, labour practices, health and safety, environmental management, and business integrity.

The SCoC, aligned with International Labour Organization (ILO) principles, applies to all suppliers and is embedded into contractual agreements, requiring suppliers to cascade these standards across their own operations and supply chains, supported by due diligence, training, and monitoring mechanisms.

BAT Group communicates the SCoC globally and supports its implementation through established due diligence, training, and monitoring mechanisms at BAT Group level, which are applied by BAT Malaysia in our supplier engagements. To promote accessibility and understanding, the SCoC is publicly available on the BAT Group website at <https://www.bat.com/who-we-are/our-corporate-governance/policies--principles-and-standards>, and translated into local languages to ensure understanding across all suppliers.

Through the consistent application of the BAT Group's SCoC, BAT Malaysia seeks to work with its suppliers in a manner that supports responsible business practices, ethical conduct, and alignment with the BAT Group's sustainability and governance expectations.

Table: BAT Malaysia's Suppliers

	2023	2024	2025
Total number of suppliers	378	342	298
Total number of local suppliers	366	291	252
Total number of foreign suppliers	56	51	46
Percentage of local suppliers (%)	96.82	85.08	84.56

Supplier Screening and Risk Assessment

Supplier screening and risk assessment form part of the BAT Group's approach to support the identification and management of environmental and social considerations within the BAT Group's supply chain. The BAT Group's approach is described in pages 125-126 of the BAT Group Combined Annual and Sustainability Report available on the BAT Group website.

Environmental Considerations in the Supply Chain

Under BAT Group's SCoC, supplier-related environmental expectations cover the following areas:

- Climate change and energy use, including the responsible use of energy, management of emissions, and reporting of Scope 1, 2, and, where relevant, Scope 3 emissions;
- Water stewardship, including responsible water use, water-risk awareness, and mitigation in water-stressed areas;
- Biodiversity and ecosystems, including avoidance of practices that may cause deforestation or unnecessary harm to natural habitats;
- Pollution prevention, including the management of emissions, effluents, and other forms of environmental pollution; and
- Waste and resource management, including waste reduction, reuse, recycling, and circular economy practices.

BAT Malaysia supports the application of these expectations through supplier engagement and alignment with the BAT Group's environmental priorities.

Social and Labour Standards in the Supply Chain

Social and labour expectations applicable to suppliers are established under the BAT Group's SCoC and are applied by BAT Malaysia as part of our supply chain management practices. Supplier-related social and labour expectations include:

- Prohibition of child labour, forced labour, and modern slavery;
- Non-discrimination, equal opportunity, and fair treatment in employment practices;
- Freedom of association and the right to collective bargaining, in accordance with local law;
- Wages, including compliance with minimum wage requirements, and other applicable remuneration standards;
- Reducing excessive working hours, in line with legal limits and labour regulations; and
- Occupational health and safety, including the provision of safe and healthy working conditions.

Suppliers are required to communicate social standards across their workforce and supply chains, integrate requirements into purchasing and contractual arrangements, and support monitoring activities. Where social risks are identified, BAT Malaysia expects suppliers to cooperate in remediation and capacity-building efforts.

Supplier monitoring outcomes, including audit findings and corrective actions, are tracked and addressed to ensure transparency and continuous improvement.

Supplier Engagement and Capacity Building

BAT Malaysia supports supplier engagement through:

- Communication and integration of the SCoC and environmental and social policies; and
- Conducting procurement-related training.

These efforts aim to strengthen supplier capabilities, reduce sustainability-related risks, and build long-term resilience across the supply chain.

Tobacco Leaf Supply Chain

The BAT Group recognises that agricultural supply chains can present specific environmental, labour, and human rights risks. For tobacco leaf and other agricultural inputs, supplier expectations are guided by the industry-wide Sustainable Tobacco Programme as well as the BAT Group's SCoC.

Expectations for tobacco leaf suppliers and contracted growers include:

- Prohibition of child labour, forced labour, and exploitative practices;
- Respect for workers' rights, including fair remuneration and reasonable working hours;
- Provision of safe and healthy working conditions;
- Responsible management of environmental impacts associated with agricultural activities; and
- Compliance with applicable local laws and regulations.

Suppliers involved in the tobacco leaf supply chain are expected to understand and manage risks within their own operations and, where relevant, within their upstream activities. BAT Group's supplier engagement may include monitoring activities, assessments, or other forms of engagement appropriate to the nature of the supply relationship.

SUSTAINABILITY STATEMENT


Local Procurement

BAT Malaysia contributes to the Malaysian economy through the procurement of goods and services from local suppliers. Local sourcing supports domestic employment, supplier capability development, and supply chain resilience.

In 2025, 57.95% of total procurement spend was directed to Malaysian suppliers.

Table: Procurement Expenditure

	2023	2024	2025
Total procurement spending (RM)	140,878,844	153,891,787	102,398,100
Total local procurement spending (RM)	81,778,163	91,038,313	59,343,629
Proportion of spending on local suppliers (%)	58.05	59.16	57.95



IFRS S2 DISCLOSURES 2025

SUSTAINABILITY STATEMENT

IFRS S2 DISCLOSURES 2025

GOVERNANCE

6) An entity shall disclose information about

a) *the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities*

Responsibility for sustainability matters including climate risks and opportunities resides with BAT Malaysia's Board of Directors (the Board), which is supported by a dedicated Board Sustainability Committee (SC). The SC reviews the quarterly sustainability report presented by BAT Malaysia's Chief Sustainability Officer (CSO), which includes the Climate Risk Register (CRR). The CRR provides:

- Detailed information on BAT Malaysia's physical and transition risks including the impact and likelihood of said risks occurring; and
- Implemented mitigation measures to prevent, reduce, manage said risks.

Other matters presented by the CSO for the attention of the SC are:

- The effectiveness of mitigation measures and future recommendations to strengthen and achieve resilience; and
- Progress achieved against set KPIs and targets such as decarbonisation and renewable energy use targets.

The SC queries the findings/information presented and approves the CRR. The CRR is also presented to the Risk Management Committee (RMC) for its noting. The SC Chairperson supported by the CSO, presents the approved CRR and its findings to the Board, making recommendations as deemed fit for Board deliberation and approval. Upon Board deliberation, the CRR is endorsed and integrated into BAT Malaysia's Enterprise Risk Register (ERR). This process is undertaken on a quarterly basis.

BAT Malaysia's Managing Director is a member of the SC. This enables direct inputs and perspectives from Management (Leadership Team and Senior Management) to be brought into discussion and deliberation during SC meetings.

The Governance Structure is provided in detail in the Governance Structure section on pages 98 to 99 of SS2025. For further information on the CRR, please refer to Row 9a.

In addition, BAT Malaysia's Board Charter and Terms of References for the SC and the RMC have been amended to enable a more comprehensive role for the Board, Chairman and relevant Board committees.

b) *management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities*

BAT Malaysia's Management is actively involved in the strategic and day-to-day management of all material sustainability related risks and opportunities, including climate related risks and opportunities.

The CSO oversees the climate risk assessment process and the CRR. As such, the CSO working with Operations and Risk teams, is responsible for identifying assessing and prioritising sustainability and climate-related risks for BAT Malaysia and updating the CRR on a quarterly basis. These risks are then reviewed by BAT Malaysia's Chief Risk Officer (CRO), and the Risk Management Team as part of the Enterprise Risk Management (ERM) process. The CRR is then presented to the Leadership Team of BAT Malaysia, including the Managing Director. The CSO briefs the SC on the risk mitigation measures along with BAT Malaysia's progress against climate-related metrics and targets.

Control mechanisms and processes employed by the Management include the use of BAT Malaysia's Risk Matrix (impact and likelihood parameters) for the prioritisation of sustainability and climate-related risks and opportunities. It also guides the measurement of progress against climate-related metrics and targets, and other internal mechanisms to support the effective identification, oversight, and mitigation / management of sustainability and climate-related risks and opportunities. These include alignment to the BAT Group's science-based targets and global decarbonisation pathway.

STRATEGY

9) An entity shall disclose information to enable users of general purpose financial reports to understand:

a) the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects (see paragraphs 10-12)

BAT Malaysia's physical and transition risks were identified with the use of climate scenario analyses, which took into consideration the BAT Group's CRA and CRR, during the inaugural Climate Risk Assessment (CRA) Workshop. The scenarios applied were the Shared Socioeconomic Pathway 2 - Middle of the Road 4.5 (SSP 2-4.5) scenario and the Network for Greening the Financial System Net Zero 2050 (NGFS 2050) climate scenarios. The scenarios enabled an informed and consistent approach in the development of risk impact and likelihood scores for each material physical and transition risk.

The following risks identified may have impacts on BAT Malaysia's business model and value chain with varying severity of impact and likelihood over the short-, medium-, and long-term. Assessment of financial impacts for each disclosed climate risk is based on the relevance of applicability of climate scenarios. Hence, the provision of scoring for physical risks is against the SSP2-4.5 scenario, while transition climate risks are based on the NGFS scenario. Risk scoring is based on residual risk after considering existing mitigation measures.

Risk Score/Financial Impact (p.a.)

Insignificant	Minor	Moderate	Significant	Severe
RM5.8mn – RM18.1mn	RM18.1mn – RM36.8mn	RM36.8mn – RM73.6mn	RM73.6mn – RM153.1mn	RM > 153.1mn
[Bar]	[Bar]	[Bar]	[Bar]	[Bar]
Time Horizon				
Current (2025)		Short-term (<1.5 years)	Medium-term (1.5 – 5 years)	Long-term (>5 years)

Physical Risk - Extreme Rainfall Events/Flash Floods:

Risk overview and assumptions	Value Chain Coverage	Potential Business Impact	Geographies Assessed	Financial Impact	Mitigation Actions															
<p>Extreme rainfall and flash floods may present acute physical risk to BAT Malaysia. Flooding may disrupt distribution routes, logistics, warehousing activities, and workforce mobility. Although exposure has reduced following the relocation of manufacturing to Johor Bahru and warehousing to Pulau Indah, BAT Malaysia remains vulnerable as many Commercial Marketers and Distributors (CMD) offices are in flood-prone or low-lying regions.</p>	<ul style="list-style-type: none"> Primarily limited to the import of raw materials i.e. tobacco leaves sourced from Indonesia. Increased rainfall intensity under the SSP 2-4.5 scenario may disrupt crop harvests and quality of produce, curing processes and transportation of raw materials, potentially creating volatility in raw material availability. Distribution and route-to-market (RTM) operations, warehousing and inventory management. Finished-goods and logistics. Upstream tobacco supply. 	<ul style="list-style-type: none"> Potential revenue loss from delayed or missed trade deliveries. Higher costs driven by transportation, warehousing, and emergency logistics costs when normal routes and facilities are affected. Increased risk of inventory losses. Damages to property, plant and equipment. Increased insurance expenses and claims recoveries. Volatility in upstream leaf supply chain from Indonesia due to rainfall related crop disruption. 	<ul style="list-style-type: none"> Malaysia; flood-prone, low-lying, and coastal states. CMD offices across multiple states. Pulau Indah warehouse. Upstream exposure: Indonesia tobacco-growing regions. <p>The above was corroborated by remote desktop analysis undertaken using geo mapping software data platforms.</p>	<table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th></th> <th>C</th> <th>S</th> <th>M</th> <th>L</th> </tr> </thead> <tbody> <tr> <td>SSP2-4.5</td> <td style="background-color: #00AEEF; color: white;">[Cell]</td> <td style="background-color: #00AEEF; color: white;">[Cell]</td> <td style="background-color: #90EE90;">[Cell]</td> <td style="background-color: #90EE90;">[Cell]</td> </tr> <tr> <td>NGFS Net Zero</td> <td style="background-color: #00AEEF; color: white;">[Cell]</td> <td style="background-color: #00AEEF; color: white;">[Cell]</td> <td style="background-color: #00AEEF; color: white;">[Cell]</td> <td style="background-color: #00AEEF; color: white;">[Cell]</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Physical risk scenario indicates a two-week RTM disruption could expose the business to approximately RM24 million (lost sales, emergency logistics, stock disruption, recovery costs). However, BCP, insurance, alternative warehousing, and buffer stock are expected to partially mitigate financial impacts over time. 		C	S	M	L	SSP2-4.5	[Cell]	[Cell]	[Cell]	[Cell]	NGFS Net Zero	[Cell]	[Cell]	[Cell]	[Cell]	<ul style="list-style-type: none"> Reduced exposure due to the location of the factory (Johor Bahru) and warehouse (Pulau Indah). Integration of flood risk into BCP, logistics, and inventory management. Activation of contingency plans during heavy rainfall. Targeted mitigation at flood-prone sites and periodic resilience reviews. Insurance coverage. Maintenance of buffer stock.
	C	S	M	L																
SSP2-4.5	[Cell]	[Cell]	[Cell]	[Cell]																
NGFS Net Zero	[Cell]	[Cell]	[Cell]	[Cell]																

SUSTAINABILITY STATEMENT

Physical Risk - Rising Temperature and Heatwaves:

Risk overview and assumptions	Value Chain Coverage	Potential Business Impact	Geographies Assessed	Financial Impact	Mitigation Actions															
<p>Rising temperatures and heatwaves represent both chronic and acute physical risks to BAT Malaysia. Extreme heat may affect warehousing, manufacturing, distribution, and workforce conditions.</p> <p>Key impacts include risks to tobacco product quality and shelf life, higher cooling-energy requirements, and reduced employee productivity and wellbeing. These effects may disrupt operations, increase operating costs, and reduce supply-chain reliability.</p>	<ul style="list-style-type: none"> Manufacturing operations. Distribution and RTM activities. Workforce (factory, warehouse, and field force). Rising temperatures may impact quantity and quality of raw material harvested thus affecting raw material availability and pricing. 	<ul style="list-style-type: none"> Higher ambient temperatures may affect quality of raw tobacco. Increased energy and water use for cooling may raise operational costs. Higher risk of product degradation, pest infestation, and reduced shelf life. Inventory losses and preservation costs. Workforce productivity, particularly for employees and workers operating in outdoor conditions (logistics and transportation-related roles). Health and safety risks for employees due to heat-related discomfort. 	<ul style="list-style-type: none"> Malaysia (nationwide rising temperature trends and heatwave exposure). Temperature controlled facilities: Johor Bahru factory, Pulau Indah warehouse, office operations. 	<table border="1"> <thead> <tr> <th></th> <th>C</th> <th>S</th> <th>M</th> <th>L</th> </tr> </thead> <tbody> <tr> <td>SSP2-4.5</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>NGFS Net Zero</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <ul style="list-style-type: none"> Higher energy, water, and cooling system costs. Inventory write-offs from pest affected tobacco and finished goods. Internal estimates indicate potential increases of up to RM2.3 million for weevil infestation losses. Increased expenditure on pest control, fumigation, and product quality protection. Increased employee-related costs due to heat-related illness, absenteeism, and productivity loss. Higher maintenance and potential replacement of climate control infrastructure. Overall impacts expected to remain contained in the short- and medium-term due to existing controls. 		C	S	M	L	SSP2-4.5					NGFS Net Zero					<ul style="list-style-type: none"> Climate controlled warehousing and manufacturing facilities. Solar power adoption to offset cooling energy demand. Pest control and fumigation measures across finished goods and tobacco storage. Workforce heat safety protocols, PPE, and other OSH measures. Operational planning for facility energy requirements. Continuous improvement of building management systems and preventive maintenance of cooling infrastructure.
	C	S	M	L																
SSP2-4.5																				
NGFS Net Zero																				

Transition Risks:

Risk overview and assumptions	Value Chain Coverage	Potential Business Impact	Geographies Assessed	Financial Impact	Mitigation Actions															
<p>Malaysia's transition toward a low-carbon economy, aligned with the NGFS 2050 pathway, introduces transition risks for BAT Malaysia. Key risk factors include carbon pricing, fuel-subsidy rationalisation, EPR regulations, sustainability-linked procurement, and mandatory climate-related and Scope 3 reporting.</p>	<ul style="list-style-type: none"> Upstream suppliers (materials, packaging, logistics). Manufacturing and warehousing. RTM operations and third-party logistics. Downstream waste management and EPR compliance. Capital markets and investors. 	<p>Four main exposure channels:</p> <p>1. Capital markets, financing and reputation</p> <ul style="list-style-type: none"> Investor expectations increasingly linked to ESG data quality, climate disclosures, and sustainability linked indices. Weak performance or data inaccuracy could reduce investor confidence, increase cost of capital, or trigger reputational and litigation risks. 	<ul style="list-style-type: none"> Malaysia (RUUPIN bill, National Climate Policy, energy reforms, Circular Economy Act, EPR roll-out, carbon pricing readiness). Regional upstream exposure through global supply chain and material sources. 	<table border="1"> <thead> <tr> <th></th> <th>C</th> <th>S</th> <th>M</th> <th>L</th> </tr> </thead> <tbody> <tr> <td>SSP2-4.5</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>NGFS Net Zero</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>Carbon Pricing</p> <ul style="list-style-type: none"> With 2025 Scope 1 & 2 emissions of 933.27 tCO₂e: <ul style="list-style-type: none"> At RM10/t: RM9,332; At RM50/t: RM46,664; At RM80/t: RM74,661; Not material to overall financial performance. <p>Fuel Subsidy Rationalisation</p> <ul style="list-style-type: none"> 2025 removal of petrol subsidies resulted in 27% increase in fleet fuel costs (absorbed in OPEX). 		C	S	M	L	SSP2-4.5					NGFS Net Zero					<ul style="list-style-type: none"> Alignment with BAT Group Climate Strategy and decarbonisation road map. Progressive fleet transition to hybrid vehicles. Energy efficiency upgrades and renewable energy adoption at operational sites. Sustainability linked procurement and supplier engagement programmes (at BAT Group-level). Enhancing climate data systems and compliance processes for Scope 3 mapping, EPR, and regulatory disclosures.
	C	S	M	L																
SSP2-4.5																				
NGFS Net Zero																				

SUSTAINABILITY STATEMENT

Risk overview and assumptions	Value Chain Coverage	Potential Business Impact	Geographies Assessed	Financial Impact	Mitigation Actions
	<p>2. Energy and logistics</p> <ul style="list-style-type: none"> Higher fuel and electricity prices from subsidy rationalisation and potential carbon pricing, notably for higher fleet and logistics costs. Despite using self-generated solar derived electricity, energy costs may increase at production, and storage facilities. <p>3. EPR and sustainable materials requirements</p> <ul style="list-style-type: none"> Mandatory EPR may increase costs for recyclability, waste recovery and packaging compliance. Stricter sourcing, extended packaging and waste obligations may affect suppliers, packaging design, and operating processes. <p>4. Scope 3 emissions and disclosures</p> <ul style="list-style-type: none"> Expanded regulatory demand for supplier-level emissions data and decarbonisation. Supplier readiness gaps may increase reporting risk, compliance delays, or reputational exposure. 			<ul style="list-style-type: none"> A further 40–50% increase in petrol prices could raise fleet costs by RM345,000–430,000, representing ~0.02% of revenue. <p>Other cost impacts</p> <ul style="list-style-type: none"> RM120,000 to commence adoption of NSRF-aligned IFRS S1 and S2 reporting. A further planned investment of RM300,000 in 2026. Higher distribution and electricity tariffs. Increased cost of sustainable materials and EPR compliance. Additional OPEX/CAPEX for reporting systems, renewable energy, and packaging redesign. Potential increases in financing costs tied to sustainability performance. <p>Overall Assessment</p> <ul style="list-style-type: none"> Transition related costs expected to be manageable and absorbed within normal operating and capital investment cycles. 	<ul style="list-style-type: none"> Continuous monitoring of policy developments. Investments in packaging redesign, recycling systems, and low emission logistics assets.

SUSTAINABILITY STATEMENT

Opportunities:

Risk overview and assumptions	Value Chain Coverage	Potential Business Impact	Geographies Assessed	Financial Impact	Mitigation Actions
<p>The expansion of on-site renewable energy - solar photovoltaic systems at the factory and warehouse, and transition of BAT Malaysia's fleet to hybrid vehicles supports medium- to long-term reduction in emissions and operational costs.</p> <p>These technologies will also support BAT Malaysia's ability to maintain reliable production and distribution while aligning with tightening energy and carbon policies.</p>	<ul style="list-style-type: none"> Direct operations: manufacturing, warehousing, offices. Logistics: hybrid and future EV fleets. Sustainability linked financing ecosystem (investors). Downstream partners and regulatory stakeholders. 	<ul style="list-style-type: none"> On site solar at factory and warehouse as well transition to hybrid vehicles reduces exposure and improves resilience against grid disruptions. Hybrid vehicles may support lower vehicle maintenance costs. Lower emissions intensity strengthens positioning with regulators, investors, lenders, and commercial partners. Supports strategic positioning under Malaysia's evolving climate policies. 	<ul style="list-style-type: none"> Malaysia <ul style="list-style-type: none"> Johor Bahru factory; Pulau Indah warehouse; and CMD and Corporate offices. Nationwide logistics and fleet operations. 	<p>Direct Financial Benefits</p> <ul style="list-style-type: none"> Onsite solar generation (~63,043 kWh / year) reduces electricity purchases. Annual savings of RM142,000 at the warehouse. Fleet transition to 84% hybrid vehicles lowers fuel consumption and maintenance costs. <p>Other Expected Impacts</p> <ul style="list-style-type: none"> Lower exposure to future carbon pricing and energy price volatility. Reduced electricity and fuel costs reflected in cost of sales and distribution expenses. Lower operating expenses through improved energy efficiency. Enhanced access to sustainability linked financing with favourable terms due to improved climate credentials. <p>Overall Assessment</p> <ul style="list-style-type: none"> Savings expected to strengthen operating margins, improve cash flow stability, and enhance financial resilience over the medium- to long-term. 	<ul style="list-style-type: none"> Continued investment in onsite solar and energy efficiency upgrades. Progressive transition of fleet to hybrid vehicles, with future potential for EV adoption. Monitoring of carbon pricing developments and voluntary carbon markets (eg Bursa Malaysia VCM). Integration of renewable energy and fleet transition into long-term capital investment planning. Strengthened alignment with BAT Group's climate strategy and sustainability frameworks.

b) the current and anticipated effects of those climate-related risks and opportunities on the entity's business model and value chain (see paragraphs 13)

Disclosure provided as per row 9a.

c) the effects of those climate-related risks and opportunities on the entity's strategy and decision-making, including information about its climate-related transition plan (see paragraph 14)

Physical Risks:	
RISK	Effects on Strategy and Decision-making
<p>Extreme Rainfall Events / Flash Floods</p>	<p>The potential for reoccurrence of flash floods necessitates strategic considerations in developing reliable financial modelling. These include:</p> <ul style="list-style-type: none"> • Where floods may occur and anticipated severity i.e. number of days of disruption and severity of disruption; • Potential financial impact in terms of sales, costs, losses, and other financial metrics; • Contingency measures and alternative plans for warehousing and distribution routes as required; • Implementation of a trade-level buffer inventory to maintain market supply; • Updates to existing BCP; and • Strategic considerations may also look into whether more permanent measures are required such as the relocation to more flood resilient locations. <p>In making decisions on the above, BAT Malaysia can draw from the following:</p> <ul style="list-style-type: none"> • Past precedents of flooding; • The CRR; and • Remote desktop analysis.
<p>Rising Temperature and Heatwaves</p>	<p>The strategic consideration of the risk is geared towards developing potential cost estimations based on rising energy cost scenarios. This comprises assessing expected production volume to meet market demand and potential increases in energy costs due to revisions in tariffs and rising fuel prices.</p> <p>Other medium-to long-term strategic considerations may include relying on automation and machinery, redesigning business, and operational processes to reduce energy usage, and considering how to derive energy savings across the business model.</p>
Transition Risks:	
<p>In relation to transition risks, following are the effects on BAT Malaysia's decision making:</p>	
RISK	Effects on Strategy and Decision-making
<p>Capital markets, financing and reputation</p>	<p>Management would need to be guided by an increased focus on achieving compliance with more stringent reporting requirements such as:</p> <ul style="list-style-type: none"> • Strengthening data collection ability; • Strengthening data validity and verification processes for both internally and externally obtained data; • Driving heightened awareness and understanding among stakeholders on evolving reporting requirements, data requirements, collection methodologies; and • Resources required for the above.
<p>Energy and logistics</p>	<p>As provided under Physical Risk: Temperature and Heatwaves on Row 9a.</p>
<p>The introduction of EPR and sustainable materials procurement</p>	<p>Malaysia's move towards mandatory EPR and sustainability-linked material standards may increase BAT Malaysia's exposure across both upstream sourcing and downstream product stewardship. Upstream, this tightens requirements for deforestation-free, recyclable, and certified inputs. Downstream, BAT Malaysia faces expanding obligations for post-consumer packaging, cigarette butt collection and recycling, and reporting, which may affect supplier selection, packaging design, compliance systems and operating processes. BAT Malaysia would have clarity on implications upon parliamentary approval and enforcement of the Circular Economy Act.</p>

SUSTAINABILITY STATEMENT

RISK	Effects on Strategy and Decision-making
<p>Expansion of Scope 3 (Value-chain) emissions and disclosures</p>	<p>Strategic consideration of the risk would focus on establishing appropriate scope and boundary based on BAT Malaysia-specific criteria to determine the most material upstream and downstream Scope 3 emissions. BAT Malaysia's approach will be aligned with and guided by the BAT Group's methodology.</p>
<p><i>e) the climate resilience of the entity's strategy and its business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities. (see paragraph 22)</i></p>	<p>Based on assessment of climate-related risks under plausible climate scenarios, including the SSP2-4.5 and NGSF 2050 pathways, and its current operating profile, BAT Malaysia demonstrates a moderate- to high-level of climate resilience over the short- to medium-term. This assessment considers BAT Malaysia's exposure to physical and transition risks, the robustness of its operational and governance arrangements, and its capacity to adapt to evolving climate-related conditions over the short-, medium-, and long-term.</p> <p>In addition, BAT Malaysia has aligned with BAT Group's Low Carbon Transition Plan (LCTP), which guides the BAT Group's climate initiatives and supports it 2030 and 2050 science-based targets in line with a 1.5°C warming pathway.</p> <p>BAT Malaysia's direct operations are not materially dependent on climate-sensitive inputs, as its manufacturing, warehousing and distribution activities are not water- or energy-intensive relative to heavy industrial sectors. However, tobacco cultivation within the upstream value chain remains climate-sensitive, and climate variability in tobacco-growing regions may influence raw material availability and quality, although these activities fall outside BAT Malaysia's direct operational control.</p> <p>BAT Malaysia continues to monitor evolving climate conditions and regulatory expectations and will reassess its resilience as climate-related risks, upstream dependencies, and operating conditions evolve. While longer-term climate impacts on agricultural supply chains may require enhanced monitoring and supplier management, BAT Malaysia's Management considers BAT Malaysia's current level of preparedness, diversification, and adaptive capacity to be sufficient to support operational continuity and financial stability under the scenarios assessed.</p> <p>BAT Malaysia's assessment of climate-related risks and opportunities indicate that while certain risks will require active management, they are not of a magnitude that require a material change to our business model and financial performance - including access to capital over all time horizons considered. This confirms the resilience of our strategy and its capacity to accommodate these emerging factors.</p> <p>Specific mitigation information is provided in Rows 9a and 14a.</p> <p>10) An entity shall disclose information that enables users of general-purpose financial reports to understand the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects. Specifically, the entity shall:</p> <p><i>a) describe climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects;</i></p> <p>The transition toward low-carbon energy systems creates potential opportunities for BAT Malaysia to improve cost efficiency, operational resilience and access to capital through renewable energy, low-emission logistics, and sustainability-aligned financing. The expansion of on-site renewable energy, including solar photovoltaic systems at the factory and warehouse, alongside the progressive transition of the vehicle fleet to hybrid and, in the longer term, EVs are expected to deliver both emissions reductions and cost efficiencies.</p> <p><i>b) explain, for each climate-related risk the entity has identified, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk;</i></p> <p>Disclosure provided as per Row 9a.</p>

c) specify, for each climate-related risk and opportunity the entity has identified, over which time horizons—short-, medium-, or long-term—the effects of each climate-related risk and opportunity could reasonably be expected to occur;

Disclosure provided as per Rows 9a and 22b.

d) explain how the entity defines 'short-term', 'medium-term', and 'long-term' and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.

Timelines applied to sustainability and climate-related risks and opportunities are consistent with BAT Malaysia's ERM framework. The timelines are as follows:

- Current (2025)
- Short-term (<1.5 years)
- Medium-term (1.5 – 5 years)
- Long-term (>5 years)

12) In identifying the climate-related risks and opportunities that could reasonably be expected to affect an entity's prospects, the entity shall refer to and consider the applicability of the industry-based disclosure topics defined in the Industry-based Guidance on Implementing IFRS S2.

BAT Malaysia has referred to and considered the applicability of relevant industry-based guidance based on the Sustainability Accounting Standards Board (SASB) Sector-Specific Disclosures.

Having reviewed and considered, BAT Malaysia has implemented the SASB sector specific disclosure standard for Tobacco. The disclosures are provided in the Metrics and Targets section on pages 66 to 68 of the SS2025.

13) An entity shall disclose information that enables users of general purpose financial reports to understand the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain. Specifically, the entity shall disclose:

a) a description of the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain; and

Disclosure provided as per Rows 9a and 22b.

b) a description of where in the entity's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).

Disclosure provided as per Rows 9a and 22b.

14) An entity shall disclose information that enables users of general purpose financial reports to understand the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the entity shall disclose:

a) information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation;

SUSTAINABILITY STATEMENT

Physical Risks:	
RISK	Strategic Response and Mitigation Action
<p>Extreme Rainfall Events / Flash Floods</p>	<p>Flood risk has been incorporated into BAT Malaysia's BCP, logistics planning and inventory management.</p> <p>During periods of elevated rainfall risk, BAT Malaysia activates contingency measures such as alternative transport routes, emergency freight arrangements and trade-level buffer inventory to maintain market supply. Flood-prone sites are subject to targeted mitigation measures and periodic reviews to ensure continued operational readiness.</p> <p>The location of the factory and the warehouse significantly reduced exposure to urban flash-flood risk. The warehouse is situated on elevated land and the factory is located within a planned industrial zone with established drainage and flood mitigation infrastructure. As such, actual flood risks at site-level are assessed to be lower in both impact and likelihood of occurrence.</p> <p>In addition, with a comprehensive BCP in place, sufficient insurance coverage for property damage and business interruption, alternative warehousing arrangements and the maintenance of buffer stock, the Management foresees minor financial impact on operations.</p>
<p>Rising Temperature and Heatwaves</p>	<p>Taking into account existing temperature-controlled facilities at the factory, warehouse, and offices, the use of solar panels to offset grid electricity consumption, pest control, and fumigation measures, and employee heat-related safety protocols, the Management expects the financial impacts of rising temperatures and heatwaves to remain contained over the short- and medium-term.</p> <p>Over the longer term, while sustained increases in surface temperatures are expected to lead to higher cooling and energy costs, these controls are designed to preserve product quality, maintain workforce productivity, and limit material inventory losses.</p>
Transition Risks:	
RISK	Strategic Response and Mitigation Action
<p>Capital Markets, Financing and Reputation</p>	<p>BAT Malaysia continues to undertake regular and active engagement with the BAT Group, investors, the local stock exchange, and regulators towards ensuring it remains abreast with evolving industry trends and requirements. This is reflected in stakeholder engagement activities including investor relations plans and programmes, timely updates and announcements, and continued dialogues and meetings with the financial community, government ministries, and agencies.</p>
<p>Transition Risk: Energy And Logistics</p>	<p>To manage energy- and fuel-price exposure, BAT Malaysia has deployed solar photovoltaic systems at the Johor Bahru factory and the Pulau Indah warehouse, implemented the telematics system that monitors driver behaviour, which in turn improves fuel efficiency, and continues to assess EV deployment as infrastructure in Malaysia matures.</p> <p>BAT Malaysia continues to implement fleet-efficiency and decarbonisation initiatives, including the progressive transition of its company fleet to hybrid vehicles. BAT Malaysia's fleet vehicles are leased from a third-party provider, and upgrades to hybrids occur as vehicles are replaced or newly leased for tool-of-trade use.</p> <p>As a result, the company does not incur significant costs for its fleet transition programme. In parallel, incremental capital expenditure is expected for packaging redesign, recycling systems, and sustainable-materials sourcing as EPR requirements in Malaysia are phased in from 2027 – 2030. This includes the initiative to convert the pack lock mechanism to fully paper-based solution in alignment with the BAT Group's packaging strategy.</p>

SUSTAINABILITY STATEMENT

RISK	Strategic Response and Mitigation Action
<p>The Introduction of EPR And Sustainable Materials Procurement</p>	<p>BAT Malaysia has also taken several steps to improve circularity including transitioning to paper-based materials for locally produced products, increasing waste recycling, and diverting waste from landfill.</p> <p>Further, the BAT Group's SCoC and global procurement standards have embedded deforestation-free certification requirements into the supplier selection process. A BAT Group-led project to convert the pack locking mechanism to a fully paper-based solution is planned to be implemented during the second half of 2026.</p>
<p>Transition Risk: Expansion Of Scope 3 (Value-Chain) Emissions and Disclosures</p>	<p>To manage Scope 3 and reporting exposure, BAT Malaysia relies on assured BAT Group Scope 3 datasets while developing a plan to identify and collect Malaysia-specific Scope 3 data across priority upstream and downstream categories by Q4 2026.</p>

b) information about how the entity is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 14(a)

BAT Malaysia continues to use internally generated funds and operating cash flows to fund the necessary CAPEX and OPEX for climate mitigation plans. This includes making investments in assets, transition plans, implementing additional solar energy generation capacity, packaging redesign and strengthening data collection as well as costs associated with related reporting.

c) quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 14(a).

Not applicable in the first year of ISSB reporting.

15) An entity shall disclose information that enables users of general purpose financial reports to understand:

- a) the effects of climate-related risks and opportunities on the entity's financial position, financial performance, and cash flows for the reporting period (current financial effects); and
- b) the anticipated effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows over the short-, medium-, and long-term, taking into consideration how climate-related risks and opportunities are included in the entity's financial planning (anticipated financial effects).

While BAT Malaysia has provided scenario-based quantitative information where available, standalone quantitative estimates have not been disclosed for all climate-related risks and opportunities. This is because, for certain impact pathways, the associated financial effects are currently not separately identifiable, or measurement uncertainty remains high.

The financial impacts of climate-related disruptions are influenced by multiple interacting factors, including climate variability, market demand, energy prices, trade programmes and insurance arrangements, making it impracticable to isolate climate-specific financial effects with sufficient reliability for decision-useful disclosure at this stage.

There are inherent uncertainties and judgements involved in modelling climate scenarios and their associated business impacts. There remains uncertainty as to how climate change, including changes in global and regional GHG emissions trajectories, will affect rainfall patterns, temperature extremes and the severity of weather-related hazards in the regions where BAT Malaysia operates. These uncertainties arise from variability in climate projections, limitations in regional downscaling, and the potential for non-linear or unexpected changes in weather behaviour as climate systems evolve.

SUSTAINABILITY STATEMENT

While BAT Malaysia continues to enhance its climate-related data, systems, and analytical capabilities, it currently does not have the data granularity, modelling maturity, or financial attribution tools required to produce robust quantitative estimates of the full standalone financial effects of all climate-related risks across its operations and value chain. The Management expects the scope, precision, and reliability of climate-related financial disclosures to improve progressively as these capabilities mature.

16) Specifically, an entity shall disclose quantitative and qualitative information about:

a) *how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period;*

Given this is the first year of implementation, BAT Malaysia intends to improve and enhance its management approach and disclosures progressively. In the interim, BAT Malaysia has applied the various reliefs provided under the NSRF's proportionality mechanism. For specific information on proportionality mechanisms and reliefs applied, please refer to Row 18b.

b) *the climate-related risks and opportunities identified in paragraph 16(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and Financial planning liabilities reported in the related financial statements;*

Thus far, no climate-related risks and opportunities have been identified to pose a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and financial planning liabilities reported in the related financial statements.

c) *how the entity expects its financial position to change over the short-, medium-, and long-term, given its strategy to manage climate-related risks and opportunities; and*

d) *how the entity expects its financial performance and cash flows to change over the short-, medium-, and long-term, given its strategy to manage climate-related risks and opportunities (for example, increased revenue Financial planning from products and services aligned with a lower-carbon economy; costs arising from physical damage to assets from climate events; and expenses associated with climate adaptation or mitigation)*

Based on the climate scenarios used, BAT Malaysia does not expect material, significant changes to its financial performance or position over the short-, medium-, and long-term. The view is based on current information available and the scenarios assessed, severity and likelihood of identified physical and transition risks, the expected impacts over the short-, medium-, to long-term timeframes, and the existing and future mitigation strategies that BAT Malaysia has undertaken or intends to implement.

Given CAPEX and OPEX are comparatively low as opposed to funding working capital requirements, the Management does not expect material changes to financial performance or financial position.

SUSTAINABILITY STATEMENT

18) In preparing disclosures about the anticipated financial effects of a climate-related risk or opportunity, an entity shall

- a) use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort; and
- b) use an approach that is commensurate with the skills, capabilities, and resources that are available to the entity for preparing those disclosures

In the development of its IFRS S2 disclosures under the NSRF requirements, BAT Malaysia has undertaken a comprehensive approach to developing its disclosures, encompassing structured data collection and cross-functional collaboration to support a collective Management perspective. This is supported by a methodological and strategic approach in the identification and development of its climate risks profile, which includes the undertaking of BAT Malaysia's inaugural CRA workshop.

The approach has been centred on tapping the cross-functional skills, expertise, experiences, and knowledge of a wide range of personnel from BAT Malaysia, supported by an independent sustainability guidance and advisory firm, Joshua Rayan Integrated and Sustainability Reporting Specialists Sdn Bhd (JRC). JRC is an IFRS Sustainability Alliance Member, an IFRS licensed Integrated Reporting Training Partner, and GRI Community Member.

Given this is the first year of implementation, BAT Malaysia intends to improve and enhance its management approach and disclosures progressively. In the interim, BAT Malaysia has applied the various reliefs provided under the NSRF's proportionality mechanism as follows:

<p>Shall use all reasonable and supportable information that is available to the entity at the reporting Date without undue cost or effort for:</p> <ul style="list-style-type: none"> ● Identifying CRROs; ● Scope of value chain; ● Anticipated financial effects; ● Climate scenario analysis; ● Scope 3 emissions measurement; and ● Climate-related metrics (physical risks, transition risks, opportunities). <p>Shall use an approach that is commensurate with the skills, capabilities and resources that are available to the entity for preparing those disclosures (qualitative approach):</p> <ul style="list-style-type: none"> ● Anticipated financial effects; and ● Climate scenario analysis.

Other reliefs applied, where relevant include:

GHG Emissions Measurement & Scope 3	Non-GHG protocol methods can continue to be used (i.e., ongoing jurisdictional-specific standard). Scope 3 exempted first two years (Group 1&2) and three years (Group 3) of application.
Principal Business Segment Focus	Can focus on climate-related disclosures for principal business-segments.

22) An entity shall disclose information that enables users of general purpose financial reports to understand the resilience of the entity's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities. The entity shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with the entity's circumstances (see paragraphs B1–B18). In providing quantitative information, the entity may disclose a single amount or a range. Specifically, the entity shall disclose:

BAT Malaysia applied two climate scenarios in assessing and determining its climate related risks and opportunities. The scenarios were integral to develop a set of parameters for expected precipitation; temperature rise and other criteria as well as underlying assumptions and bases for conclusions. These support a more informed approach while determining the severity and likelihood of climate-related risks based on the following:

- Physical risk intensity, reflecting the severity and frequency of climate hazards; and
- Transition risk intensity, reflecting the speed and scale of decarbonisation, regulatory change and market transformation.

SUSTAINABILITY STATEMENT

Following are the climate scenarios applied by BAT Malaysia as part of its inaugural CRA exercise:

Scenario 1: SSP2-4.5 (IPCC)	Scenario 2: NGFS Net Zero 2050
<ul style="list-style-type: none"> Represents a continuation of current global development trends, with moderate climate policy ambition and gradual decarbonisation. Assumes uneven progress across regions, with incremental adoption of low-carbon technologies, and moderate strengthening of climate policies over time. Transition and physical risks are both assessed as moderate, with increasing regulatory requirements, rising energy costs, and growing climate-related disruptions, but without abrupt policy shifts or severe system shocks. Global temperatures are projected to increase by approximately 1.7°C to 3.2°C by 2100, reflecting an intermediate emissions pathway. 	<ul style="list-style-type: none"> Represents a rapid and coordinated global transition toward a net-zero carbon economy, consistent with limiting global warming to 1.5°C. Assumes the early introduction of stringent climate policies, accelerated deployment of renewable energy, widespread electrification, significant improvements in energy efficiency, and increased use of low- and zero-carbon technologies. Under this scenario, emission reductions are achieved through a combination of switching to low- and zero-carbon alternatives, improvements in energy efficiency, and limited deployment of carbon capture and carbon removal technologies. Carbon pricing mechanisms, sustainability-linked regulations and stricter disclosure requirements are assumed to intensify over time, increasing transition risks for companies that are unable to adapt at sufficient pace.

BAT Malaysia reviews the underlying assumptions, quantitative inputs, and key findings on an ongoing basis, recalibrating the scenario analysis where necessary to reflect material changes in climate data, policy developments, or business conditions.

a) the entity's assessment of its climate resilience as at the reporting date, which shall enable users of general-purpose financial reports to understand the: i) implications for the strategy and business model; ii) areas of uncertainty in the assessment; and iii) capacity to adjust or adapt the strategy and business model.

Disclosure pertaining to resilience provided as per Row 14a. While there are climate-related challenges and uncertainties ahead, we believe that BAT Malaysia is well placed to manage the risks identified (from the climate modelling undertaken based on the two climate scenarios applied including a 2°C or lower scenario) given the mitigation activities established.

b) how and when the climate-related scenario analysis was carried out

The climate related scenario analysis as undertaken as part of the BAT Malaysia inaugural CRA workshop.

The CRA was developed specifically for BAT Malaysia's business model and operational context, which includes considerations for the socio-political and legal environment of Malaysia as well as the country's public listing regulatory requirements and other factors including industry trends and developments related to tobacco and the manufacturing sectors.

Both the SSP 2-4.5 and NGFS 2050 scenarios were used as the basis for the development of parameters as explained in Row 22. BAT Malaysia applied two climate scenarios in assessing and determining its climate-related risks and opportunities. The scenarios were integral to develop a set of parameters for expected rainfall (precipitation), temperature rise, for comprehension of potential impacts / implications from existing and future government policies / legislation as well as present and upcoming industry / global developments. These enabled BAT Malaysia to develop company specific underlying assumptions and bases for conclusions to enable a more informed approach in its scenario analysis.

The usage of the scenarios through the CRA also enabled the identification of climate-related opportunities, including resource efficiency improvements, productivity enhancements, and potential value creation in a lower-carbon economy.

23) In preparing disclosures to meet the requirements in paragraphs 13–22, an entity shall refer to and consider the applicability of cross-industry metric categories, as described in paragraph 29, and industry-based metrics associated with disclosure topics defined in the Industry-based Guidance on Implementing IFRS S2 as described in paragraph 32.

Disclosure provided as per Row 12.

Risk Management

25) An entity shall disclose information about:

a) *the processes and related policies the entity uses to identify, assess, prioritise, and monitor climate-related risks,*

BAT Malaysia identifies and assesses climate related risks and opportunities based on the BAT Group risk management methodology. Hence, sustainability risks including climate risks are captured in the ERR and assessed against five risk impact levels and expressed in financial (quantitative) as well as non-financial (qualitative) terms in accordance with the Group risk scoring.



Climate-related risks are identified and developed through a CRA workshop, which involved cross-functional BAT Malaysia personnel including Sustainability, Risk, Corporate Affairs, Procurement, and Operations and participation of several BAT Malaysia's Leadership Team members.

Development of preliminary findings and subsequent refinement of the climate-related risks are carried out by the Management, and these risks are captured in the CRR. Once approved by the SC, RMC, and the Board, the CRR is integrated into the ERR.

Likelihood assessment considers historical trends, projected climate impacts, and anticipated regulatory developments, while impact assessment considers potential financial, reputational, operational, legal, and safety implications. BAT Malaysia's Risk Matrix is applied to determine the impact and likelihood of occurrence of risks, and overall risk ratings, with assessments conducted on both a gross and net basis to reflect the impact of existing controls and mitigation measures. Through this approach, BAT Malaysia could incorporate and manage climate-related risks within its existing ERM framework, with appropriate oversight, accountability and escalation mechanisms applied in line with its planning horizons.

Opportunities are also identified during the CRA, subsequently refined and then approved by BAT Malaysia's Management for inclusion into business plans and decision-making going forward.

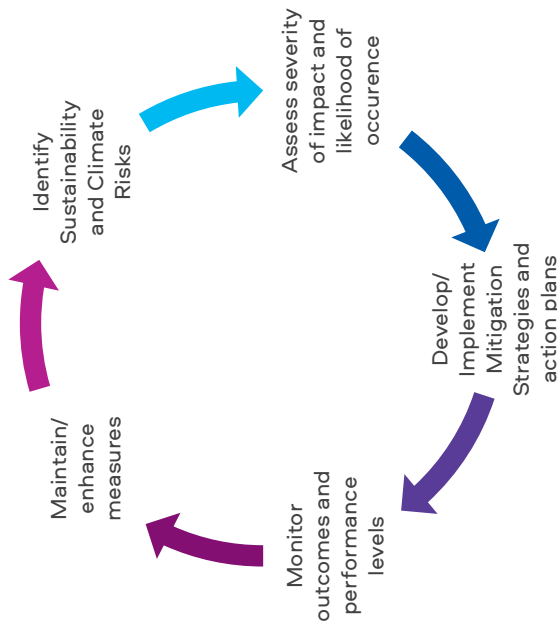
In addition to the aforementioned and the sustainability governance structure, BAT Malaysia is guided by its Environmental Policy Statement which stipulates the following:

- Acknowledgement of climate change as an environmental-related impact;
- To assess for impact within the business model and the value chain;
- Commitment to undertake necessary measures as part of the alignment with UNSDG 13: Climate Action; and
- Tackling climate change by implementing KPIs and targets to drive mitigation and decarbonisation performance.

SUSTAINABILITY STATEMENT

b) the processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities; and

Following is BAT Malaysia's risk management process implemented in 2025:



c) the extent to which, and how, the processes for identifying, assessing, prioritising, and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process

Climate related risks are tracked and reported using the same governance structures, review mechanisms and reporting channels as other principal business risks. Over-arching oversight of climate risks is achieved through the comprehensive sustainability governance structure provided on pages 98 to 99 of the SS2025.

Ownership of the CRR is assigned to the CSO and Corporate and Regulatory Affairs Director. However, mitigation actions may sit with other functions such as Operations, HR or Finance.

Climate-related risks with potential impacts expected to materialise predominantly over the long-term are not formally risk-rated within the ERR at this stage, as its current risk rating framework focuses on short- and medium-term planning horizons. These longer-term risks are instead considered through climate-related scenario analysis, strategic planning processes with a view to progressively enhancing integration as methodologies, data availability and regulatory expectations evolve.

Metrics and Targets

28) An entity shall disclose:

a) information relevant to the cross-industry metric categories (see paragraphs 29–31);

BAT Malaysia has adopted the (SASB Sector-Specific Disclosures for the Tobacco sector. Specific details on topics and metrics disclosed on can be found in Market Performance (page 64) and the SASB Content Index (page 251).

b) industry-based metrics that are associated with particular business models, activities, or other common features that characterise participation in an industry (see paragraph 32); and

As prior mentioned in Row 12, BAT Malaysia has applied the relevant SASB Sector-Specific Industry Standard, which is the Tobacco standard. Detailed disclosures of relevant metrics can be found at the SASB Content Index disclosures of SS2025 on page 251. This includes quantitative disclosures on GHG emissions (absolute and intensity-based measurements), energy consumption, and progress against decarbonisation initiatives.

To the best knowledge of BAT Malaysia at the time of reporting there are no tobacco industry-based metrics imposed by any regulatory body for disclosure in annual sustainability reporting. However, if any or such disclosures become necessary for compliance or is deemed useful to investors and providers of capital, the Management may choose to include such industry-based metrics in future sustainability reporting.

BAT Malaysia complies and aligns with best practice sustainability reporting frameworks and standards, included a wide range of economic, environmental, social, and governance (ESG) topics, indicators and disclosures in its SS2025.

c) targets set by the entity, and any targets it is required to meet by law or regulation, to mitigate or adapt to climate-related risks or take advantage of climate-related opportunities, including metrics used by the governance body or management to measure progress towards these targets (see paragraphs 33–37).

Aligned with the BAT Group's science-based targets and global decarbonisation pathway, BAT Malaysia has adopted the following targets in relation to climate change, energy consumption and emissions:

- 50% reduction in absolute Scope 1 and 2 GHG emissions by 2030 (vs. 2020 baseline); and
- Over 50% renewable energy use across own operations by 2030.

This commitment is supported by a defined decarbonisation roadmap with interim milestones designed to guide emissions reduction across BAT Malaysia's own operations.

Progress against these targets is monitored through internal performance tracking, supported by energy consumption data, emissions inventories, and assurance processes related to BAT Group's data as described in the Climate section of SS2025. These metrics inform decision-making, capital allocation, and the prioritisation of decarbonisation initiatives, supporting alignment with BAT Malaysia's broader decarbonisation strategy. BAT Malaysia's climate-related metrics and targets are disclosed in the Climate section on pages 66 to 68 of SS2025.

29) An entity shall disclose information relevant to the cross-industry metric categories of:

a) greenhouse gases;

Please refer to the Climate section on pages 66 to 68 of SS2025.

b) climate-related transition risks—the amount and percentage of assets or business activities vulnerable to climate-related transition risks;

c) climate-related physical risks—the amount and percentage of assets or business activities vulnerable to climate-related physical risks;

BAT Malaysia's CRA had assessed assets or business activities vulnerable to identified physical or transition climate risk. Such disclosures are provided in Row 9a. Based on the present climate scenarios, no specific assets or percentage of assets were identified as being exposed to significant climate risks. However, BAT Malaysia's Management intends to undertake further analysis to determine if BAT Malaysia's assets such as operational sites may see effects to valuation over the medium- to long-term horizons.

No specific amount and percentage of assets or business activities vulnerable to identified physical or transition climate risks.

SUSTAINABILITY STATEMENT

d) climate-related opportunities—the amount and percentage of assets or business activities aligned with climate-related opportunities;

Presently, BAT Malaysia's assets installed with solar energy generation capacity as well as its hybrid vehicles are assets that are aligned to climate-related opportunities. No specific valuation calculations have been undertaken during the financial year. BAT Malaysia will look to undertake such valuations as its approach to climate risks and opportunity identification and management matures progressively over time.

e) capital deployment—the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities;

Consistent with the proportionality mechanisms and transition reliefs provided to companies under the NSRF, BAT Malaysia has opted to develop its CRRO disclosures focused on risk identification, risk mitigation and where possible, quantification of both. As BAT Malaysia's maturity in financial quantification as well as data collection improves progressively, other aspects of financial quantification such as CAPEX, financing costs, and investments made will be progressively developed and included as part of the disclosures.

f) internal carbon prices—the entity shall disclose: (i) an explanation of whether and how the entity is applying a carbon price in decision-making (for example, investment decisions, transfer pricing and scenario analysis); and (ii) the price for each metric tonne of greenhouse gas emissions the entity uses to assess the costs of its greenhouse gas emissions;

BAT Malaysia does not implement an internal carbon price (ICP) for its operations. The Management intends to first study national considerations such as the expected plans by the Malaysian Government to introduce carbon tax. Hence, BAT Malaysia will continue to monitor developments on the national front.

g) remuneration—the entity shall disclose: (i) a description of whether and how climate-related considerations are factored into executive remuneration (see also paragraph 6(a)(v)); and (ii) the percentage of executive management remuneration recognised in the current period that is linked to climate-related considerations

In 2025, a climate-related performance metric was introduced into the BAT Group's Short-Term Incentive Plan, linking compensation of Executive Directors and wider employees with the decarbonisation of BAT Group's operations. This metric represents 10% of the Short-Term Incentive component of the compensation and considers Scope 1 and 2 greenhouse gas emissions reductions versus the 2020 baseline.

32) An entity shall disclose industry-based metrics that are associated with one or more particular business models, activities, or other common features that characterise participation in an industry. In determining the industry-based metrics that the entity discloses, the entity shall refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the Industry-based Guidance on Implementing IFRS S2.

Disclosed in the following sections:

- Market Performance (page 64); and
- SASB Content Index (page 251).

33) An entity shall disclose the quantitative and qualitative climate-related targets it has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the entity shall disclose:

- a) *the metric used to set the target (see paragraphs B66–B67);*

BAT Malaysia has established the following targets in relation to climate change, energy consumption and emissions:

- 50% reduction in absolute Scope 1 and 2 GHG emissions by 2030 (vs. 2020 baseline); and
- Over 50% renewable energy use across own operations by 2030.

Following is further detailed information on the description of the target; the methodology applied to setting the target and the performance / progress achieved as of end 2025:

Target	Metric	Baseline Year	Absolute / Intensity-Based Target	Status
Over 50% renewable energy use across own operations by 2030	GJ	-	Absolute	In 2025, BAT Malaysia achieved 45.62% of renewable energy use. Based on its present trajectory, the Company remains well on track to achieve the 2030 target.
50% reduction absolute in Scope 1 and 2 GHG emissions by 2030 (gross)	CO ₂ e Tonnes	2020	Absolute	In 2025, BAT Malaysia achieved 51.91% reduction in Scopes 1 and 2 emissions versus baseline. Based on its present trajectory, the Company remains well on track to achieve the 2030 target.

b) the objective of the target (for example, mitigation, adaptation, or conformance with science-based initiatives);

BAT Malaysia's targets are consistent with the targets set by the BAT Group with the latter in line with the Paris agreement. The BAT Group has set near-term 2030 1.5°C-aligned, absolute reduction targets that accommodate Net Zero GHG criteria-and definitions, supported by a range of commitments across energy, waste, water and biodiversity. The Science Based Targets initiative (SBTi) has verified BAT Group's near-term targets for 2030 and Net Zero by 2050.

BAT Malaysia maintains a clear position in support of climate policies aligned with national and global commitments, including the Malaysian Nationally Determined Contributions (NDCs), the National Energy Transition Roadmap (NETR), and the Paris Agreement. This alignment is reflected in our Environmental Policy Statement that outlines commitment to reducing environmental impact, mitigate climate change, and reduce GHG emissions. However, beyond alignment with BAT Group and national developments and policies, BAT Malaysia's KPIs and targets have been established towards driving its decarbonisation pathway, which would reduce exposure to transition risks, notably in the medium- to long-term horizons.

c) the part of the entity to which the target applies (for example, whether the target applies to the entity in its entirety or only a part of the entity, such as a specific business unit or specific geographical region);

The targets apply to BAT Malaysia in its entirety and hence, its entire operations.

d) the period over which the target applies;

e) the base period from which progress is measured;

f) any milestones and interim targets;

g) if the target is quantitative, whether it is an absolute target or an intensity target; and

Disclosure provided as per Row 33a.

SUSTAINABILITY STATEMENT

h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.

BAT Malaysia's targets are aligned with the targets set by the BAT Group with the latter in line with the Paris agreement. The BAT Group has set near-term 2030 1.5°C-aligned, absolute reduction targets that accommodate Net Zero GHG criteria and definitions, supported by a range of commitments across energy, waste, water and biodiversity.

The SBTi has verified BAT Group's target to reach Net Zero GHG emissions across the value chain by 2050. Hence, BAT Malaysia's targets have been informed or driven by the Paris Agreement as well as the Malaysian Government's NETR that aims to achieve Net Zero carbon as early as 2050.

34) An entity shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:

a) whether the target and the methodology for setting the target have been validated by a third party;

SBTi has verified the BAT Group target to reach Net Zero GHG emissions across its value chain by 2050 and approved its near- and long-term science-based GHG emissions reduction targets.

b) the entity's processes for reviewing the target;

As part of its performance monitoring mechanism, BAT Malaysia's targets are reviewed by its Management, primarily the CSO, the Leadership Team and once approved, escalated to the SC, with updates provided by the CSO on the performance achieved each quarter. Such updates pertain to how performance was achieved, and in the case of non-performance, reasons and plans to rectify performance going forward. The SC deliberates on the information and when approved, the Chairwoman of the CS presents the information to the Board for review and endorsement.

This process is applied to all sustainability related KPIs and targets including climate-related ones such as GHG emissions reductions, and renewable energy use.

c) the metrics used to monitor progress towards reaching the target; and

Disclosure provided as per Row 33a.

d) any revisions to the target and an explanation for those revisions.

Targets have not been revised during the financial year.

35) An entity shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the entity's performance.

Disclosure provided in Row 33a. Additional contextual details provided as follows:

BAT Malaysia's GHG inventory primarily consists of Scope 1 emissions, produced mostly by the Company's vehicle fleet. The absence of Scope 2 emissions is due to the extensive use of self-generated solar derived electricity at various operational sites, as well as use of i-RECs to retire related emissions, thus bringing market-based Scope 2 emissions to zero.

Hence, in 2025, total operational emissions, comprising purely of Scope 1 emissions, had decreased to 933.27 tCO₂e, compared to the 2020 baseline of 1,940.50 tCO₂e. This is a 51.91% reduction.

Pertaining to solar energy generated and consumed, BAT Malaysia consumed 11,039 GJ from renewable energy sources in 2025. This amount is equivalent to 45.62% of total energy consumed from all sources.

36) For each greenhouse gas emissions target disclosed in accordance with paragraphs 33–35, an entity shall disclose:
a) which greenhouse gases are covered by the target;
b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;
Disclosure provided as per Row 33a.
c) whether the target is a gross greenhouse gas emissions target or net greenhouse gas emissions target. If the entity discloses a net greenhouse gas emissions target, the entity is also required to separately disclose its associated gross greenhouse gas emissions target (see paragraphs B68–B69)
Disclosure provided as per Row 33a.
d) whether the target was derived using a sectoral decarbonization approach
No – consistent with the approach of BAT Group, BAT Malaysia's targets were derived using the Absolute Contraction Approach. This approach requires companies to reduce absolute emissions by an amount that is, at minimum, consistent with the cross-sector pathway and consistent with limiting warming to 1.5 degrees. Source: https://sciencebasedtargets.org/net-zero .
e) the entity's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target.
Carbon offset credits are presently not part of BAT Malaysia's decarbonisation plans or part of its mitigation approach to transition climate risks. BAT Malaysia also does not have any ongoing carbon neutrality initiatives. Carbon credits may be considered as a final strategy after all other strategies and avenues have been exhausted towards offsetting any residual emissions which cannot be avoided due to the nature of business operations.

SUSTAINABILITY STATEMENT

Prescribed Table

British American Tobacco Malaysia Berhad IFRS S2 Date & Time: 2026-03-30_18:09:58 FYE 31/12/2025						
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Climate	Scope 1 emissions	tCO ₂ e	933.27	50% reduction in absolute scope 1 and 2 GHG emissions by 2030 (vs. 2020 baseline).	No assurance	Scope 1 emissions had decreased to 933.27 tCO ₂ e, versus the 2020 baseline, reflecting a 51.91% reduction.
Climate	Scope 2 emissions	tCO ₂ e	Nil	50% reduction in absolute scope 1 and 2 GHG emissions by 2030 (vs. 2020 baseline).	No assurance	Scope 2: Electricity-related emissions have been addressed through the retirement of an equivalent volume of i-RECs. As a result, we report zero Scope 2 emissions.
Climate	Scope 3 emissions	tCO ₂ e	-	-	No assurance	Not reported in 2025. BAT Malaysia will begin reporting Scope 3 emissions from 2027 as required by Group 1 Main Market listed issuers.
Climate	Climate-related Transition Risks - Amount and percentage of operations susceptible to climate-related transition risks	Amount (RM'000) and percentage (%)	Nil (0%)	-	No assurance	Based on the present climate scenarios, no specific assets or percentage of assets were identified as being exposed to significant transition climate risks.
Climate	Climate-related Physical Risks - Amount and percentage of operations susceptible to climate-related physical risks	Amount (RM'000) and percentage (%)	Nil (0%)	-	No assurance	Based on the present climate scenarios, no specific assets or percentage of assets were identified as being exposed to significant physical climate risks.

Prescribed Table

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Climate	Capital deployment - the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities	RM'000	-	-	No assurance	Consistent with the proportionality mechanisms and transition reliefs provided to companies under the NSRF, BAT Malaysia has opted to develop its CRRO disclosures focused on risk identification, risk mitigation and where possible, quantification of both. As BAT Malaysia's maturity in financial quantification as well as data collection improves progressively, other aspects of financial quantification such as CAPEX, financing costs and investments made will be progressively developed and included as part of the disclosures.
Climate	Climate-related opportunities - the amount and percentage of assets or business activities aligned with climate-related opportunities	RM'000	-	-	No assurance	Presently, BAT Malaysia's assets installed with solar energy generation capacity as well as its hybrid vehicles are assets that are aligned to climate related opportunities. No specific valuation calculations have been undertaken during the financial year.
Climate	Annual sourcing of renewable energy	%	45.62	Over 50% renewable energy use across own operations by 2030.	No assurance	BAT Malaysia has consumed 11,039 gigajoules of renewable energy in 2025. Based on its present trajectory, the Company remains well on track to achieve the 2030 target.

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05

OUR GOVERNANCE

This section provides insights on how BAT Malaysia continues to uphold transparent and ethical business practices as well as the details of our governance and risk management practices.

130 Corporate Governance Overview Statement

- Principle A: Board Leadership and Effectiveness
- Principle B: Effective Audit and Risk Management
- Principle C: Integrity in Corporate Reporting and Meaningful Relationships with Stakeholders

155 Statement on Risk Management and Internal Control

165 Other Compliance Information

NO.



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MALAYSIA

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CORPORATE GOVERNANCE OVERVIEW STATEMENT



On behalf of the Board, I am pleased to share our Corporate Governance Overview Statement for 2025. In a year marked by evolving market and regulatory challenges, our governance framework guided well-informed decision-making, reinforced our ethical culture, and enabled the Company to advance its strategic priorities for the benefit of our stakeholders.

GOVERNANCE, CULTURE, AND OVERSIGHT

Guided by our purpose to build A Better Tomorrow™, governance at BAT Malaysia continues to be embedded across every level of the Company. In 2025, we held our first physical AGM since 2020. The return not only ensures regulatory compliance but also facilitates meaningful engagement with shareholders. The return to a physical meeting marked a key step forward in strengthening transparency and accountability, giving shareholders the opportunity to submit questions in advance and engage directly with the Board during the session. This milestone reaffirmed our commitment to a culture shaped by strong principles, responsible conduct and open dialogue qualities that have supported our resilience in recent years and continue to guide the way we work. Supported by robust Group-wide systems and regular oversight from the Board and its committees on areas such as risk,

health and safety, and operational integrity, we remain focused on upholding good governance across all levels and functions of the Company.

SUSTAINABILITY

As set out on pages 46 to 129 of the SS2025, we made significant strides towards achieving our sustainability goals in 2025, with valuable support and oversight from our Sustainability Committee (SC). You can read more about the Committee's activities at pages 146 to 147 and review the SC's Terms of Reference (TOR) under the Corporate Governance section on our website, www.batmalaysia.com. The SC strengthened the Board's focus on environmental stewardship and employee engagement, while the Nomination and Remuneration Committee (NRC) advanced Diversity and Inclusion (D&I) initiatives and the Audit Committee (AC) ensured robust governance oversight. These efforts demonstrate how our governance

structures actively support the Company's sustainability agenda.

Thanks to our resilient governance structures and well-defined procedures, the Board and its committees were able to make informed decisions and maintain oversight despite a dynamic and uncertain operating environment.

I would like to thank my fellow Board members, the Leadership Team, and all colleagues for their dedication throughout 2025. We are also grateful to our business partners for their continued collaboration. As we move into 2026, the Board will continue working with the Leadership Team to drive strategic initiatives, safeguard our people, and build a resilient, sustainable business that delivers long-term value for all stakeholders.

Dato' Sri Dr. Mohd Nizom Sairi
(Chairman)

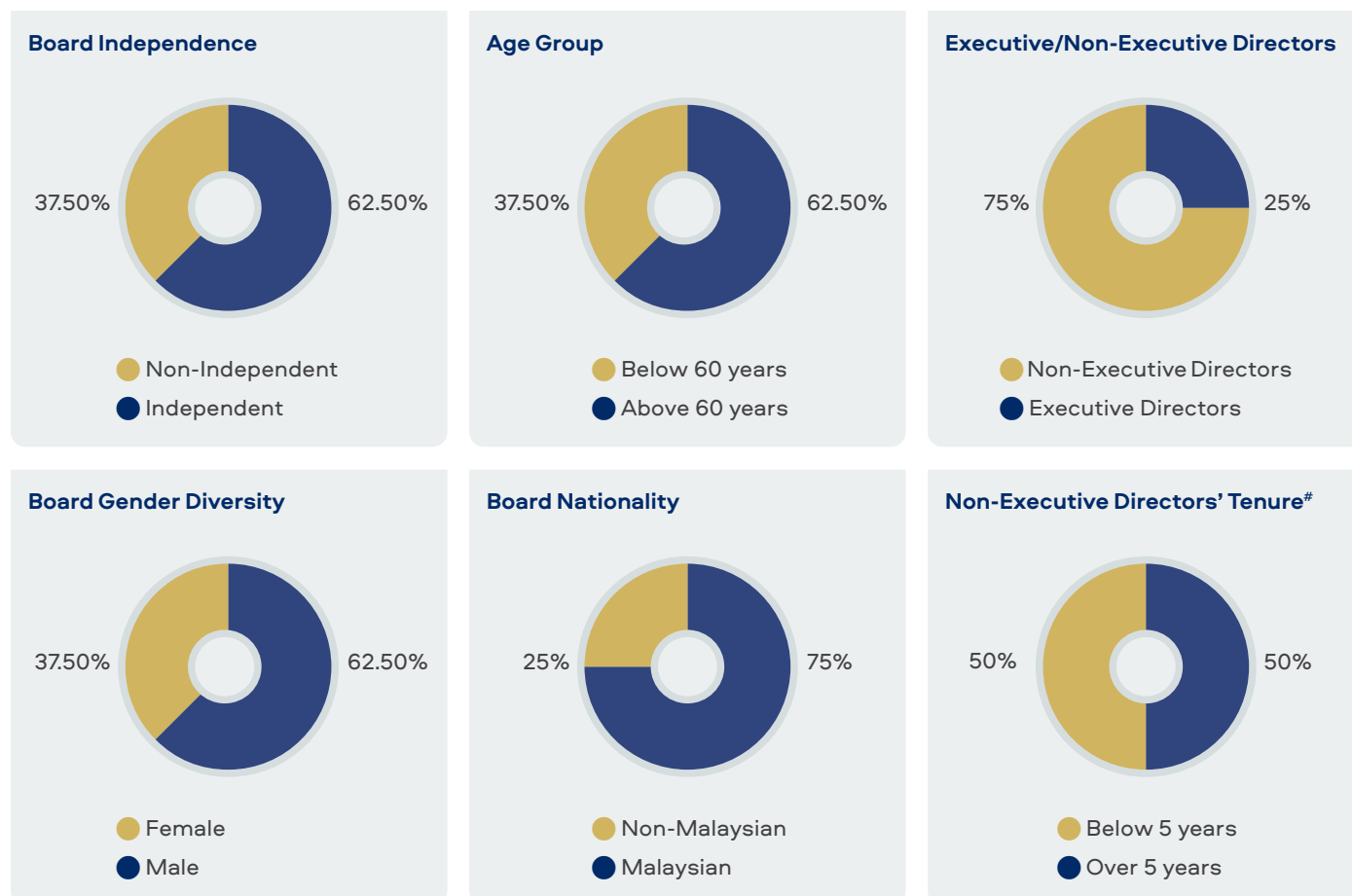
CORPORATE GOVERNANCE OVERVIEW STATEMENT

STATEMENT OF COMPLIANCE

BAT Malaysia continues to uphold strong standards of corporate governance, achieving compliance with 39 of the 43 Practices outlined in the Malaysian Code on Corporate Governance (MCCG) 2021. In our commitment to exceed regulatory expectations, we also implemented four of the five optional Step-Up Practices. These further elevate our governance framework by encouraging the Company to adopt approaches that go beyond baseline requirements.

The Corporate Governance Report, which sets out BAT Malaysia's application or departure for each MCCG 2021 Practice, is available on our website, at www.batmalaysia.com. Our ongoing efforts to strengthen compliance and governance reinforce our dedication to operating with integrity, cementing BAT Malaysia's position as a responsible and trusted industry leader.

GOVERNANCE AT A GLANCE AS AT 31 DECEMBER 2025*



* As of 31 December 2025, the Board consisted of eight members. Tan Sri Dato' Seri Dr. Aseh bin Haji Che Mat officially retired on 31 December 2025.

As of 31 December 2025, the Board consisted of six Non-Executive Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A Board Leadership and Effectiveness

BOARD LEADERSHIP

BAT Malaysia is guided by an effective and forward-looking Board that promotes the long-term, sustainable success of the Company, creating value for shareholders while contributing positively to the wider community. The Board holds ultimate responsibility for the Company's overall leadership, providing direction and oversight of its strategic development and execution.

As at the approval date of this report, the Board comprises six Directors: one Independent Non-Executive Director/Chairman, two Executive Directors, and three Independent Non-Executive Directors. Collectively, the Board members bring extensive business, financial, and international experience and oversight, contributing to a well-balanced and diverse Board.



Profiles of all our Directors are set out on pages 13 to 19.

The Board's Charter and composition support robust, constructive discussion on matters central to BAT Malaysia Group performance and strategy. This structure allows Directors to challenge management, offer diverse perspectives and ensure decisions are made with appropriate scrutiny. The Board monitors operational and financial performance against agreed goals and objectives and ensures the existence of appropriate controls and systems for risk management. Additionally, it ensures that the Company has effective systems and controls for managing risks. It also oversees the provision of adequate financial resources and the

development of a capable workforce to deliver strategic priorities.

A formal schedule of matters is reserved for the Board's decision. This includes approval of BAT Malaysia Group's strategy and budget, material corporate and related-party transactions, and the authorisation of capital expenditure above delegated authority limits. This also covers matters relating to risk management, dividends, Board appointments, and significant communications with shareholders.

While certain responsibilities are discharged directly by the Board, others are delegated to its committees. Day-to-day operations and implementation of approved strategies are entrusted to the Leadership Team, with the Board maintaining oversight and holding the Management accountable for performance. An overview of BAT Malaysia's governance framework, including the key Board Committees, is presented in the diagram on page 135.

Division of Responsibility

The roles of the Chairman and the Managing Director are separated with clear written guidelines on the division of responsibilities.

Board Meetings

The Board convenes at least four times during each financial year, with additional meetings arranged when necessary. Dates for the scheduled meetings are set well in advance, typically by the final quarter of the preceding year, to allow Directors to plan their calendars accordingly.

Special meetings may be called as required to address urgent matters. A summary of Board and Board Committee meetings attendance for 2025 can be found on page 136.

The conduct of Board meetings, including quorum requirements, is governed by BAT Malaysia's Constitution and the Board Charter. In line with Clause 134 of the Constitution, a majority of Directors constitutes the quorum needed for the Board to transact its business.

Board Diversity and Experience

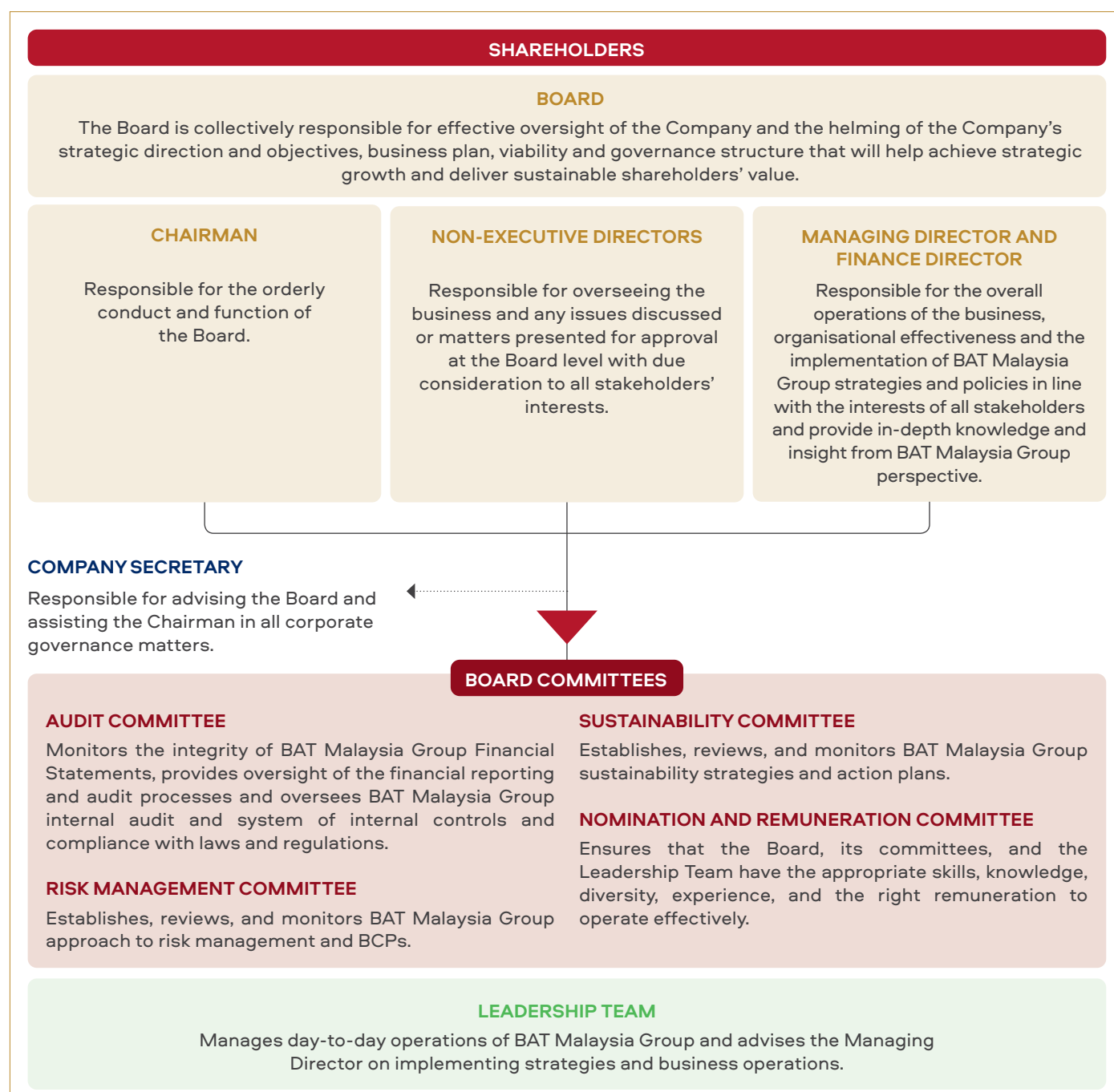
The Board ensures that its composition reflects a wide spectrum of experience and perspectives. Diversity plays an important role in shaping open dialogue and sound judgement at Board level. Director appointments are made with careful consideration given to the skills and experience needed to support BAT Malaysia Group business.

As at approval date of this report the Board consists of six members, of whom 33% are women, which is in alignment with the D&I Policy. The Board has exceeded the diversity requirements set by the MMLR and Securities Commission following the appointment of Low Chooi Hoon as an Independent Non-Executive Director, succeeding Dato' Chan Choon Ngai, who retired upon completion of his nine-year tenure. Low Chooi Hoon has extensive FMCG & Retail experience, deep board governance expertise, strong transformation leadership experience, and a recognised background in coaching, mentoring, and multicultural business management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Conflicts of Interest

The Board, through the AC, maintains a robust process for reviewing and monitoring actual or potential conflicts of interest, including any interests in competing businesses. Directors with significant external commitments must disclose them prior to appointment and continue to update the Board as changes arise. All declared or identified conflicts are recorded in a register maintained by the Company Secretary, which is reviewed annually to ensure ongoing transparency and compliance.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD AND BOARD COMMITTEE MEETINGS ATTENDANCE FOR 2025

Board of Directors	Tan Sri Dato' Seri Dr. Aseh bin Haji Che Mat ¹ Independent Non-Executive Director/Chairman	Dato' Chan Choon Ngai ² Senior Independent Non-Executive Director	Eric Ooi Lip Aun ^{3,4} Senior Independent Non-Executive Director	Datuk Christine Lee Oi Kuan ⁵ Non-Independent Non-Executive Director	Norliza binti Kamaruddin Independent Non-Executive Director	Low Chooi Hoon ⁶ Independent Non-Executive Director	Dato' Sri Dr. Mohd Nizom bin Sairi ⁷ Independent Non-Executive Director	Nedal Louay Salem Executive Director/Managing Director	Adrian Lee Peng Yong Executive Director/Finance Director
Total Meetings Attended	6/6 100%	11/11 100%	15/15 100%	10/10 100%	19/20 95%	9/9 100%	1/1 100%	10/10 100%	10/10 100%

Average Percentage of Board Meetings Attended by Directors: 99.38%

All Directors have complied with the minimum attendance as stipulated in the MMLR, which is at least 50% of the Board meetings held during the financial year.

PRINCIPAL BOARD ACTIVITIES IN 2025

The Board receives updates from the Leadership Team and the Company Secretary on matters pertaining to financial, operational, and governance at every scheduled Board meeting. The table below provides examples of significant matters presented and discussed in financial year ended 31 December 2025 (FYE 2025).

› OVERCOME NEW CATEGORIES REGULATORY CHALLENGES

Reviewed BAT Malaysia's strategy to overcome New Categories regulatory challenges. BAT Malaysia transitioned out its current range of Vuse products in Q3 2025 to ensure compliance with regulatory changes under Act 852 and its related regulations.

› DRIVING VALUE FROM COMBUSTIBLES

- Reviewed BAT Malaysia Group strategy to build a strong portfolio and enable value growth.
- Reviewed BAT Malaysia Group combustible portfolio to unlock new revenue streams for sustainable growth.

› SIMPLIFY THE BUSINESS

- Reviewed the supply chain transformation.
- Assessed the accelerators required to deliver BAT Malaysia Group ambition and evolve into a future-fit, interconnected organisation.
- Reviewed compliance and policies.
- Reviewed the implementation of operational efficiencies.
- Reviewed BAT Malaysia Group digital strategy and cybersecurity threats.

› SUSTAINABILITY

- Reviewed the evolution of BAT Malaysia Group strategy, placing sustainability at the forefront of BAT Malaysia Group's activities.
- Reviewed the strategy to reduce the health impact of the business.
- Reviewed environmental management.
- Reviewed positive social impact deliverables.
- Reviewed sustainability governance.

› ACCELERATING TOMORROW'S LEADERS

- Monitored corporate culture and its alignment with BAT Malaysia Group purpose, values, and strategy.
- Reviewed BAT Malaysia's Leadership talent, diversity, and inclusiveness.
- Reviewed the assessment of the effectiveness of the Board and its committees.

¹ Retired on 31 December 2025

² Resigned on 22 May 2025

³ Redesignated from Independent Non-Executive Director to Senior Independent Non-Executive Director on 23 May 2025

⁴ Eric Ooi Lip Aun succeeding Dato' Chan Choon Ngai's role as the Senior Independent Non-Executive Director on 23 May 2025

⁵ Resigned on 5 March 2026

⁶ Appointed on 1 May 2025

⁷ Appointed on 1 October 2025

CORPORATE GOVERNANCE OVERVIEW STATEMENT

› FINANCIAL PERFORMANCE

- Approved BAT Malaysia Group budget and oversight of resource allocation activities to support strategy execution.
- Reviewed the financial performance and business outlook.
- Assessed cost optimisation and unlocked revenue to support investments.
- Reviewed compliance with BAT Malaysia Group financial principles.
- Reviewed BAT Malaysia Group revolving credit facilities and cash flows.

› RISK

Management of Principal Risks

The Board reviewed and approved the principal risks with the potential to materially affect BAT Malaysia Group strategic objectives. It continued to monitor the effectiveness of agreed mitigation plans, ensuring that identified risks were appropriately managed to reduce both their likelihood and impact. Key risk indicators, designed to provide early signals of potential risk events, were also regularly reported to the Board.

In addition to established principal risks, the Board considered emerging risks and opportunities arising from BAT Malaysia Group evolving internal and external environment. These were assessed and, where relevant, incorporated into BAT Malaysia Group Corporate Risk Profile.

To ensure that risks assumed in delivering business objectives remain within acceptable parameters, the Board approved BAT Malaysia Group risk appetite, which defines the key operational boundaries within which the business must operate.

› CORPORATE GOVERNANCE AND COMPLIANCE

Related Party Transactions (RPT) and Recurrent Related Party Transactions (RRPT)

The Board reviewed BAT Malaysia's RPT and RRPT to ensure all transactions were carried out at an arm's-length, under normal commercial terms and without prejudice to the interests of minority shareholders. Between 1 January 2025 and 31 December 2025, BAT Malaysia entered into and duly completed seven RPT/RRPT contracts, all of which were presented to the AC on a quarterly review.

› TRAINING AND DEVELOPMENT

The Board acknowledges the importance of continuous learning to ensure directors remain equipped with the knowledge and skills required to perform their duties effectively. Ongoing development enables directors to stay current with evolving regulatory expectations, industry trends, and governance best practices.

› BOARD TRAINING

The Directors attended the following training programmes during FYE 2025:

Director	Briefing/Conference/Forum/Seminar/Training/Workshop/Webinar attended	Organiser	Date
Tan Sri Dato' Seri Dr. Aseh bin Haji Che Mat	Mandatory Accreditation Programme Part II: Leading for Impact	Institute of Corporate Directors Malaysia (ICDM)	22 – 23 January 2025
	Anti-Corruption and Preparing for Raids and Investigations	BAT Malaysia	28 July 2025
	MFRS 18 Presentation and Disclosure in Financial Statements	Lion Group	10 September 2025
	New Stamp Duty Self-Assessment System		
	AI for Leaders: Strategic Decision Making and Business Transformation		
Artificial Intelligence for Boards: Governance, Oversight, and Strategic Readiness	BAT Malaysia	30 October 2025	

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Director	Briefing/Conference/Forum/Seminar/Training/Workshop/Webinar attended	Organiser	Date
Datuk Christine Lee Oi Kuan	ICDM Advocacy: E-invoicing for Directors - MyInvois & MyTax Portal Walkthrough with EY Malaysia	BAT Malaysia	26 June 2025
	Anti-Corruption and Preparing for Raids and Investigations	BAT Malaysia	28 July 2025
	ESG Board Capacity Building Workshop	Carlsberg Brewery Malaysia Berhad	28 October 2025
	Artificial Intelligence for Boards: Governance, Oversight, and Strategic Readiness	BAT Malaysia	30 October 2025
Eric Ooi Lip Aun	MIA International Accountants Conference 2025: Collaborative Leadership for a Sustainable Future	Malaysian Institute of Accountants (MIA)	26 – 27 May 2025
	Anti-Corruption and Preparing for Raids and Investigations	BAT Malaysia	28 July 2025
	Building a culture of Good Governance and Sustainability: The Role of the Board and Management	MIA	23 September 2025
	Audit Oversight Board Annual Conversation	Securities Commission Malaysia	27 October 2025
	ESG Board Capacity Building Workshop	Carlsberg Brewery Malaysia Berhad	28 October 2025
	Artificial Intelligence For Boards: Governance, Oversight, And Strategic Readiness	BAT Malaysia	30 October 2025
Norliza binti Kamaruddin	Technology Update on Artificial Intelligence	Kumpulan Perangsang Selangor Berhad (KPS)	8 July 2025
	Understanding Carbon Tax, Implications, Readiness and Strategic Response for Malaysian Corporates and Strengthening Corporate Integrity	KPS	17 July 2025
	Anti-Corruption and Preparing for Raids and Investigations	BAT Malaysia	28 July 2025
	Live Board Simulation 2025 – Strengthening Boardroom Decision – Making in Times of Crisis	ICDM	17 September 2025
	Artificial Intelligence For Boards: Governance, Oversight, And Strategic Readiness	BAT Malaysia	30 October 2025
	Board-Ready Women Programme 2025 – Module 4	Deloitte	5 November 2025
Low Chooi Hoon	Board-Ready Women Programme 2025 – Module 4	Deloitte	5 November 2025
	Building a speak up culture	LeadWomen	15 May 2025
	Conversation with NRC Board Members	LeadWomen	25 June 2025
	ICDM Advocacy: E-invoicing for Directors - MyInvois & MyTax Portal Walkthrough with EY Malaysia	ICDM	26 June 2025

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Director	Briefing/Conference/Forum/Seminar/Training/Workshop/Webinar attended	Organiser	Date
Low Chooi Hoon	Market Outlook Turbulence H2 2025	HLE Broking	12 July 2025
	Culture By Design	LeadWomen	16 July 2025
	Anti-Corruption and Preparing for Raids and Investigations	BAT Malaysia	28 July 2025
	AI Supercharging Women's Leadership Growth and Career Advancement	LeadWomen	14 August 2025
	Live Board Simulation 2025 – Strengthening Boardroom Decision – Making in Times of Crisis	ICDM	17 September 2025
	Board Senior Management Dynamics During Crisis	LeadWomen	18 September 2025
	What it takes: SEA charting the region's path from the periphery to the core of global consciousness	ICDM	24 October 2025
	Inside the Boardroom Malaysia Chapter 2 - Board's expectation from CHRO	Darwinbox Digital Solutions Pvt. Ltd.	28 October 2025
	Artificial Intelligence For Boards: Governance, Oversight, And Strategic Readiness	BAT Malaysia	30 October 2025
	Post Budget 2026 Dialogue: Key Conversations with Datuk Johan Mahmood Merican	ICDM	6 November 2025
Future-Ready Boards: Mastering Strategic Leadership in a Disruptive Wsorld	ICDM	2 December 2025	
Dato' Sri Dr. Mohd Nizom bin Sairi	National Tax Seminar	Inland Revenue Board	14 October 2025
	Artificial Intelligence for Boards: Governance, Oversight, and Strategic Readiness	BAT Malaysia	30 October 2025
Nedal Louay Salem	Mandatory Accreditation Programme Part II: Leading for Impact	ICDM	1-2 July 2025
	Anti-Corruption and Preparing for Raids and Investigations	BAT Malaysia	28 July 2025
	Artificial Intelligence for Boards: Governance, Oversight, and Strategic Readiness	BAT Malaysia	30 October 2025
Adrian Lee Peng Yong	Mandatory Accreditation Programme Part I	ICDM	20-21 January 2025
	Mandatory Accreditation Programme Part II: Leading for Impact	ICDM	14-15 May 2025
	Anti-Corruption and Preparing for Raids and Investigations	BAT Malaysia	28 July 2025
	Artificial Intelligence for Boards: Governance, Oversight, and Strategic Readiness	BAT Malaysia	30 October 2025

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD APPOINTMENTS AND SUCCESSION

The procedure for the selection, nomination, and appointment of suitable candidates to the Board is carried out in a transparent manner. The NRC is responsible for assessing and considering the capabilities, professionalism, integrity, expertise, and experience of prospective Board members and Board Committee members. This assessment takes into consideration the Board's current structure, size, gender, diversity, time commitment, and composition. The NRC ensures that the Board and the Board Committees possess the proper balance of skills, expertise, and knowledge to manage the business effectively. It also takes into consideration the following factors:

- 1) Whether the individual meets the requirements for independence as defined in the Bursa Malaysia's MMLR.
- 2) The candidate's general understanding of BAT Malaysia's business and market.
- 3) The candidate's general alignment with BAT Malaysia's strategic direction.
- 4) Other factors that promote a diversity of views, experience, and independent judgement.

The NRC utilises several channels to search for the best candidates, namely by using independent executive search firms and recommendations from existing Board members, the Management, and major shareholders. As part of a Fit and Proper Policy adopted in 2022, the Company Secretary will carry out a comprehensive reference check for all appointments and reappointments of directors to the Board. These checks include verifications of financial background, character integrity, and professional qualifications of shortlisted candidates. Interviews will be conducted with all shortlisted candidates to ascertain their technical expertise, skills and experience, compatibility with the Board, and to determine the terms of appointment. Upon completion of the reference checks, the NRC will recommend the proposed candidate to the Board, who will then deliberate on the recommended candidate. If considered appropriate, the Board shall approve the candidate's appointment. The new Director will then be issued an appointment letter.

The Board appointment process is outlined below:

- (1) Identification of potential individual;
- (2) Evaluation and review of the individual;
- (3) Submission of recommended individuals to the Board; and
- (4) Decision on appointment made by the Board.

In 2025, the Board also placed particular emphasis on Independent Non-Executive Director succession and transition planning, following the retirement of the former Chairman, Tan Sri Dato' Seri Dr. Aseh bin Haji Che Mat's and former Senior Independent Non-Executive Director, Dato' Chan Choon Ngai's at the conclusion of their nine-year tenures. A structured approach was implemented to ensure a seamless handover to the incoming Independent Non-Executive Directors.

The NRC began the search for suitable candidates to fill the vacant Board positions, guided by the criteria previously agreed upon during the Board's succession planning discussions. To support boardroom diversity, the NRC conducted a robust review of candidates proposed by Board members as well as those identified by the external search firm, prior to shortlisting them in the talent pool.

Upon completion of the evaluation and selection process, the Board approved the NRC's recommendations for the appointments of Low Chooi Hoon and Dato' Sri Dr. Mohd Nizom bin Sairi as Independent Non-Executive Directors of BAT Malaysia effective on 1 May 2025 and 1 October 2025 respectively.

Details of changes to the Board composition during the year were as follows:

- 1) Following the conclusion of Dato' Chan Choon Ngai's nine-year tenure and his retirement as the Senior Independent Non-Executive Director on 22 May 2025, Eric Ooi Lip Aun was redesignated as the Senior Independent Non-Executive Director with effect from 23 May 2025, and Low Chooi Hoon was appointed to the Board as an Independent Non-Executive Director with effect from 1 May 2025 as well as a member of the Risk Management Committee (RMC), AC, and NRC with effect from 23 May 2025; and
- 2) Following the conclusion of Tan Sri Dato' Seri Dr. Aseh bin Haji Che Mat's nine-year tenure and his retirement as an Independent Non-Executive Director/Chairman on 31 December 2025, Dato' Sri Dr. Mohd Nizom bin Sairi was appointed to the Board as an Independent Non-Executive Director with effect from 1 October 2025 and subsequently redesignated as the Chairman of the Board with effect from 1 January 2026.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

LEADERSHIP SUCCESSION PLANNING

In addition, the Board also oversaw the appointment and succession planning of the Leadership Team. During the year, the Board together with the Managing Director, reviewed the detailed succession plan of the Leadership Team. The Board reviewed the capabilities of candidates proposed by the BAT Group and assessed their experience, qualifications, leadership, track and industry exposure. After due process, the Board approved the appointment of the Legal Director of BAT Malaysia during the year. The Board also reviewed the succession pipeline for each role within the Leadership Team.

BOARD INDUCTION

A comprehensive induction programme is provided for the newly appointed Directors to the Board. New Directors are required to attend the programme as soon as possible upon their appointment. This programme includes intensive one-on-one sessions with members of the Leadership Team and is intended to onboard and familiarise the new Director with BAT Malaysia's business, vision, values, governance, and people. The programme also covers the orientation required for a new Director's appointment to Board Committees.

Low Chooi Hoon and Dato' Sri Dr. Mohd Nizom bin Sairi had attended the induction programme in May 2025 and October 2025 respectively, after their appointment as Directors.

RE-APPOINTMENT AND RE-ELECTION OF DIRECTORS

The re-election of Directors is conducted in accordance with Clause 109.1 of BAT Malaysia's Constitution, which provides that one-third of the Directors are subject to retirement by rotation at every AGM and may offer themselves for re-election. The clause also requires that every Director retires at least once every three years, with those who have served the longest since their last re-election retiring first.

Clause 115 of the Constitution further states that a Director appointed to fill a casual vacancy shall hold office only until the next AGM. Such Directors are eligible for re-election but are not included when determining the Directors due to retire by rotation.

To ensure that Directors standing for re-election remain fit and proper to continue serving on the Board, the NRC engaged the ICDM to conduct an assessment in accordance with the Company's Fit and Proper Policy.

Following this process and based on the NRC's recommendations, the Board has unanimously agreed to recommend that shareholders vote in favour of re-electing the following Directors retiring at the Company's 65th AGM:

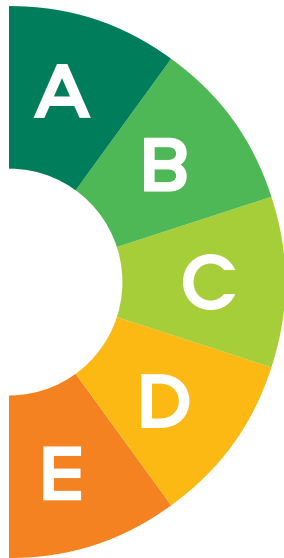
- 1) Re-election of Eric Ooi Lip Aun and Norliza binti Kamaruddin pursuant to Clause 109.1 of the Constitution of BAT Malaysia; and
- 2) Re-election of Low Chooi Hoon and Dato' Sri Dr. Mohd Nizom bin Sairi pursuant to Clause 115 of the Constitution of BAT Malaysia.






ANNUAL PERFORMANCE ASSESSMENTS

The Board, supported by the NRC, conducts annual assessments of the performance of the Board as a whole, its committees, and each Director.

For the year under review, the Board and Directors Effectiveness Evaluation, was externally facilitated and conducted by the ICDM. The assessment was carried out through a combination of confidential one-on-one interviews, a review of relevant governance documents, online surveys, and peer evaluations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



- 
Comprehensive 360° Board Assessment
 10 Key Parameters | Targeted Evaluation Focus | Candid Feedback | Verified Insights | Objective
- 
Choice of Facilitators
 International and/or local relevance experience & background
- 
Constructive
 Confidential Interview | Document Reviews
 Online Surveys | Observations | Facilitated Dialogues
- 
Compliance
 In compliance with MCCG 2021, BNM's CG Guidelines, MACC Act, and other relevant requirements
- 
Complete
 Action-oriented outcome One-Stop Centre follow through services

ICDM'S COMPREHENSIVE BOARD AND DIRECTORS EFFECTIVENESS EVALUATION PROCESSES

Documentation Review	Online Questionnaires	Confidential Interviews	Observations	Facilitated Dialogue
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The assessment outcomes provided valuable guidance to the NRC and served as a reference point for the Board in maintaining an appropriate balance of skills and expertise. They also helped identify gaps and training needs to further strengthen the Board's overall effectiveness.

A comprehensive assessment framework encompassing the following areas was used:

1. Board Leadership
2. Board Composition, Skills & Development
3. Board Committees
4. Board Governance & Processes
5. Board Agendas, Meetings, and Information
6. Board Dynamics & Culture
7. Board & Management Relationship
8. Board & Stakeholder Engagement
9. Board Sustainability Matters
10. Board Crisis Management
11. People & Culture

CONCLUSIONS OF THE 2025 REVIEW

Overall, the results of the evaluation were satisfactory. When ranked in order of strength, Board Management Relationship, Board Governance, Oversight and Processes, Board and Sustainability and Board Committees were identified as being the strongest. Board Leadership and Board Composition, Skills, and Development were identified as items for development in 2026.

The Board's evaluation confirmed the efficiency and effectiveness of its oversight, including that of its committees and individual Directors, for the financial year. The NRC reviewed the results and findings of the evaluation on 4 February 2026, and presented them to the Board on 9 February 2026.

Following feedback from Board members during the FYE2025 evaluation, the NRC has prioritised five ICDM recommendations and created action plans based on them. The Board has approved these plans, which will be implemented throughout 2026.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

REMUNERATION

BAT Malaysia's remuneration policy is designed to attract, retain, and motivate Executive Directors of the calibre needed to manage the business of BAT Malaysia. The NRC is responsible for reviewing and recommending to the remuneration package for Executive Directors.

Executive Directors are rewarded based on both corporate and individual performance through an integrated structure comprising salary, benefits, and performance-related bonuses. This approach reflects the competitive environment in which the BAT Malaysia operates and supports the delivery of its strategic objectives. As full-time employees of the Company, Executive Directors do not receive additional fees for serving on the Board.

In assessing the remuneration of the Managing Director, the NRC takes into account corporate and individual performance, as well as a broader set of indicators, including progress against strategic targets and performance at both regional and global levels.

The remuneration package for the Executive Directors comprises the following elements, where applicable:

- i. Salaries – The basic salaries for the Executive Directors as recommended by the NRC to the Board for approval.
- ii. Benefits-in-kind – Customary benefits such as rented accommodation for expatriate Executive Directors, motor vehicle, club membership, and coverage of personal expenses for the Executive Directors, in accordance with the policies of BAT Malaysia.
- iii. Other emoluments – Include retirement benefits, provision for leave, statutory contributions, and incentives in the form of shares or options pursuant to the BAT Group's shares scheme.

The Board has authorised the NRC to establish and carry out formal, transparent procedures for developing BAT Malaysia's remuneration matters for Non-Executive Directors, ensuring their compensation remains competitive and aligns with industry standards. The fee payable to each Non-Executive Director is determined by the Board as authorised by the shareholders of BAT Malaysia, and it varies depending on the level of responsibilities undertaken by the individual Non-Executive Directors.

The remuneration package for the Non-Executive Directors comprises the following elements, where applicable:

- i. Fees – The fixed annual fees to be paid to the Non-Executive Directors.

- ii. Allowance – The fixed annual allowance to be paid to the Chairman.
- iii. Chair Committee fees - The fixed annual fees to be paid to the Chairperson of Committees.
- iv. Meeting attendance allowance - An attendance allowance of RM1,000 is provided for each Committee meeting attended by Non-Executive Directors.

In determining remuneration for both Executive and Non-Executive Directors, the Board considers benchmarking data from independent consultants and market surveys of comparable companies. The Board is committed to a competitive and transparent remuneration framework that reflects the responsibilities and fiduciary duties of the Directors and the Leadership Team. This approach supports BAT Malaysia's long-term objectives and reinforces its commitment to delivering sustainable value to stakeholders.

In FYE2025, the NRC engaged an independent external consultant to conduct a review on the Non-Executive Directors' remuneration structure, benchmarked against industry peers and relative public listed entities. The last external review was conducted in 2022, however, no recommendations regarding increments to Directors' fees and benefits were provided. The current fee structure has remained unchanged since its adoption at the AGM held in 2012. The latest assessment benchmarked companies operating within a similar environment and sector, with comparable market capitalisation and key factors such as governance responsibilities and the time commitments required of Non-Executive Directors and Board Committee members.

After deliberating on the consultant's findings, the NRC concluded that the existing Board Remuneration package remains appropriate. The Board, upon the NRC's recommendation, agreed that the current fee structure be maintained and to seek shareholders' approval for benefits payable to Non-Executive Directors to be increased up to RM280,000 at the 65th AGM, from the current RM250,000. The proposed increase in the Non-Executive Directors' benefits cap is intended to accommodate the benchmarking findings on absence of meeting allowances for Board meetings and retainer fees for all Committee Members. Board meeting allowance has been introduced to acknowledge the time, preparation, and commitment necessary for effective oversight and decision-making. This allowance is consistent with those provided at the Committee level. Additionally, retainer fees for Committee Members are introduced to appropriately compensate for the increase in workload, specialised responsibilities, and ongoing engagement required in their roles.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The details of the Director's remuneration, comprising remuneration received or receivable from BAT Malaysia for FYE 2025, are as follows:

Directors	Fee (RM'000)		Allowance (RM'000)		Salary (RM'000)		Bonus (RM'000)		Benefits-in-kind		Other emoluments		Total (RM'000)
	Company	Subsidiaries	Company	Subsidiaries	Company	Subsidiaries	Company	Subsidiaries	Company	Subsidiaries	Company	Subsidiaries	
Independent Non-Executive Directors													
Tan Sri Dato' Seri Aseh bin Haji Che Mat <i>(Retired on 31 December 2025)</i>	345	-	154	-	-	-	-	-	14	-	-	-	513
Dato' Chan Choon Ngai <i>(Retired 22 May 2025)</i>	44	-	8	-	-	-	-	-	6	-	-	-	58
Eric Ooi Lip Aun	120	-	9	-	-	-	-	-	-	-	-	-	129
Norliza binti Kamaruddin	116	-	13	-	-	-	-	-	-	-	-	-	129
Low Chooi Hoon <i>(Appointed on 1 May 2025)</i>	67	-	6	-	-	-	-	-	-	-	-	-	73
Dato' Sri Dr. Mohd Nizom bin Sairi <i>(Appointed on 1 October 2025)</i>	25	-	-	-	-	-	-	-	-	-	-	-	25
Non-Independent Non-Executive Director													
Datuk Christine Lee Oi Kuan	100	-	4	-	-	-	-	-	-	-	-	-	104
Executive Directors													
Nedal Louay Salem	-	-	-	-	1,269	-	514	-	344	-	2,661	-	4,788
Adrian Lee Peng Yong	-	-	-	-	1,110	-	56	-	89	-	691	-	1,946
Total (RM'000)	817	-	194	-	2,379	-	570	-	453	-	3,352	-	7,765

The details of the Director's remuneration, comprising remuneration received or receivable from BAT Malaysia for FYE 2025, are as follows:

Name	Range of Remuneration (RM)
Anthony Lea Clayton	2,000,000 – 2,050,000
Adrita Datta	1,700,000 – 1,750,000
Jacqueline Ko Man Ting <i>(Resigned on 31 December 2025)</i>	1,400,000 – 1,450,000
Fairuz Helmi	1,350,000 – 1,400,000
Wong Hoi Wun Ann	450,000 – 500,000

The remuneration of the Managing Director and Finance Director is disclosed within the Directors' remuneration.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

NOMINATION AND REMUNERATION COMMITTEE REPORT

Norliza binti Kamaruddin
Independent Non-Executive Director (Chairwoman) |
Redesignated on 23 May 2025



> TERMS OF REFERENCE

The TOR of the NRC is available in the Corporate Governance section of the Company's website at www.batmalaysia.com.

> COMPOSITION

Norliza binti Kamaruddin
Independent Non-Executive Director (Chairwoman)
(Redesignated on 23 May 2025)

Low Chooi Hoon
Independent Non-Executive Director (Member)
(Appointed on 23 May 2025)

Dato' Chan Choon Ngai
Senior Independent Non-Executive Director (Chairman)
(Retired on 22 May 2025)

> ATTENDANCE

Norliza binti Kamaruddin	5/5
Low Chooi Hoon (Appointed on 23 May 2025)	2/2
Dato' Chan Choon Ngai (Retired on 22 May 2025)	3/3

The NRC is pleased to present the NRC Report for FYE 2025.

The Managing Director and Human Resources Director were invited to NRC meetings to brief the NRC on the terms of employment and remuneration package of the Executive Directors and members of the Leadership Team and human resources policies.

The NRC Chairwoman engaged with the Management on a continuous basis to keep abreast of matters affecting the Board members of BAT Malaysia. Where significant issues were noted, the NRC Chairwoman communicated and conferred with other NRC members, either through emails or in meetings.

The minutes of each NRC meeting were recorded and tabled for confirmation at the next NRC meeting and subsequently presented to the Board for notation. The NRC Chairwoman provides reports to the Board, highlighting the significant points of discussion and recommendations for the Board's consideration.

> SUMMARY OF ACTIVITIES

During FYE 2025, the NRC undertook and/or deliberated on the following:

- 1) Recommended the re-election of Directors at the 65th AGM to the Board for consideration.
- 2) Conducted the Fit and Proper assessment on candidates for the re-election of Directors, as guided by the Directors' Fit and Proper Policy.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- 3) Reviewed the analysis/findings of the Directors' performance assessment of the Board (including the Managing Director and Finance Director), Board Committees, and individual Directors for 2025.
- 4) Reviewed the tenure of the Independent Non-Executive Directors.
- 5) Reviewed the appointment and remuneration of the Leadership Team.
- 6) Reviewed the NRC Report for inclusion in the Annual Report.
- 7) Reviewed the fees and benefits of Non-Executive Directors.
- 8) Reviewed and approved the Leadership Team's annual bonus, salary increments, and remuneration package.
- 9) Reviewed the succession planning of the Leadership Team.
- 10) Reviewed and recommended the BAT Malaysia Policies on Birthday Leave, Compassionate Leave, Travel and Entertainment, D&I, Leaves, Company Car and Monthly Cash Allowance, Short-Term Incentive Scheme, Field Allowance for Trade Marketing, Home Leave Passage, and Flexible Benefit, to the Board for approval.
- 11) Reviewed the candidates for Independent Non-Executive Directors and recommended to the Board for approval.
- 12) Reviewed and approved the appointment of external consultants to benchmark Non-Executive Directors' fees.
- 13) Reviewed and approved the appointment of external consultants for Board and Directors Effectiveness Evaluation.
- 14) Reviewed the changes on the NRC TOR.

SUSTAINABILITY COMMITTEE REPORT

Norliza binti Kamaruddin
Independent Non-Executive Director (Chairwoman)



› TERMS OF REFERENCE

The TOR of the SC is available in the Corporate Governance section of the Company's website at www.batmalaysia.com.

› COMPOSITION

Norliza binti Kamaruddin
Independent Non-Executive Director (Chairwoman)

Datuk Christine Lee Oi Kuan
Non-Independent Non-Executive Director (Member)
(Resigned on 5 March 2026)

Nedal Louay Salem
Executive Director/Managing Director (Member)

› ATTENDANCE

Norliza binti Kamaruddin	4/4
Datuk Christine Lee Oi Kuan (Resigned on 5 March 2026)	4/4
Nedal Louay Salem	4/4

The SC is pleased to present the SC Report for FYE 2025.

The CSO was invited to SC meetings to brief the committees on the agenda tabled at the meetings.

The SC Chairwoman engaged with the Management on a continuous basis to keep abreast of matters affecting BAT Malaysia. Where significant issues were noted, the SC Chairwoman communicated and conferred with other SC members, either through emails or in meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The minutes of each SC meeting were recorded and tabled for confirmation at the next SC meeting and subsequently presented to the Board for notation. The SC Chairwoman provides reports to the Board, highlighting the significant points of discussion and recommendations for the Board's consideration.

› SUMMARY OF ACTIVITIES

During FYE 2025, the SC undertook and/or deliberated on the following:

- 1) Continuously reviewed BAT Malaysia Group sustainability strategy and its delivery through the achievement of the KPIs set for 2025.
- 2) Reviewed BAT Malaysia Group sustainability initiatives and activities in relation to Tobacco Harm Reduction and the Environmental, Social, and Governance priorities.
- 3) Reviewed the annual budget for the sustainability plan.
- 4) Reviewed BAT Malaysia Group community investment strategy and achievements and approved the 2025 plan under the Beyond Benih programme.
- 5) Reviewed and endorsed the SC Report and Sustainability Statement for the Board's approval for inclusion in the Annual Report 2025.
- 6) Reviewed and endorsed climate risk register and climate risk assessment before presented to RMC for notation.
- 7) Reviewed the Standard Operating Procedure on implementing the Beyond Benih programme.
- 8) Reviewed the changes on the SC TOR.
- 9) Reviewed and endorsed Materiality Assessment Plan and refined material topics for 2026 and beyond.

PRINCIPLE B

Effective Audit and Risk Management

DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

Statements explaining the responsibilities of the Directors for the preparation of the Annual Audited Financial Statements are available in the Annual Report on page 168.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board, with assistance from the AC and RMC, holds ultimate responsibility for the risk management and internal control framework of BAT Malaysia Group. It monitors the Company's risk management and internal control systems and reviews their effectiveness. This monitoring and review

covers all material controls, including financial, operational and compliance controls. Further details of BAT Malaysia Group Risk Management Framework and Internal Control System can be found in the Statement on Risk Management and Internal Control and Risk Management Report from pages 155 to 164.

ETHICAL AND PROCEDURAL STANDARDS

BAT Malaysia and its subsidiaries are committed to upholding high ethical and procedural standards that align with BAT Malaysia Group values and objectives. To this end, BAT Malaysia Group has internal policies, standards, guidelines, procedures, and codes in place in support of its corporate governance framework.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

AUDIT COMMITTEE REPORT

Eric Ooi Lip Aun
Senior Independent Non-Executive Director (Chairman)



› TERMS OF REFERENCE

The TOR of the AC is available in the Corporate Governance section of the Company's website at www.batmalaysia.com.

› COMPOSITION

Eric Ooi Lip Aun
Senior Independent Non-Executive Director (Chairman)

Norliza binti Kamaruddin
Independent Non-Executive Director (Member)

Low Chooi Hoon
Independent Non-Executive Director (Member)
(Appointed on 23 May 2025)

Dato' Chan Choon Ngai
Senior Independent Non-Executive Director (Member)
(Retired on 22 May 2025)

› ATTENDANCE

Eric Ooi Lip Aun	5/5
Norliza binti Kamaruddin	4/5
Low Chooi Hoon (Appointed on 23 May 2025)	2/2
Dato' Chan Choon Ngai (Retired on 22 May 2025)	3/3

The AC is pleased to present the AC Report for FYE 2025.

The Finance Director, the external auditors, and a permanent invitee from the BAT Group's Internal Audit

team were invited to AC meetings. They attended all the meetings held during the financial year to brief the AC on pertinent issues.

The AC Chairman engaged with the Management, the external auditors, and the Internal Audit Manager on a continuous basis to keep abreast of matters affecting BAT Malaysia Group. Where significant issues were noted, the AC Chairman communicated and conferred with other AC members, either through emails or in meetings.

The minutes of each AC meeting were recorded and tabled for confirmation at the next AC meeting and subsequently presented to the Board for notation. The AC Chairman provides reports to the Board, highlighting the significant points of discussion and recommendations for the Board's consideration.

› SUMMARY OF ACTIVITIES

During FYE 2025, the AC undertook the following activities:

(1) Financial Reporting

The AC reviewed BAT Malaysia Group quarterly financial results and annual audited financial statements and recommended the same to the Board for approval. The reviews focused on significant changes to accounting policies and practices, adjustments arising from the audits, compliance with relevant accounting standards and other legal requirements to ensure that the financial statements presented a true and fair view of BAT Malaysia Group financial performance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(2) Internal Audit

- i. Reviewed the 2025 Internal Audit plan of BAT Malaysia Group to ensure adequate coverage of BAT Malaysia Group key risks and adequate resources within the Internal Audit team were available to execute the audit plan.
- ii. Reviewed BAT Malaysia Group three-year rolling plan, developed by Internal Audit via a comprehensive planning process that identified and prioritised potential auditable areas and audit coverage.
- iii. Reviewed the audit scope and detailed findings of AIT and Procurement Audit (including Travel and Expenses review).
- iv. Reviewed the internal control processes and considered the recommendations and improvements to be implemented by the Management based on the audit findings.
- v. Reviewed the implementation status of agreed audit actions to ensure timely implementation by the Management.

(3) External Audit

- i. Reviewed the external auditors' report, which summarised key findings from the audit of the financial statements for FYE 2024, along with the Directors' Statement on Risk Management and Internal Control.
- ii. Reviewed with the external auditors their audit plan for FYE 2025, which outlined audit materiality, audit scope, methodology and timing of the audit, key milestones, involvement of Information Technology (IT) specialists, audit focus areas, adoption and transition of accounting standards, and proposed fees for the audit services rendered by the external auditors for FYE 2025.
- iii. Reviewed the written assurance provided by the external auditors in respect of their independence.
- iv. Met with the external auditors twice without the presence of the Executive Directors and the Management during the year under review.

(4) RPT

- i. Reviewed and discussed reports on RPT, RRPT and potential conflict-of-interest transactions to ensure that all RPT and RRPT were undertaken on an arm's length basis and normal commercial terms consistent with BAT Malaysia's usual business practices and policies, which were not more favourable than those generally available to the public and other suppliers and not detrimental to the minority shareholders.
- ii. Monitored the RPT and RRPT thresholds to ensure compliance with the Bursa Malaysia's MMLR.
- iii. Reviewed and recommended to the Board for approval the Circular to Shareholders in relation to the proposed renewal of shareholders' mandate for the Company and its subsidiaries to enter into RRPT of the revenue or trading nature with related parties.

(5) Annual Reporting

Reviewed and endorsed the AC Report, SoBC Statement, and the Statement on Risk Management and Internal Control for the Board's approval and inclusion in the Annual Report.

(6) Other Activities

- i. Deliberated on BAT Malaysia's two-year cash flow forecast.
- ii. Deliberated on reports regarding whistleblowing and breaches of the SoBC.
- iii. Deliberated on security and safety matters and loss reports.
- iv. Assessed the performance of the internal and external auditors.
- vi. Deliberated on reports on the Control Navigator and Immediately Reportable Incidents (IRI).
- vii. Deliberated on reports on financial record-keeping and reporting under the Sarbanes-Oxley Act.
- viii. Deliberated on KPMG PLT's Transparency Report.
- ix. Deliberated on the implementation of self-assessment stamping for BAT Malaysia Group.
- x. Deliberated on the declaration of the quarterly dividends.
- xi. Assessed Transfer Pricing of RRPT.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

› INTERNAL AUDIT FUNCTION

BAT Malaysia's Internal Audit function is carried out by the Global Audit function of BAT Group Internal Audit. BAT Group Internal Audit possesses direct access to both the AC and the AC Chairman, and reports to the AC on matters concerning controls and audit findings. In addition to this, BAT Group Internal Audit assists the AC in reviewing the effectiveness of BAT Malaysia Group's internal controls and processes. In doing this, it ensures there is an appropriate balance of risk and control in achieving its business objectives. This approach ensures a high level of independence and provides access to more skilled and specialised resources than would otherwise be available within the BAT Group.

BAT Group Internal Audit is staffed by over fifty (50) personnel with relevant professional qualifications. They comply with the BAT Group's SoBC and provide independent assurance.

Imad Rahman, Internal Audit Manager and permanent invitee to the AC, manages the remit of internal audit at BAT Malaysia. He holds a Bachelor's degree in Business Administration and a Master of Business Administration, majoring in Finance.

Management's proposals regarding the appointment, transfer and removal of Internal Audit staff require the prior approval of the AC. Any inappropriate restrictions on the audit scope are to be reported to the AC. The Internal Audit Manager presents and reports the Internal Audit findings pertinent to BAT Malaysia Group at the AC meeting on a quarterly basis

The development of the annual audit plan continues to be risk-based, taking into consideration the evolving nature of the business and BAT Malaysia Group. The annual audit plan is developed based on the following:

- Key risks faced by BAT Malaysia Group.
- Continued progress towards becoming a globally integrated enterprise.
- Changes introduced by the global operating model.

Several types of audits exist within BAT Group, namely Process Audits (which includes IT), Audits of Change, End-Market Accountability Audits, Operations Audits, and Other Audits.

- Process Audits carry out an end-to-end audit of business processes across various entities within BAT Group.
- Audits of Change focus on significant business change initiatives, such as key projects and programmes.
- End-Market Accountability Audits consider BAT Group's top risks.
- Operations Audits provide assurance of BAT Group's ability to supply high-quality finished goods in line with the evolving needs of the business and regulatory agenda.
- Other Audits are conducted upon direct requests, which may arise due to an incident, a request from the Management, or a request from the AC.

During FYE 2025, the subject matter of audits conducted by the BAT Group Internal Audit was as follows:

- Procurement Audit (which comprised review of Sourcing Management Process, Tender Committee Governance, Low-Value Spend compliance, Quotation exemption process, Procurement savings, tracking, and monitoring, Contract management, Metrics for supplier evaluation, Retrospective/Split/Inactive Purchase Orders/Aged Goods Receipt Invoice Receipt, Purchase order compliance, and Travel and Expenses policy compliance).
- AIT Audit (which comprised review of AIT strategy and Compliance Procedure, AIT intelligence activities, AIT Contract management, Third-Party Anti-Financial Crime Procedure compliance, and Supply Chain Compliance Procedure).

Additionally, there were certain IT application and system-related audits carried out at Global level which provided assurance on the BAT Malaysia Group IT control environment.

Given that the Internal Audit Function is in-house and part of BAT Group, there is no cost recharged to BAT Malaysia Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

RISK MANAGEMENT COMMITTEE REPORT

Eric Ooi Lip Aun
Senior Independent Non-Executive Director (Chairman)



> TERMS OF REFERENCE

The TOR of the RMC is available in the Corporate Governance section of the Company's website at www.batmalaysia.com.

> COMPOSITION

Eric Ooi Lip Aun
Senior Independent Non-Executive Director (Chairman)

Low Chooi Hoon
Independent Non-Executive Director (Member)
(Appointed on 23 May 2025)

Adrian Lee Peng Yong
Executive Director/Finance Director (Member)

Dato' Chan Choon Ngai
Senior Independent Non-Executive Director (Member)
(Retired on 22 May 2025)

> ATTENDANCE

Eric Ooi Lip Aun	4/4
Adrian Lee Peng Yong	4/4
Low Chooi Hoon (Appointed on 23 May 2025)	2/2
Dato' Chan Choon Ngai (Retired on 22 May 2025)	2/2

The RMC is pleased to present the RMC Report for FYE2025.

The CRO was invited to RMC meetings to brief the committee on the agenda tabled at the meetings.

The RMC Chairman engaged with the Management on a continuous basis to keep abreast of matters affecting BAT Malaysia Group. Where significant issues were noted, the RMC Chairman communicated and conferred with other RMC members, either through emails or in meetings.

The minutes of each RMC meeting were recorded and tabled for confirmation at the next RMC meeting, and subsequently presented to the Board for notation. The RMC Chairman provides reports to the Board, highlighting key matters and recommendations for the Board's consideration.

> SUMMARY OF ACTIVITIES

During FYE 2025, the RMC undertook and/or deliberated on the following:

- 1) Reviewed BAT Malaysia Group's Risk Management Programme, which includes BAT Malaysia Group gross and net risks, with the associated mitigating actions to ensure comprehensive management and reporting of all major risks to the Board.
- 2) Reviewed BAT Malaysia Group BCP as part of its business continuity management.
- 3) Reviewed and noted the climate risk register and climate risk assessments that had been approved by the SC prior to the RMC meeting.
- 4) Reviewed and approved the ways of working on climate risk.
- 5) Reviewed and endorsed the RMC Report for submission to the Board for approval and inclusion in the Annual Report.
- 6) Reviewed and approved the new impact matrix, which updated the risk heat map from 3x3 to a 5x5 format.
- 7) Succession of CRO.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ETHICAL AND PROCEDURAL STANDARDS

BAT Malaysia is committed to upholding high ethical and procedural standards that reflect our values and business objectives. To reinforce our corporate governance framework, we have established a comprehensive set of internal policies, guidelines, procedures, and codes, some of which are highlighted below.

1 SoBC

The SoBC sets out the high standards of integrity expected of all employees. It covers key areas including Conflicts of Interest, Anti-Bribery and Corruption, Entertainment and Gifts, Respect in the Workplace, Human Rights, Health, Safety and Welfare, Environment, Political Contributions, Community Investments, Accurate Books and Records, Protection of Corporate Assets, Data Privacy, Ethics and Artificial Intelligence, Cybersecurity, Confidentiality and Information Security, Insider Dealing and Market Abuse, Competition and Anti-Trust, Sanctions and Export Controls, Anti-Illicit Trade and Anti-Tax Evasion, and Anti-Money Laundering.

All employees are required to conduct themselves in accordance with these principles and to declare any potential conflicts of interest annually. BAT Malaysia Group is also a signatory to the Malaysian Corporate Integrity Pledge, signed on 19 February 2014, underscoring our dedication to anti-corruption practices in all aspects of our business.

2 SCoC

Complementing the SoBC, the SCoC defines the minimum standards expected of BAT Malaysia Group suppliers. It covers Legal Compliance, Respecting Human Rights, Environmental Sustainability, Responsible Marketing and Business Integrity, ensuring our values are upheld throughout our supply chain.

3 INTERNAL REGULATION ON SECURITIES DEALINGS

These regulations, established to comply with the Capital Markets and Services Act 2007, ensure that designated insiders and their connected parties do not misuse price-sensitive information obtained through their work, nor create the appearance of doing so, whether in transactions on or off the stock market.

4 GLOBAL ENVIRONMENTAL, HEALTH, AND SAFETY POLICY MANUAL

This policy reflects BAT Malaysia Group commitment to environmental responsibility and the implementation of robust environmental management practices, through our Global Environmental, Health and Safety management system, which is aligned with the international ISO 14001 standard.

5 SECURITY PROCEDURE

This procedure provides for effective business-focused security throughout BAT Malaysia Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

6 POLICY ON DATA PROTECTION

This policy governs the collection, processing, disclosure, and cross-border transfer of personal data, past and prospective employees, consumers, customers, enquirers, complainants, suppliers, contractors, business associates, and other agents of BAT Malaysia Group. It also reflects the BAT Group's Data Protection Policy, which aligns with current international standards and incorporates specific requirements to comply with the Malaysian Personal Data Protection Act 2010 (PDPA).

7 GROUP DATA PRIVACY PROCEDURE

This procedure governs how BAT Malaysia Group uses personal data belonging to individuals. BAT Malaysia Group deals with on a daily basis, including consumers, employees, visitors to BAT Malaysia's website, and third parties we do business with.

8 THIRD PARTY ANTI-FINANCIAL CRIME PROCEDURE

This procedure is designed to assess and mitigate third party risks regarding:

- Bribery and corruption;
- Money laundering;
- Terrorist financing;
- Illicit trade (supply chain compliance);
- Sanctions; and
- Facilitation of tax evasion.

9 GRIEVANCE PROCEDURE

The grievance procedure provides guidance for resolving operational-level disputes between employees. The Human Resources department manages all matters raised, handling them with confidentiality to ensure fair resolutions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C

Integrity in Corporate Reporting and Meaningful Relationships with Stakeholders

The Board acknowledges the importance of maintaining transparent, accurate, and timely communication with shareholders and stakeholders alike.

To support this, BAT Malaysia has a dedicated Corporate Finance team that regularly engages with key institutional investors and analysts, providing updates and insights into the Company's performance. The team also addresses shareholder inquiries, ensuring that communication remains responsive, informative, and aligned with the principles of good corporate governance.

The quarterly financial results provide an up-to-date view of BAT Malaysia Group performance and operations. Throughout the year, BAT Malaysia conducted two briefings for fund managers, institutional investors, investment analysts, and the media. These briefings are intended to disseminate BAT Malaysia Group financial results to a broad audience of investors, shareholders, and the media as well as update the investing public and other stakeholders on the progress and development of BAT Malaysia Group business. This is further testimony to BAT Malaysia Group commitment to transparency.

The engagement programme was adapted to leverage digital and physical interactions, enabling more investor contact through a broader range of event formats.

The primary contact for investor relation matters is as follows:

Name : Adrian Lee Peng Yong
Designation : Finance Director
Email : fdooffice_malaysia@bat.com

CONDUCT OF GENERAL MEETINGS

The Company acknowledges that good corporate governance requires the active participation of the shareholders in the decision-making process at the Company's AGM. The AGM is the principal forum for dialogue and communication between the shareholders and the Board. On 29 April 2025, our 64th AGM took place in person for the first time after five years of being conducted

virtually. Shareholders submitted questions and deliberated on BAT Malaysia's proposed resolutions and operations using the Remote Participation and Voting (RPV) facilities.

The Managing Director and Finance Director attended the meeting and on behalf of all Board members, responding to questions where possible. The Company committed to respond via email to queries not addressed during the AGM within fourteen (14) working days post-event. Additionally, detailed responses to the questions raised by the MSWG were shared with all shareholders during the 64th AGM.

Shareholders received the Notice of the 64th AGM at least 28 days in advance, giving them ample time to either arrange for their participation or appoint proxy/proxies to vote on their behalf. The Notice, published in local newspapers, was also made available on the Company's website (www.batmalaysia.com).

A summary of the 64th AGM, highlighting director attendance, shareholders' questions and responses, outcomes of e-voting, and replies to MSWG's queries was shared with all shareholders and the public on our website.

E-VOTING

For its 64th AGM, the Company utilised the RPV facilities to facilitate e-voting on the resolutions. The processes were explained during the general meeting and the poll results were verified by appointed scrutineers.

KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board remains fully committed to adhering to the requirements of the MCCG 2021 and will continue to take proactive steps to address the remaining areas of departure. While significant progress has been made in strengthening our corporate governance practices, the Board recognises that their effectiveness ultimately depends on the diligence and accountability of those responsible for their implementation.

The Board of Directors approved this Corporate Governance Overview Statement at its meeting held on 5 March 2026.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RESPONSIBILITY

The Board recognises the importance of sound risk management practices and internal controls to safeguard shareholders' investments and BAT Malaysia's assets. The Board affirms its overall responsibility for BAT Malaysia's system of risk management and internal control, which includes the establishment of an appropriate control environment and framework and a review of its adequacy and integrity. The Board as such is responsible for determining the nature and extent of the strategic risks that BAT Malaysia is willing to take to achieve its objectives, while in parallel maintaining sound risk management and systems of internal control. By virtue of the controversial nature of the industry in which we operate, the Board does not consider its strategic risk appetite to be high and it seeks to minimise risks at an operational level.

The Board tasked the Management to identify and assess the risks faced by BAT Malaysia and thereafter design, implement and monitor appropriate internal controls to control and mitigate those risks. BAT Malaysia has in place a systematic application of processes (*outlined below*) for identifying, evaluating, monitoring, and managing significant risks faced by BAT Malaysia and this process includes reviewing and updating the system of internal controls to take into consideration changes in the regulatory, business, and external environment. This process is reviewed by the Board via the AC and the RMC. The AC's responsibilities and duties can be found in the AC Report section, while the RMC's responsibilities are explained in the RMC Report section of this Annual Report.

There are inherent limitations to any system of internal controls and the system is set up to manage and minimise impact due to risks rather than completely eliminate risks that may impact the achievement of BAT Malaysia's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal controls covers, inter alia, financial, operational and compliance controls, and risk management procedures.

BAT Malaysia's SoBC underpins our commitment to good corporate behaviour and are an integral part of BAT Malaysia's system of corporate governance. The SoBC requires all employees to act with high standards of business integrity, comply with all applicable laws and regulations, and ensure that business standards are not compromised for the sake of results. Our SoBC is made available to our stakeholders and employees on our corporate website at www.batmalaysia.com.

ENTERPRISE RISK MANAGEMENT

TABLE 1: OBJECTIVES

▶ Preserve the safety and health of BAT Malaysia's employees.	▶ Ensure that BAT Malaysia's operations do not impact negatively on the community in which it operates and the environment.
▶ Ensure the continuity of BAT Malaysia's products to consumers and customers at all times.	▶ Protect the interests of all stakeholders.
▶ Protect BAT Malaysia's assets and reputation.	▶ Promote a risk awareness culture where risk management is an integral aspect of BAT Malaysia's management systems.
▶ Ensure compliance to all applicable laws, the MCCG 2021 and BAT Group's guidelines.	

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



Risk Management Committee

BAT Malaysia's RMC is led by the Chairman, who is an Independent Non-Executive Director. The committee comprises three members, majority of whom are independent. The Committee meets quarterly to consider the risk registers proposed by the Risk Management Team and its mitigation action plans. The CRO assists the Committee to review, monitor, and assess the effectiveness of BAT Malaysia's implementation of risk mitigation actions in managing key risks.

Risk Management Team

BAT Malaysia's Risk Management Team is led by the Finance Director and comprises senior managers from all functions of BAT Malaysia. It meets formally at least twice a year to review and update the risk register as well as to assess the status of risk mitigation action plans.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

TABLE 2: RISK MANAGEMENT TEAM RESPONSIBILITIES

▶ Steer BAT Malaysia's enterprise risk management programme.	▶ Coordinate the development and implementation of risk mitigation action plans.
▶ Promote a proactive risk awareness culture in BAT Malaysia.	▶ Develop and update BCPs for key business risks.
▶ Review and assess BAT Malaysia's risks formally twice during the year.	▶ Plan and coordinate the testing of BCPs.
▶ Organise training and education for employees on risk management.	

Four-phase Enterprise Risk Management Process (Figure 1: Enterprise Risk Management Process)

(1) Risk Identification

All potential events that could adversely impact the achievement of business objectives, including failure to capitalise on opportunities, are identified.

(2) Risk Assessment and Evaluation

The identified business risks are then assessed and evaluated to determine their impact on the relevant business strategy/objectives and whether the risks are likely to occur (*as per Figure 2: Risk Heat Maps*), taking into account the degree of internal control and risk management measures in place:

- LIKELIHOOD of the risks crystallising
- IMPACT of the consequence

Assessment against a set of pre- specified criteria on a scale of 1 to 5 is completed for both Likelihood and Impact, the combination of which provides the total risk rating, ranging from 1 to 25. Risks are then categorised on a Risk Heat Map, which maps the significance of the risks to BAT Malaysia and determines the relative prioritisation and focus for risk mitigation.

The outcome of the risk identification and evaluation process is both a Risk Heat Map and a comprehensive risk register that documents all identified business risks.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FIGURE 1: ENTERPRISE RISK MANAGEMENT PROCESS



FIGURE 2: RISK HEAT MAPS

IMPACT	SEVERE	5	10	15	20	25
	SIGNIFICANT	4	8	12	16	20
	MODERATE	3	6	9	12	15
	MINOR	2	4	6	8	10
	INSIGNIFICANT	1	2	3	4	5
		REMOTE	UNLIKELY	POSSIBLE	LIKELY	PROBABLY
LIKELIHOOD						

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(3) Risk Management

In completing the risk register, risk owners are responsible for identifying action plans to manage and mitigate the risks, together with a timeline for completion of the actions. The risk owners are senior managers of BAT Malaysia.

A variety of risk management measures are used to manage the identified risks, as outlined in the table below:

RISK MANAGEMENT MEASURES	DESCRIPTION	EXAMPLE
TOLERATE	Accept or retain the risk, taking the chance of it occurring with its full impact, when all cost-effective control measures have been put in place	Translational foreign exchange rate exposures
TREAT	Control or reduce the risk to constrain it to an acceptable impact and/or likelihood level	Reducing levels of stock in a distributor's warehouse helps to reduce impact Implementing a new system to develop innovations reduce the likelihood of failing to develop new consumer-relevant products
TRANSFER	Insure or contract to a third party	Insuring the value of stocks in warehouses Business interruption policies
TERMINATE	Avoid or eliminate the activity that gives rise to the risk (make the uncertain certain by removing the risk)	Stop using chemicals which are unacceptable to the organisation Exiting certain segments

(4) Risk Monitoring

Ongoing risk monitoring is conducted by the Risk Management Team to assess whether any conditions associated with a particular risk have changed and to ensure that action and risk mitigation plans have been implemented. Status of action and mitigation plans are communicated to the RMC quarterly.

FIGURE 3: STRUCTURE OF CRISIS MANAGEMENT



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BUSINESS CONTINUITY AND CRISIS MANAGEMENT

BCP is defined as the strategic and tactical capability of BAT Malaysia to plan for and respond to incidents and business disruptions to continue business operations at an acceptable pre-defined level to avoid negative impact on the business.

In 2025, BAT Malaysia had 14 BCPs in place to manage the various potential disruptions that could impact BAT Malaysia. Examples are the Product Recall Plan, Finished Goods Supply Contingency Plan, SAP Contingency Plan, Denial of Site Plan, and Pandemic Plan.

These plans were developed and updated for content by the owners on an annual basis. In addition, desktop reviews and simulations were planned and conducted by the respective Functional Continuity Managers who are owners of the various BCPs with the support of the Crisis Response Team members, based on the testing schedule. The reviews and simulations indicated that the existing plans were still relevant to the current business environment.

In addition, BAT Malaysia has a structured approach to crisis management to ensure leadership and timely decision-making in the event of a crisis and to manage the situation effectively within minimal time duration.

Our approach involves the immediate formation of a Crisis Management Team, assisted by a Crisis Response Team and a Communications Team. The responsibilities of these teams are outlined in Figure 3: Structure of Crisis Management.

KEY RISKS TO BAT MALAYSIA

BAT Malaysia views three key risks that have the ability to significantly impact BAT Malaysia:

1. Financial Crimes
2. Sustainability Governance and ESG Regulations
3. Non-Compliance with Competition Laws and Guidelines

In addition to the above, BAT Malaysia is subject to the ever-present risk of competitor actions. Steps to anticipate, mitigate, and neutralise such risks are core to our business.

2025 RISK MANAGEMENT ACTIVITIES

Review of BAT Malaysia's Risks

The Risk Management Team reviewed and assessed BAT Malaysia's risks formally twice during the year, in January

and July 2025. The responsibilities of the Risk Management Team can be found on page 157.

During the BCP testing period, the CRO provided monthly updates on the status of the BCPs testing and highlighted any key threats to the internal controls of BAT Malaysia to the Leadership Team.

On a quarterly basis, the RMC was briefed by the CRO on BAT Malaysia's Enterprise Risk Management Programme. The briefing includes updates on the key risks of BAT Malaysia, risk mitigation plans and the status of the BCPs testing.

Promotion of Risk Awareness

Risk communication is equally important and forms an integral part of the risk management activity as it focuses on the dissemination of risk information to appropriate levels of employees and stakeholders. Appropriate channels are available for employees to provide feedback on risk management issues and suggestions for improvement.

During the year, company-wide risk and control awareness communications were cascaded and department huddles conducted regularly for all employees throughout the nation. The objectives of the communications and huddles were to raise risk and control awareness within BAT Malaysia and to drive compliance of controls and adherence to risk mitigation plans.

Significant Risk Mitigation Activities

There were no significant risk mitigation activities required to be carried out in 2025.

SYSTEM OF INTERNAL CONTROL

Control Self-Assessment (CSA) Process

Central to BAT Malaysia's system of internal control is its CSA process and the backbone of this process is a key control checklist known as the Control Navigator. The Control Navigator sets out various key controls and process requirements across all functions in BAT Malaysia. BAT Malaysia's CSA process requires controls and processes to be self-assessed for effectiveness on an annual basis. Where control gaps and weaknesses are identified, corrective actions and timelines are identified and agreed. The findings from the CSA and year-on-year trend analysis are reported to the AC annually.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The self-assessment is carried out via an SAP-enabled tool, which provides a standardised central solution that automates and monitors key risks and controls at business level. The tool allows the business to use a combination of automated workflows, certification, manual controls and interactive reports to monitor control and compliance activities across BAT Malaysia. This has resulted in an improved visibility of assessment throughout the business, improved transparency of issues management and remediation, together with streamlining reporting.

In 2025, BAT Malaysia's Control Navigator was refreshed and updated.

Financial Reporting Controls

BAT Malaysia has in place a series of policies, practices and controls in relation to the financial reporting and consolidation process, which are designed to address key financial reporting risks, including risks arising from changes in the business or accounting standards. The Finance Director is required to confirm annually that all information relevant to BAT Malaysia audit has been provided and that reasonable steps have been taken to ensure full disclosure in response to requests for information from the external auditor. In addition, it is our practice for the Finance Director to review account reconciliations on a bi-annual basis.

The effectiveness of BAT Malaysia's financial reporting controls is assessed through self-certification as part of the Control Navigator exercise. The integrity of BAT Malaysia's public financial reporting is further supported by a number of processes and steps to provide assurance over the completeness and accuracy of the content, including review and recommendation by the AC and review and approval by the Board.

Information Technology (IT)

BAT Malaysia's IT security programme is centred around the 'Predict, Prevent, Detect and Respond' framework, where each step in the cycle plays a role in decreasing the risk of information security failure or attack (as per Figure 4: IT Security Programme).

BAT Malaysia, with the assistance of professional information security companies, can predict the higher occurrence of any information security threats and with that implement prevention activities and controls to prevent or mitigate the likelihood of an attack. The preventive activities cover technology hygiene in terms of compliance with recognised industry security standards for system configuration,

continuous testing to ensure readiness of recovery action and training users to avoid being compromised by social-based attacks.

The next step in the IT security programme is detection, where technical controls are put in place to detect anomalies. After thorough assessment, BAT Malaysia then responds by reacting to the breaches and mitigating any resulting damages.

Internal Audit

The role of Internal Audit for BAT Malaysia is fulfilled through the Global Audit function of BAT Group Internal Audit. This approach ensures a high level of independence and gives access to more skilled and specialised resources than would otherwise be available within BAT Malaysia. A permanent invitee from the Global Audit function attends AC meetings and is the liaison between the AC and Global Audit. The annual audit planning cycle takes direct input from both the risk register described above and the AC. In turn, the AC formally approves the scope of work for the year. Furthermore, the AC can request immediate assistance from Global Audit for any matter it considers appropriate.

FIGURE 4: IT SECURITY PROGRAMME



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The BAT Group Internal Audit undertakes risk-based audit reviews structured in line with the operating model of the BAT Group. As such, five types of audits exist, namely Process Audits (*including IT*), Audits of Change, End Market Accountability Audits, Operations Audits, and Other Audits.

- Process Audits cover an end-to-end audit on business processes across multiple entities of BAT Malaysia.
- Audits of Change focus on significant business change initiatives, including key projects and programmes.
- End Market Accountability Audits consider BAT Malaysia's Top Risks.
- Operations Audits to provide assurance over the core of BAT Malaysia's business and the ability to supply high-quality finished goods in line with the evolving needs of the business and regulatory agenda.
- Other Audits are those that are conducted arising from direct requests, either due to an incident, or a request from the Management or a request from the AC.

More details on the audit activities conducted during the year can be found in the AC Report in this report.

External Audit

In the course of conducting the annual statutory audit of BAT Malaysia's consolidated financial statements, the external auditors review and, where applicable, based on judgement, will highlight any significant audit, accounting, and internal control matters that require attention of the Board and the AC. Results of the findings on the above are reported to the AC and the Management post substantial completion of the year-end audit. Additionally, the external auditors attend the quarterly AC meetings and, where applicable, will provide views on any related matters for the attention of the AC. At least twice a year, the AC meets the external auditors without the Executive Directors and the Management being present. This year, the AC have met twice with the external auditors without the Executive Directors and the Management being present.

Other Key Elements of the System of Internal Control

Apart from the above, other key elements of BAT Malaysia's internal control and risk management system that have been reviewed and approved by the Board are described below:

a. Policies, Procedures and Limits of Authority

- Clearly defined delegation of responsibilities to the Board Committees and to the Management, including organisation structures and appropriate authority levels.

- Clearly documented internal policies, standards, and procedures are in place and are regularly updated to reflect changing risks or to resolve operational deficiencies. All policies are approved by the Board and cases of non-compliance to policies and procedures that are in place are reported to the Board and the AC by exception.

b. Immediately Reportable Incidents (IRIs)

- BAT Malaysia adheres to the BAT Group control procedure termed 'Immediately Reportable Incidents'. This process seeks to capture breakdowns in basic controls and investigate root cause and immediate action thereof by the Management. Seven areas of basic control issues are considered:
 - (1) Reconciliation of Accounts Issue;
 - (2) Reporting Issue;
 - (3) Stock Control Issue;
 - (4) Procurement Issue;
 - (5) Segregation of Duties, Access, Password and Related Issues;
 - (6) Effective Market Focus Demand Issue; and
 - (7) Trade Debtor Management.
- Once the IRI has been finalised, the action plans will be tracked through to completion and progress to be reported to the Leadership Team, AC, and the Board.

c. Strategic Business Plan, Budget, and Performance Review

- Regular and comprehensive information is provided by the Management for monitoring of performance against the strategic plan, covering all key financial and operational indicators. On a quarterly basis, the Managing Director reviews with the Board all key performance metrics and highlights any issues.
- Annually, a detailed budgeting process is completed for the year ahead, which is discussed and approved by the Board.
- Effective reporting systems are in place to monitor business performance against business plans. Key changes to business plans are reported to the Board.

d. Insurance and Physical Safeguard

- Adequate insurance and physical security of major assets are in place to ensure that the assets of BAT Malaysia are sufficiently covered against any mishap that will result in material losses to BAT Malaysia.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Sarbanes-Oxley Act

As a result of the acquisition of Reynolds American Incorporated (RAI), BAT Group is subject to US securities law, including the Sarbanes- Oxley Act of 2002 (the Act). BAT Group has assigned the 11 sections of the Act to respective functional owners as stipulated below:

<p>1 Public Company Accounting Oversight Board (PCAOB) <i>Indirect impact</i></p>	<p>2 Auditor Independence <i>Internal Audit</i></p>	<p>3 Corporate Responsibility <i>Finance, Human Resources, Legal, and Corporate and Regulatory Affairs</i></p>
<p>4 Enhanced Financial Disclosure <i>Finance and Legal</i></p>	<p>5 Analyst Conflicts of Interest <i>No impact</i></p>	<p>6 Commission Resources and Authority <i>No impact</i></p>
<p>7 Studies and Reports <i>Indirect impact</i></p>	<p>8 Corporate and Criminal Fraud Accountability <i>Legal</i></p>	<p>9 White-Collar Crime Penalty Enhancements <i>Legal</i></p>
<p>10 Corporate Tax Returns <i>Tax</i></p>	<p>11 Corporate Fraud and Accountability <i>Legal and Human Resources</i></p>	

BAT Malaysia has continued to adopt the framework designed by BAT Group during the year. BAT Malaysia, being part of BAT Group, is required to implement additional internal controls and procedures to deliver a heightened control environment.

CONTROL MATTERS

No significant deficiency or material weakness was reported in 2025.

BOARD ASSESSMENT

The Board is of the view that BAT Malaysia's overall risk management and internal control system is operating adequately and effectively and has received the same assurance from both the Managing Director and Finance Director of BAT Malaysia. The Board confirms that the risk management process in identifying, evaluating, and managing significant risks faced by BAT Malaysia has been in place throughout 2025 and up to the date of approval of this Statement. The Board is also of the view that BAT Malaysia's system of internal control is robust and is able to detect any material losses, contingencies or uncertainties that would require disclosure in BAT Malaysia's 2025 Annual Report.

This Statement is made in accordance with the resolution of the Board of Directors on 5 March 2026.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide (AAPG) 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants (MIA) for inclusion in the annual report of BAT Malaysia for the year ended 31 December 2025 and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the annual report of BAT Malaysia, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by section 7 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Companies; or
- (b) is factually inaccurate.

Audit and Assurance Practice Guide (AAPG) 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of BAT Malaysia's risk management and internal control system including the assessment and opinion by the Board of Directors and the Management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

OTHER COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There were no proceeds raised by the Company from any corporate proposal during the financial year ended 31 December 2025.

2. AUDIT AND NON-AUDIT FEES

The amount of audit fees paid or payable to the external auditors, KPMG PLT, for services rendered to BAT Malaysia for the financial year ended 31 December 2025, are as follows:

	Company (RM)	Group (RM)
Audit fees	461,500	614,500
Non-Audit fees	10,000	10,000

3. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts entered into by BAT Malaysia involving Directors and Major Shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2025 or, if not then subsisting, entered into since the end of the previous financial year.

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

During BAT Malaysia's 64th AGM held on 29 April 2025, BAT Malaysia had obtained a renewal and new Recurrent Related Party Transaction (Recurrent RPTs) mandate with certain related parties (as defined in the Circular to Shareholders dated 28 March 2025). The Recurrent RPTs conducted during the financial year ended 31 December 2025 pursuant to the said mandate are disclosed in pages 242 to 244 of the Annual Report.

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FINANCIAL PERFORMANCE

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DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act 2016 (the Act) to prepare the financial statements for each financial year which have been made out in accordance with the provisions of the Act and the applicable approved accounting standards set out by Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year as well as of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements, the Directors are satisfied that the applicable approved accounting standards in Malaysia have been complied with and reasonable and prudent judgments and estimates have been made.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors have overall responsibility for taking such steps necessary to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT

for the Year Ended 31 December 2025

The Directors have pleasure in submitting their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2025.

Principal Activities

The Company is principally engaged in providing day-to-day management and administrative services to its subsidiaries which are principally engaged in the sales, marketing and importation of cigarettes, pipe tobaccos, cigars, devices, other tobacco products and nicotine products. The details of the subsidiaries are as stated in Note 12 to the financial statements.

There have been no significant changes in the nature of the Company's activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to Shareholders of the Company	202,446	79,562

Reserves and Provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in Note 17 in the financial statements.

Dividends

Since the end of the previous financial year, the Company paid:

- i) fourth interim ordinary dividend of 15.0 sen per ordinary share totalling RM42,830,000 in respect of the financial year ended 31 December 2024 on 6 March 2025.
- ii) first interim ordinary dividend of 7.5 sen per ordinary share totalling RM21,415,000 in respect of the financial year ended 31 December 2025 on 3 July 2025.
- iii) second interim ordinary dividend of 12.0 sen per ordinary share totalling RM34,264,000 in respect of the financial year ended 31 December 2025 on 4 September 2025.
- iv) third interim ordinary dividend of 5.0 sen per ordinary share totalling RM14,277,000 in respect of the financial year ended 31 December 2025 on 5 December 2025.

The Directors declared a fourth interim ordinary dividend of 39.0 sen per ordinary share at the Board of Directors' meeting on 9 February 2026 amounting to RM111,356,700 in respect of the financial year ended 31 December 2025 which will be paid on 10 April 2026 to shareholders registered in the Company's Register of Members at the close of business on 13 March 2026. The financial statements for the year ended 31 December 2025 do not reflect the fourth interim ordinary dividend which will be accounted for in the financial year ending 31 December 2026.

The Board of Directors do not recommend the payment of a final dividend in respect of the financial year ended 31 December 2025.

DIRECTORS' REPORT

for the Year Ended 31 December 2025

Directors of the Company

Directors who served during the financial year until the date of this report are:

Dato' Sri Dr. Mohd Nizom Sairi (Chairman) (Appointed on 1 October 2025)
 Eric Ooi Lip Aun
 Nedal Louay Salem
 Norliza Binti Kamaruddin (f)
 Adrian Lee Peng Yong**
 Low Chooi Hoon (f) (Appointed on 1 May 2025)
 Dato' Chan Choon Ngai (Resigned on 22 May 2025)
 Tan Sri Dato' Seri Dr. Aseh Bin Haji Che Mat (Retired on 31 December 2025)
 Datuk Lee Oi Kuan (f) (Resigned on 5 March 2026)

** This Director is also Director of the Company's subsidiaries.

The name of the Directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report are:

Anthony Lea Clayton
 Fairuz Helmi Bin Abdul Malek (Appointed on 1 January 2025)
 C.K. Remeena A/P C.K. Prabhakaran (f) (Resigned on 1 January 2025)

Directors' Interests in Shares

The interests in the ordinary shares and share options of the Company and of its related corporations of those who were Directors at the end of the financial year as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			At 31.12.2025
	At 1.1.2025	Bought	Sold	
Company				
Shareholdings in the name of the Director:				
Datuk Lee Oi Kuan (f)	100	-	-	100

	Number of ordinary shares in British American Tobacco p.l.c.			At 31.12.2025
	At 1.1.2025	Bought	Sold	
Ultimate Holding Company				
- British American Tobacco p.l.c.				
Shareholdings in the name of the Director:				
Datuk Lee Oi Kuan (f)	40,629	1,485	-	42,114
Nedal Louay Salem	62,000	138,000	-	200,000
Adrian Lee Peng Yong	2,191	641	(431)	2,401

DIRECTORS' REPORT

for the Year Ended 31 December 2025

Directors' Interests in Shares (continued)

	Number of ordinary shares in British American Tobacco p.l.c.			
	At 1.1.2025	Awarded	Vested	At 31.12.2025
Ultimate Holding Company				
- British American Tobacco p.l.c. Deferred Share Bonus Scheme & International Share Reward Scheme				
Shareholdings in the name of the Director:				
Nedal Louay Salem	6,254	1,822	(2,067)	6,009
Adrian Lee Peng Yong	2,404	-	(846)	1,558

	Number of options in ordinary shares in British American Tobacco p.l.c.			
	At 1.1.2025	Granted	Exercised	At 31.12.2025
Ultimate Holding Company				
- British American Tobacco p.l.c. Long-Term Incentive Plan (LTIP)				
Shareholdings in the name of the Director:				
Nedal Louay Salem				
LTIP (25 March 2032)	7,146	-	(7,146)	-
LTIP (22 March 2033)	8,372	-	-	8,372
LTIP (20 March 2034)	11,722	-	-	11,722
LTIP (20 March 2035)	-	9,264	-	9,264
Adrian Lee Peng Yong				
LTIP (20 March 2034)	671	-	-	671
LTIP (20 March 2035)	-	795	-	795

Some of the shares and options in the ultimate holding company held by Directors arose as a result of the Directors' participation in the employee share schemes offered by British American Tobacco p.l.c. (British American Tobacco p.l.c. indirectly through British American Tobacco Holdings (Malaysia) B.V., owns fifty percent equity interest in the Company and is the Company's ultimate holding company). Further details on the employee share schemes offered by British American Tobacco p.l.c. are provided in Note 21 to the financial statements.

Directors' Benefits

Since the end of the previous financial year, no Director has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' REPORT

for the Year Ended 31 December 2025

Directors' Benefits (continued)

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2025 are as follows:

	From the Company RM'000
Directors of the Company:	
Fees	816
Other emoluments	6,948
	<hr/> 7,764

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate pursuant to requirements under the Companies Act 2016, other than as may arise from equity-settled share-based compensation plans offered by British American Tobacco p.l.c. (British American Tobacco p.l.c. is the ultimate holding company) as disclosed in Note 21 to the financial statements.

Issue of Shares and Debentures

There were no changes in the issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

Options Granted over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Indemnity and Insurance Costs

During the financial year, Directors and Officers of the Group were covered under the Directors' and Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacities as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total premiums paid and indemnity coverage in respect of Directors' and Officers' Liability Insurance for the Directors and Officers of the Group were RM11,179 and RM4,136,824 respectively.

There were no indemnity and insurance costs effected for auditors of the Group and of the Company during the financial year.

Other Statutory Information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT

for the Year Ended 31 December 2025

Other Statutory Information (continued)

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent; or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- iii) which have arisen that render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liability of any other person; or
- ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2025 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Holding Companies

The Directors regard British American Tobacco Holdings (Malaysia) B.V. (incorporated in Netherlands) as its immediate holding company and British American Tobacco p.l.c. (incorporated in England and Wales) as its ultimate holding company.

DIRECTORS' REPORT

for the Year Ended 31 December 2025

Auditors

The auditors, KPMG PLT, have indicated their willingness to continue in office. The Directors had endorsed the recommendation of the Audit Committee for KPMG PLT to be re-appointed as auditors.

The auditors' remuneration of the Group and of the Company during the year are RM624,500 and RM471,500 respectively as disclosed in Note 3 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors:

Nedal Louay Salem
Managing Director

Adrian Lee Peng Yong
Finance Director

Kuala Lumpur

Date: 5 March 2026

STATEMENTS OF PROFIT OR LOSS

for the Year Ended 31 December 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue	2	2,183,898	2,315,404	96,198	159,977
Cost of sales		(1,657,994)	(1,774,235)	-	-
Gross profit		525,904	541,169	96,198	159,977
Other operating income		2,452	3,460	1,532	3,944
Distribution and marketing costs		(92,994)	(139,250)	-	-
Administrative expenses		(92,439)	(98,272)	(5,554)	(2,016)
Net loss on impairment of financial instruments		(59)	(37)	-	-
Other operating expenses		(39,192)	(28,553)	-	-
Profit from operations		303,672	278,517	92,176	161,905
Finance costs		(29,268)	(26,901)	(10,113)	(8,160)
Profit before tax	3	274,404	251,616	82,063	153,745
Tax expense	6	(71,958)	(68,474)	(2,501)	(2,558)
Profit for the year		202,446	183,142	79,562	151,187

The notes on pages 184 to 244 are an integral part of these financial statements.

STATEMENTS OF OTHER COMPREHENSIVE INCOME

for the Year Ended 31 December 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit for the year		202,446	183,142	79,562	151,187
Other comprehensive expense, net of tax:					
Items that may be subsequently reclassified to profit or loss					
- changes in fair value of cash flow hedges	19	(3,273)	(5,658)	-	-
- deferred tax on fair value changes on cash flow hedges	13	785	1,358	-	-
Total other comprehensive expense for the financial year, net of tax		(2,488)	(4,300)	-	-
Total comprehensive income for the financial year		199,958	178,842	79,562	151,187
Profit attributable to:					
Shareholders of the Company		202,446	183,142	79,562	151,187
Total comprehensive income for the financial year attributable to:					
Shareholders of the Company		199,958	178,842	79,562	151,187
Basic and diluted earnings per ordinary share (sen)	7	70.9	64.1		

The notes on pages 184 to 244 are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Assets					
Property, plant and equipment	9	42,091	50,299	7,431	12,599
Computer software	10	1,837	1,809	1,009	1,220
Goodwill	11	411,618	411,618	-	-
Subsidiaries	12	-	-	723,395	723,395
Deferred tax assets	13	10,209	12,565	1,415	2,544
Total non-current assets		465,755	476,291	733,250	739,758
Inventories	14	13,637	10,538	-	-
Tax recoverable		2,905	2,245	2,201	1,965
Trade and other receivables	15	746,036	669,208	3,065	20,765
Derivative financial instruments	19	1,124	2,649	-	-
Cash and bank balances		32,932	35,385	28,079	23,680
Total current assets		796,634	720,025	33,345	46,410
Total assets		1,262,389	1,196,316	766,595	786,168
Equity					
Share capital		142,765	142,765	142,765	142,765
Cash flow hedge reserve		(3,933)	(1,445)	-	-
Retained earnings		336,277	246,617	314,230	347,454
Total equity attributable to the owners of the Company	16	475,109	387,937	456,995	490,219
Liabilities					
Lease liabilities	20	21,109	26,357	449	3,841
Total non-current liabilities		21,109	26,357	449	3,841
Trade and other payables	17	159,203	194,464	306,178	286,646
Borrowings	18	569,700	558,000	-	-
Derivative financial instruments	19	7,084	4,183	-	-
Lease liabilities	20	10,285	11,416	2,973	5,462
Current tax liabilities		19,899	13,959	-	-
Total current liabilities		766,171	782,022	309,151	292,108
Total liabilities		787,280	808,379	309,600	295,949
Total equity and liabilities		1,262,389	1,196,316	766,595	786,168

The notes on pages 184 to 244 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Year Ended 31 December 2025

	Note	← Non-distributable →			Distributable	Total RM'000
		Share capital RM'000	Cash flow hedge reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	
Group						
At 1 January 2025		142,765	(1,445)	-	246,617	387,937
Profit for the year		-	-	-	202,446	202,446
Other comprehensive (expense)/ income:						
- changes in fair value of cash flow hedges	19	-	(3,273)	-	-	(3,273)
- deferred tax on fair value changes on cash flow hedges	13	-	785	-	-	785
Total comprehensive income		-	(2,488)	-	202,446	199,958
Transactions with shareholders:						
Expense arising from equity- settled share-based payment transactions	21	-	-	1,620	-	1,620
Recharge of share-based payments	21	-	-	(1,620)	-	(1,620)
Dividend for financial year ended 31 December 2024						
- fourth interim	8	-	-	-	(42,830)	(42,830)
Dividends for financial year ended 31 December 2025						
- first interim	8	-	-	-	(21,415)	(21,415)
- second interim	8	-	-	-	(34,264)	(34,264)
- third interim	8	-	-	-	(14,277)	(14,277)
Total transactions with shareholders of the Company		-	-	-	(112,786)	(112,786)
At 31 December 2025		142,765	(3,933)	-	336,277	475,109

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Year Ended 31 December 2025

Group	Note	← Non-distributable →			Distributable	Total RM'000
		Share capital RM'000	Cash flow hedge reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	
At 1 January 2024		142,765	2,855	-	231,939	377,559
Profit for the year		-	-	-	183,142	183,142
Other comprehensive (expense)/ income:						
- changes in fair value of cash flow hedges	19	-	(5,658)	-	-	(5,658)
- deferred tax on fair value changes on cash flow hedges	13	-	1,358	-	-	1,358
Total comprehensive income		-	(4,300)	-	183,142	178,842
Transactions with shareholders:						
Expense arising from equity- settled share-based payment transactions	21	-	-	1,684	-	1,684
Recharge of share-based payments	21	-	-	(1,684)	-	(1,684)
Dividend for financial year ended 31 December 2023						
- fourth interim	8	-	-	-	(42,830)	(42,830)
Dividends for financial year ended 31 December 2024						
- first interim	8	-	-	-	(28,553)	(28,553)
- second interim	8	-	-	-	(34,264)	(34,264)
- third interim	8	-	-	-	(62,817)	(62,817)
Total transactions with shareholders of the Company		-	-	-	(168,464)	(168,464)
At 31 December 2024		142,765	(1,445)	-	246,617	387,937

The notes on pages 184 to 244 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the Year Ended 31 December 2025

	Note	← Non-distributable →		Distributable	Total RM'000
		Share capital RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	
Company					
At 1 January 2025		142,765	-	347,454	490,219
Profit for the year		-	-	79,562	79,562
Total comprehensive income		-	-	79,562	79,562
Transactions with shareholders:					
Expense arising from equity-settled share-based payment transactions	21	-	1,524	-	1,524
Recharge of share-based payments	21	-	(1,524)	-	(1,524)
Dividend for financial year ended 31 December 2024					
- fourth interim	8	-	-	(42,830)	(42,830)
Dividends for financial year ended 31 December 2025					
- first interim	8	-	-	(21,415)	(21,415)
- second interim	8	-	-	(34,264)	(34,264)
- third interim	8	-	-	(14,277)	(14,277)
Total transactions with shareholders of the Company		-	-	(112,786)	(112,786)
At 31 December 2025		142,765	-	314,230	456,995

**STATEMENT OF
CHANGES IN EQUITY**
for the Year Ended 31 December 2025

	Note	← Non-distributable →		Distributable	Total RM'000
		Share capital RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	
Company					
At 1 January 2024		142,765	-	364,731	507,496
Profit for the year		-	-	151,187	151,187
Total comprehensive income		-	-	151,187	151,187
Transactions with shareholders:					
Expense arising from equity-settled share-based payment transactions	21	-	1,403	-	1,403
Recharge of share-based payments	21	-	(1,403)	-	(1,403)
Dividend for financial year ended 31 December 2023					
- fourth interim	8	-	-	(42,830)	(42,830)
Dividends for financial year ended 31 December 2024					
- first interim	8	-	-	(28,553)	(28,553)
- second interim	8	-	-	(34,264)	(34,264)
- third interim	8	-	-	(62,817)	(62,817)
Total transactions with shareholders of the Company		-	-	(168,464)	(168,464)
At 31 December 2024		142,765	-	347,454	490,219

The notes on pages 184 to 244 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the Year Ended 31 December 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Operating activities					
Profit before tax		274,404	251,616	82,063	153,745
Adjustments for:					
- non-cash items		23,037	40,307	5,987	7,161
- interest income		(801)	(585)	(801)	(585)
- interest expense		29,268	26,901	10,113	8,159
Changes in working capital:					
- inventories		(3,099)	34,372	-	-
- trade and other receivables		(75,453)	(43,619)	17,682	(18,283)
- trade and other payables		(40,937)	(43,147)	19,643	38,857
Cash from operations		206,419	265,845	134,687	189,054
Income tax paid		(63,538)	(60,867)	(1,608)	(3,587)
Net cash flow from operating activities		142,881	204,978	133,079	185,467
Investing activities					
Property, plant and equipment					
- additions	9	(2,056)	(1,624)	(2,056)	(380)
- proceeds from disposal		351	247	266	247
Addition of computer software	10	(750)	(1,796)	(222)	(1,255)
Interest income received		801	585	801	585
Net cash flow used in investing activities		(1,654)	(2,588)	(1,211)	(803)
Financing activities					
Dividends paid to shareholders	8	(112,786)	(168,464)	(112,786)	(168,464)
Interest expense paid on borrowings		(27,891)	(25,355)	(9,941)	(7,810)
Net drawdown of borrowings	18	11,700	15,000	-	-
Payment on lease liabilities	20	(13,326)	(14,489)	(4,570)	(5,412)
Interest paid in relation to lease liabilities		(1,377)	(1,546)	(172)	(349)
Net cash flow used in financing activities		(143,680)	(194,854)	(127,469)	(182,035)
Net (decrease)/increase in cash and bank balances		(2,453)	7,536	4,399	2,629
Cash and bank balances at 1 January		35,385	27,849	23,680	21,051
Cash and bank balances at 31 December		32,932	35,385	28,079	23,680

STATEMENTS OF
CASH FLOWS
for the Year Ended 31 December 2025

(a) Cash outflows for leases as a lessee

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Included in net cash from operating activities:					
Payment relating to short-term leases	3	231	31	-	-
Included in net cash from financing activities:					
Interest paid in relation to lease liabilities	3	1,377	1,546	172	349
Payment of lease liabilities		13,326	14,489	4,570	5,412
		14,703	16,035	4,742	5,761
Total cash outflows for leases		14,934	16,066	4,742	5,761

The notes on pages 184 to 244 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

British American Tobacco (Malaysia) Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the registered office and principal place of business of the Company is as follows:

Registered Office and Principal Place of Business

Level 19, Guoco Tower
Damansara City
No. 6 Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”).

The Company is principally engaged in providing day-to-day management and administrative services to its subsidiaries which are principally engaged in the sales, marketing and importation of cigarettes, pipe tobaccos, cigars, devices, other tobacco products and nicotine products. The details of the subsidiaries are as stated in Note 12 to the financial statements.

The Directors regard British American Tobacco Holdings (Malaysia) B.V. (incorporated in Netherlands) and British American Tobacco p.l.c. (incorporated in England and Wales), as its immediate and ultimate holding company respectively.

These financial statements were authorised for issue by the Board of Directors on 5 March 2026.

1. Basis of Preparation

(a) Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board (“MFRS Accounting Standards”), IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the requirements of the Companies Act 2016 in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation (continued)

(a) Statement of Compliance (continued)

The following are accounting standards, interpretations and amendments of the MFRS Accounting Standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*
- Amendments that are part of Annual Improvements – Volume 11:
 - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
 - Amendments to MFRS 7, *Financial Instruments: Disclosures*
 - Amendments to MFRS 9, *Financial Instruments*
 - Amendments to MFRS 10, *Consolidated Financial Statements*
 - Amendments to MFRS 107, *Statement of Cash Flows*
- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*
- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Translation to a Hyperinflationary Presentation Currency*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments, where applicable:

- from the annual period beginning on 1 January 2026 for the amendments that are effective for annual periods beginning on or after 1 January 2026.
- from the annual period beginning on 1 January 2027 for the accounting standards that are effective for annual periods beginning on or after 1 January 2027.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impact to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation (continued)

(b) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured based on the measurement bases stated below:

Items	Measurement bases
Derivative financial instruments	Fair value
Liabilities for equity-settled share-based payment arrangements	Fair value

(c) Functional and Presentation Currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of Estimates and Judgements

The preparation of the financial statements in conformity with MFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following note:

- Note 11 – impairment of goodwill

NOTES TO THE FINANCIAL STATEMENTS

2. Revenue

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue from contracts with customers:				
Sale of cigarettes, pipe tobaccos, cigars, devices, other tobacco and nicotine products	2,182,758	2,314,292	-	-
Other revenue:				
Dividend income from unquoted subsidiaries	-	-	88,687	154,464
Management fee from subsidiaries	-	-	4,570	4,869
Management fee from related company	1,140	1,112	668	644
Fee for usage of property, plant and equipment from subsidiaries	-	-	2,273	-
	2,183,898	2,315,404	96,198	159,977

The Group is primarily engaged in the sales, marketing and importation of cigarettes, pipe tobaccos, cigars, devices and other tobacco and nicotine products. Revenue of the Group is recognised at a point in time when it transfers control of tobacco products and nicotine devices to the customers. Payment terms given to customers range from 1 to 75 days from invoice date. Variable elements in consideration are trade discounts, volume rebates, trade incentives and rights of return. The Group allows return only for exchange with new goods (i.e. no cash refunds are offered).

Material accounting policy information

(a) Revenue from Contracts with Customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to the customer. An asset is transferred when (or as) the customer obtains control of the asset.

(b) Dividend Income

Dividend income is recognised in the profit or loss on the date that the Group's or the Company's right to receive payment is established.

(c) Management Fee

Management fee is recognised when services are rendered.

(d) Fee for usage of Property, Plant and Equipment

Fee for usage of property, plant and equipment is recognised when services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

3. Profit Before Tax

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit before tax is arrived at after charging:					
Auditors' remuneration:					
- Fees for statutory audit of the financial statements		615	581	462	428
- Fees for other audit-related services		10	278	10	278
Raw materials and consumables used		202,037	222,783	-	-
Excise duties		1,225,264	1,290,324	-	-
Staff costs	5	69,120	72,209	16,082	17,150
Property, plant and equipment:					
- depreciation	9	4,035	4,373	1,538	1,722
- depreciation of right-of-use ("ROU") assets	9	13,183	14,527	4,382	5,232
- write-off	9	-	1,649	-	446
Computer software:					
- amortisation	10	722	1,298	433	35
Net loss on impairment of financial assets at amortised cost	23.4	59	37	-	-
Expenses relating to:					
- short-term lease	a	231	31	-	-
Inventories written-off	14	9,173	8,001	-	-
Finance costs:					
- lease liabilities		1,377	1,546	172	349
- borrowings		27,891	25,355	9,941	7,810
Loss on derivatives	19	2,373	-	-	-
Restructuring costs		1,320	-	-	-
and after crediting:					
Gain on disposal of property, plant and equipment		140	166	55	166
Interest income on deposits		801	585	801	585
Gain on derecognition of lease assets		219	18	218	-
Gain on derivatives	19	-	286	-	-
Net foreign exchange gain/(loss)		2,047	1,955	(999)	319

NOTES TO THE FINANCIAL STATEMENTS

3. Profit Before Tax (continued)

Note a

The Group leases buildings and motor vehicles with contract terms of less than 1 year. These leases are short-term leases and the Group has elected not to recognise right-of-use (“ROU”) assets and lease liabilities for these leases.

4. Directors’ Remuneration

	Group and Company	
	2025 RM’000	2024 RM’000
Fees	816	785
Other emoluments	6,948	6,639
	7,764	7,424

Included in other emoluments is the estimated monetary value of benefits in kind provided to Directors of the Group and of the Company during the financial year amounted to RM454,000 (2024: RM539,000) and RM454,000 (2024: RM539,000) respectively.

Details of the movements of certain Directors’ equity-settled share-based payments arrangements, covering the Deferred Share Bonus Scheme and International Share Reward Scheme are as follows, representing number of ordinary shares awarded during the tenure of the Directors’ service with the Group and the Company.

	Number of ordinary shares in British American Tobacco p.l.c.				
	At 1.1.2024	Other movements*	At 31.12.2024/ 1.1.2025	Other movements*	At 31.12.2025
Executive Directors					
Deferred Share Bonus Scheme	9,883	(1,510)	8,373	(1,083)	7,290
International Share Reward Scheme	286	(1)	285	(8)	277
	10,169	(1,511)	8,658	(1,091)	7,567

* Other movements relate to ordinary shares and options that would have lapsed or movement of Directors during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

4. Directors' Remuneration (continued)

Details of the movements of the Directors' participation in the equity-settled Long-Term Incentive Plan are as follows, representing number of options in ordinary shares granted during the tenure of the Directors' service with the Group and the Company.

Grant price	Number of options in ordinary shares in British American Tobacco p.l.c.				
	At 1.1.2024	Other movements*	At 31.12.2024/ 1.1.2025	Other movements*	At 31.12.2025
£24.04	1,942	(1,942)	-	-	-
£32.18	9,070	(1,924)	7,146	(7,146)	-
£29.71	10,450	(2,078)	8,372	-	8,372
£23.84	-	12,393	12,393	-	12,393
£31.79	-	-	-	10,059	10,059
	21,462	6,449	27,911	2,913	30,824

* Other movements relate to ordinary shares and options that would have lapsed or movement of Directors during the financial year.

5. Staff Costs

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Wages, salaries and bonuses	58,174	58,914	14,680	13,386
Defined contribution plan	5,359	5,062	879	880
Other staff related expenses	5,587	8,233	523	2,884
	69,120	72,209	16,082	17,150

Included in staff costs is an amount for other emoluments as part of Directors' remuneration disclosed in Note 4 to the financial statements.

Staff costs recharged by the Company to the subsidiaries during the year amounted to RM16,607,000 (2024: RM17,206,000).

Material accounting policy information

(a) Short-term Employee Benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

5. Staff Costs (continued)

Material accounting policy information (continued)

(b) State Plans

The Group's contributions to statutory pension funds are charged to the profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(c) Termination Benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

6. Tax Expense

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Income tax expense				
- current year	67,547	66,662	1,215	1,863
- under provision in prior year	1,270	6,432	157	636
	68,817	73,094	1,372	2,499
Deferred tax expense				
- reversal and origination of temporary differences	5,011	(516)	953	177
- (over)/under provision in prior year	(1,870)	(4,104)	176	(118)
	3,141	(4,620)	1,129	59
	71,958	68,474	2,501	2,558

	Group		Company	
	2025 %	2024 %	2025 %	2024 %
Reconciliation of tax rate				
Statutory tax rate	24	24	24	24
Expenses not deductible for tax purposes	2	2	5	2
Under provision in prior year	-	1	-	-
Income not subject to tax	-	-	(26)	(24)
	26	27	3	2

NOTES TO THE FINANCIAL STATEMENTS

6. Tax Expense (continued)

Material accounting policy information

Tax expense comprises income and deferred tax. Income tax and deferred tax are recognised in the profit or loss except to the extent that they relate to a business combination or items recognised directly in equity or other comprehensive income.

Income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

7. Earnings Per Share

The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2025	2024
Profit for the year (RM'000)	202,446	183,142
<u>Weighted average number of ordinary shares:</u>		
Number of ordinary shares at 31 December ('000)	285,530	285,530
Basic earnings per ordinary share (sen)	70.9	64.1

The Group's diluted profit per ordinary share for the financial year approximates its basic earnings per ordinary shares.

Material accounting policy information

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

NOTES TO THE FINANCIAL STATEMENTS

8. Dividends

Dividends paid or declared in respect of the financial year are as follows:

	Sen per share	Total amount RM'000
2025		
Fourth interim dividend 2024	15.0	42,830
First interim dividend 2025	7.5	21,415
Second interim dividend 2025	12.0	34,264
Third interim dividend 2025	5.0	14,277
Total amount	39.5	112,786
2024		
Fourth interim dividend 2023	15.0	42,830
First interim dividend 2024	10.0	28,553
Second interim dividend 2024	12.0	34,264
Third interim dividend 2024	22.0	62,817
Total amount	59.0	168,464

The first, second and third interim dividends are paid and accounted for in shareholders' equity as an appropriation of retained earnings in the financial year they are declared.

The Directors declared a fourth interim ordinary dividend of 39.0 sen per ordinary share at the Board of Directors' meeting on 9 February 2026 amounting to RM111,356,700 in respect of the financial year ended 31 December 2025 which will be paid on 10 April 2026 to shareholders registered in the Company's Register of Members at the close of business on 13 March 2026. These financial statements do not reflect the fourth interim ordinary dividend which will be accounted for in the financial year ending 31 December 2026.

The Board of Directors do not recommend the payment of a final dividend in respect of the financial year ended 31 December 2025.

Material accounting policy information

Interim dividends are recognised as a liability in the period in which they are declared. Final dividends are recognised in the period approval of members is obtained.

NOTES TO THE FINANCIAL STATEMENTS

9. Property, Plant and Equipment

Group Cost	Buildings (ROU assets)* RM'000		Machinery and equipment RM'000		Furniture and fittings RM'000		Furniture and fittings (ROU assets)* RM'000		Motor vehicles RM'000		Motor vehicles (ROU assets)* RM'000		Capital work-in- progress RM'000		Total RM'000	
At 1 January 2024	71,155	5,823	33,095	967	2,418	14,283	298	128,039								
Additions	948	-	1,244	419	-	1,915	380	4,906								
Disposals	(7,678)	(896)	(344)	-	(543)	-	-	(9,461)								
Derecognition	-	-	-	-	-	(63)	-	(63)								
Remeasurement	350	-	-	-	-	-	-	350								
Reclassification	-	-	99	-	-	-	-	(99)								
Write-off	-	(583)	(2,740)	-	-	-	-	(3,323)								
At 31 December 2024/ 1 January 2025	64,775	4,344	31,354	1,386	1,875	16,135	579	120,448								
Additions	1,124	-	1,924	526	-	7,226	131	10,931								
Disposals	-	-	-	-	(914)	-	-	(914)								
Derecognition	(4,444)	-	-	(341)	-	(6,178)	-	(10,963)								
Reclassification	-	-	380	-	-	-	-	(380)								
Write-off	-	-	(1,048)	-	(612)	-	-	(1,660)								
At 31 December 2025	61,455	4,344	32,610	1,571	349	17,183	330	117,842								

NOTES TO THE FINANCIAL STATEMENTS

9. Property, Plant and Equipment (continued)

Group	Buildings (ROU assets)* RM'000	Machinery and equipment RM'000	Furniture and fittings RM'000	Furniture and fittings (ROU assets)* RM'000		Motor vehicles RM'000	Motor vehicles (ROU assets)* RM'000	Capital work-in- progress RM'000	Total RM'000
				Furniture and fittings RM'000	Motor vehicles RM'000				
Accumulated depreciation									
At 1 January 2024	31,684	1,384	19,153	446	1,879	7,801	-	-	62,347
Charge for the year	8,840	317	3,935	287	121	5,400	-	-	18,900
Disposals	(7,678)	(896)	(344)	-	(462)	-	-	-	(9,380)
Derecognition	-	-	-	-	-	(44)	-	-	(44)
Write-off	-	(168)	(1,506)	-	-	-	-	-	(1,674)
At 31 December 2024/ 1 January 2025	32,846	637	21,238	733	1,538	13,157	-	-	70,149
Charge for the year	7,615	300	3,633	398	102	5,170	-	-	17,218
Disposals	-	-	-	-	(703)	-	-	-	(703)
Derecognition	(2,884)	-	-	(341)	-	(6,028)	-	-	(9,253)
Write-off	-	-	(1,048)	-	(612)	-	-	-	(1,660)
At 31 December 2025	37,577	937	23,823	790	325	12,299	-	-	75,751
Carrying amounts									
At 1 January 2024	39,471	4,439	13,942	521	539	6,482	298	-	65,692
At 31 December 2024/ 1 January 2025	31,929	3,707	10,116	653	337	2,978	579	-	50,299
At 31 December 2025	23,878	3,407	8,787	781	24	4,884	330	-	42,091

NOTES TO THE FINANCIAL STATEMENTS

9. Property, Plant and Equipment (continued)

Company	Buildings (ROU assets)* RM'000	Furniture and fittings RM'000	Furniture and fittings (ROU assets)* RM'000	Motor vehicles RM'000	Motor vehicles (ROU assets)* RM'000	Capital work-in- progress RM'000	Total RM'000
Cost							
At 1 January 2024	31,506	18,299	967	1,763	441	-	52,976
Additions	-	-	420	-	373	380	1,173
Write-off	-	(1,158)	-	-	-	-	(1,158)
Disposal	-	(186)	-	(543)	-	-	(729)
At 31 December 2024/ 1 January 2025	31,506	16,955	1,387	1,220	814	380	52,262
Additions	-	1,925	430	-	80	131	2,566
Disposal	-	-	-	(603)	-	-	(603)
Derecognition	(4,444)	-	(341)	-	(80)	-	(4,865)
Reclassification	-	380	-	-	-	(380)	-
Write-off	-	(700)	-	(612)	-	-	(1,312)
At 31 December 2025	27,062	18,560	1,476	5	814	131	48,048

NOTES TO THE FINANCIAL STATEMENTS

9. Property, Plant and Equipment (continued)

Company	Buildings (ROU assets)* RM'000	Furniture and fittings RM'000	Furniture and fittings (ROU assets)* RM'000	Motor vehicles RM'000	Motor vehicles (ROU assets)* RM'000	Capital work-in- progress RM'000	Total RM'000
Accumulated depreciation							
At 1 January 2024	19,620	12,484	446	1,395	124	-	34,069
Charge for the year	4,626	1,646	287	76	319	-	6,954
Disposal	-	(186)	-	(462)	-	-	(648)
Write-off	-	(712)	-	-	-	-	(712)
At 31 December 2024/ 1 January 2025	24,246	13,232	733	1,009	443	-	39,663
Charge for the year	3,673	1,538	398	-	311	-	5,920
Disposal	-	-	-	(392)	-	-	(392)
Derecognition	(2,884)	-	(341)	-	(37)	-	(3,262)
Write-off	-	(700)	-	(612)	-	-	(1,312)
At 31 December 2025	25,035	14,070	790	5	717	-	40,617
Carrying amounts							
At 1 January 2024	11,886	5,815	521	368	317	-	18,907
At 31 December 2024/ 1 January 2025	7,260	3,723	654	211	371	380	12,599
At 31 December 2025	2,027	4,490	686	-	97	131	7,431

* The Group leases office building, motor vehicle, warehouse, factory and computer equipment that run for 3 to 10 years, with an option to renew the lease after that date.

NOTES TO THE FINANCIAL STATEMENTS

9. Property, Plant and Equipment (continued)

Extension options

Some leases contain extension options exercisable by the Group and the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Group and the Company seek to include extension options in new leases to provide operational flexibility. The Group and the Company assess at lease commencement whether it is reasonably certain to exercise the extension options. The Group and the Company reassess whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Material accounting policy information

(a) Recognition and Measurement

Items of property, plant and equipment, except for freehold land, are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other operating income” and “other operating expenses” respectively in the profit or loss.

(b) Subsequent Costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to the profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

9. Property, Plant and Equipment (continued)

Material accounting policy information (continued)

(c) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative years are as follows:

Buildings	2 to 10 years
Machinery and equipment	14 to 20 years
Furniture and fittings (including computer equipment and peripherals)	Various periods not exceeding 10 years
Motor vehicles	2 to 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

Leases

(a) Definition of a Lease Contract

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group and the Company is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

NOTES TO THE FINANCIAL STATEMENTS

9. Property, Plant and Equipment (continued)

Material accounting policy information (continued)

Leases (continued)

(b) Recognition and Initial Measurement

(i) As a Lessee

The Group and the Company recognise a right-of-use (“ROU”) asset and a lease liability at the lease commencement date. The right-of-use (“ROU”) asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities’ incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group and the Company is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group and the Company exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group and the Company have elected not to recognise right-of-use (“ROU”) assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

9. Property, Plant and Equipment (continued)

Material accounting policy information (continued)

Leases (continued)

(c) Subsequent Measurement

(i) As a Lessee

The right-of-use (“ROU”) asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use (“ROU”) asset or the end of the lease term. The estimated useful lives of right-of-use (“ROU”) assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use (“ROU”) asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group and the Company’s estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company change its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use (“ROU”) asset, or is recorded in profit or loss if the carrying amount of the right-of-use (“ROU”) asset has been reduced to zero.

10. Computer Software

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cost				
At 1 January	5,536	3,740	1,342	87
Additions	750	1,796	222	1,255
At 31 December	6,286	5,536	1,564	1,342
Accumulated amortisation				
At 1 January	3,727	2,429	122	87
Charge for the year	722	1,298	433	35
At 31 December	4,449	3,727	555	122
Carrying amounts				
At 31 December	1,837	1,809	1,009	1,220

NOTES TO THE FINANCIAL STATEMENTS

10. Computer Software (continued)

Material accounting policy information

(a) Other Intangible Assets

Intangible assets, other than goodwill, that are acquired by the Group and the Company, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(b) Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the profit or loss as incurred.

(c) Amortisation

Intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative years are as follows:

Computer software	3 to 5 years
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Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate. The amortisation of computer software is recognised in administrative expenses.

11. Goodwill

	Group	
	2025	2024
	RM'000	RM'000
Carrying amount at 31 December	411,618	411,618

Goodwill arose from the acquisition of the business of Malaysian Tobacco Company Berhad, and represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the net assets of the subsidiary companies acquired on 2 November 1999, the date of acquisition.

The carrying amount of goodwill is reviewed for impairment annually. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. The carrying amount of goodwill fully relates to the West Malaysia cash-generating unit. The recoverable amount has been determined based on value-in-use calculations. For the purposes of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

NOTES TO THE FINANCIAL STATEMENTS

11. Goodwill (continued)

The key assumptions for the recoverable amount are management's current estimates for revenue, volume growth and terminal growth rate as well as a pre-tax discount rate of 10.6 percent (2024: 10.6 percent). These assumptions are determined by management using past experience and external information where available. The assumptions are applied to a projection for a period of five years (2024: five years) plus terminal value.

The value-in-use calculations use cash flows based on detailed financial budgets prepared by management covering a one-year period extrapolated over a 5-year horizon with decline of 10.8% (2024: growth 2.1%) in years 2 to 5. The forecasted decline is due to an expected reduction in the legal combustible market and sustained consumer shift toward reduced-risk products. A 5-year horizon is considered appropriate based on the Group's history of profit and cash growth, its well-balanced portfolio of brands and the industry in which it operates. A terminal growth rate was assumed beyond the 5-year horizon taking into account potential long-term volume decline of combustible products partially offset by a conservative rate of growth assumed for the downtrend of illicit incidence. Terminal growth rates are reassessed on an annual basis.

Based on the assessment, the recoverable amount exceeded the carrying amount of the goodwill. Accordingly, no impairment loss was recognised in 2025 (2024: Nil).

Based on sensitivity tests performed by the Group, any reasonable change in the key assumptions used will not result in any significant change to the results of impairment assessment.

Material accounting policy information

(a) Goodwill

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses.

(b) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired.

12. Subsidiaries

	Note	Company	
		2025 RM'000	2024 RM'000
Cost			
Unquoted shares in subsidiaries	12.1	723,395	723,395

NOTES TO THE FINANCIAL STATEMENTS

12. Subsidiaries (continued)

12.1 Unquoted shares in subsidiaries

The subsidiaries, all of which are wholly-owned, are as follows:

Name of entity	Principal place of business/ country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2025	2024
Commercial Marketers and Distributors Sdn. Bhd.	Malaysia	Sales, marketing and importation of cigarettes, pipe tobaccos, cigars, devices, other tobacco products and nicotine products	100%	100%
Tobacco Importers and Manufacturers Sdn. Berhad	Malaysia	Manufacture and sale of cigarettes and other tobacco related products	100%	100%

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

Material accounting policy information

(a) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

13. Deferred Tax

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Deferred tax assets					
At 1 January		12,565	6,587	2,544	2,603
Recognised in profit or loss	13(i)	(3,141)	4,620	(1,129)	(59)
Recognised in other comprehensive income	13(ii)	785	1,358	-	-
At 31 December		10,209	12,565	1,415	2,544
Represented by:					
Property, plant and equipment		1,142	(1,030)	(346)	(432)
Provisions		6,970	12,283	1,761	2,976
Cash flow hedge		2,097	1,312	-	-
Deferred tax assets		10,209	12,565	1,415	2,544

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Deferred tax assets				
Deferred tax assets/(liabilities) to be recovered after more than 12 months	1,142	(1,030)	(346)	(432)
Deferred tax assets to be recovered within 12 months	9,067	13,595	1,761	2,976
At 31 December	10,209	12,565	1,415	2,544
(i) Recognised in profit or loss:				
- (Charged)/credited in respect of net deferred tax assets	(3,141)	4,620	(1,129)	(59)
Net (charged)/credited to profit or loss	(3,141)	4,620	(1,129)	(59)
(ii) Recognised in other comprehensive income:				
- Credited in respect of deferred tax assets	785	1,358	-	-
Net credited to other comprehensive income	785	1,358	-	-

During and at the end of the financial year, there were no unabsorbed tax losses. There are no items for which deferred tax assets have not been recognised.

NOTES TO THE FINANCIAL STATEMENTS

13. Deferred Tax (continued)

Material accounting policy information

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

14. Inventories

	Group	
	2025	2024
	RM'000	RM'000
Raw materials	283	328
Finished goods	13,354	10,210
	13,637	10,538
Recognised in profit or loss:		
Inventories recognised as cost of sales	1,427,301	1,513,107
Written-off to cost of sales	9,173	8,001

NOTES TO THE FINANCIAL STATEMENTS

14. Inventories (continued)

Material accounting policy information

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of 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 the estimated costs necessary to make the sale.

15. Trade and Other Receivables

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Trade receivables	15.1	722,462	649,745	-	-
Allowance for impairment loss		(810)	(851)	-	-
Trade receivables, net		721,652	648,894	-	-
Amounts due from fellow subsidiaries*	15.2	7,132	9,237	1,170	4,583
Amounts due from subsidiaries	15.3	-	-	-	14,203
Other receivables, deposits and prepayments	15.4	17,252	11,077	1,895	1,979
		24,384	20,314	3,065	20,765
Total receivables		746,036	669,208	3,065	20,765

* Fellow subsidiaries through a common ultimate major shareholder, British American Tobacco p.l.c.

15.1 Trade Receivables

Credit terms of trade receivables range from 1 to 75 days (2024: 1 to 75 days).

Transfer of trade receivables

The Group sold without recourse certain trade receivables to a bank for cash proceeds. These trade receivables have been derecognised from the statement of financial position because the Group has transferred risks and rewards to the bank. The arrangement with the bank is such that the customers remit cash directly to the Group and the Group transfers the collected amounts to the bank.

NOTES TO THE FINANCIAL STATEMENTS

15. Trade and Other Receivables (continued)

15.1 Trade Receivables (continued)

Transfer of trade receivables (continued)

The following information shows the carrying amount of trade receivables at the reporting date that have been sold and derecognised under trade receivables.

	Group	
	2025 RM'000	2024 RM'000
Carrying amount of trade receivables sold to a bank and derecognised	79,995	79,995

15.2 Amounts Due From Fellow Subsidiaries

The Group's and the Company's amounts due from fellow subsidiaries are trade and non-trade in nature and are unsecured and interest free with a credit term of 30 to 60 days (2024: 30 to 60 days).

15.3 Amounts Due From Subsidiaries

The Company's amounts due from subsidiaries were non-trade in nature and were unsecured and interest free with a credit term of 30 days (2024: 30 days).

15.4 Other Receivables, Deposits and Prepayments

Included in other receivables, deposits and prepayments of the Group are prepaid excise duties of RM14,001,969 (2024: RM8,442,000).

Material accounting policy information

(a) Financial Instruments

(i) Recognition and Initial Measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

NOTES TO THE FINANCIAL STATEMENTS

15. Trade and Other Receivables (continued)

Material accounting policy information (continued)

(a) Financial Instruments (continued)

(ii) Financial Instrument Categories and Subsequent Measurement

Financial Assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised Cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit-impaired financial assets where the effective interest rate is applied to the amortised cost.

(b) Fair Value through Other Comprehensive Income

(i) Debt Investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit-impaired financial assets where the effective interest rate is applied to the amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

15. Trade and Other Receivables (continued)

Material accounting policy information (continued)

(a) Financial Instruments (continued)

(ii) Financial Instrument Categories and Subsequent Measurement (continued)

Financial Assets (continued)

(b) Fair Value through Other Comprehensive Income (continued)

(ii) Equity Investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses accumulated in other comprehensive income are not reclassified to profit or loss. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(c) Fair Value through Profit or Loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 23.4(a)(i)).

NOTES TO THE FINANCIAL STATEMENTS

16. Capital and Reserves

Share capital

	Group and Company			
	Number of shares 2025 '000	Amount 2025 RM'000	Number of shares 2024 '000	Amount 2024 RM'000
	Ordinary shares issued and fully paid with no par value	285,530	142,765	285,530

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

Material accounting policy information

(a) Equity Instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue Expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary Shares

Ordinary shares are classified as equity.

17. Trade and Other Payables

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Trade payables	17.1	13,749	23,432	-	-
Trade accruals		38,903	69,573	-	-
Amounts due to subsidiaries	17.2	-	-	292,800	271,804
Amounts due to fellow subsidiaries*	17.3	45,134	19,988	3,017	416
Other payables and accruals		61,417	81,471	10,361	14,426
		159,203	194,464	306,178	286,646

NOTES TO THE FINANCIAL STATEMENTS

17. Trade and Other Payables (continued)

Other payables and accruals comprise the following:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Accruals for employee expenses	14,742	17,527	4,165	5,372
Accruals for administrative expenses	41,951	38,807	4,645	7,767
Provision for restructuring	1,320	-	-	-
Provision for market returns	1,732	23,838	-	-
Other non-operating creditors	1,672	1,299	1,551	1,287
	61,417	81,471	10,361	14,426

* Fellow subsidiaries through a common ultimate major shareholder, British American Tobacco p.l.c.

Provision for restructuring

The provision for restructuring is expected to be settled within 12 months. Movements of provision for restructuring are as follows:

	Group RM'000
At 1 January 2024	252
Provisions used during the year	(252)
At 31 December 2024/1 January 2025	-
Provisions made during the year	1,320
At 31 December 2025	1,320

Provision for market returns

The provision for market returns is expected to be settled within 12 months. Movements of provision for market returns are as follows:

	Group RM'000
At 1 January 2024	12,340
Provisions made during the year	19,499
Provisions used during the year	(8,001)
At 31 December 2024/1 January 2025	23,838
Provisions made during the year	1,732
Provisions used during the year	(23,838)
At 31 December 2025	1,732

NOTES TO THE FINANCIAL STATEMENTS

17. Trade and Other Payables (continued)

17.1 Trade Payables

Credit terms of trade payables and suppliers of property, plant and equipment granted to the Group vary from cash term to 120 days (2024: cash term to 120 days).

17.2 Amounts Due to Subsidiaries

The Company's amounts due to subsidiaries are non-trade in nature and are unsecured and subject to 3% (2024: 3%) interest per annum with a credit term of 30 days (2024: 30 days).

17.3 Amounts Due to Fellow Subsidiaries

The Group's and the Company's amounts due to fellow subsidiaries are trade and non-trade in nature and are repayable within credit terms of 30 to 60 days (2024: 30 to 60 days). These amounts are unsecured and interest free.

Material accounting policy information

(a) Financial Instruments

(i) Recognition and Initial Measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial Instrument Categories and Subsequent Measurement

Financial Liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

17. Trade and Other Payables (continued)

Material accounting policy information (continued)

(a) Financial Instruments (continued)

(ii) Financial Instrument Categories and Subsequent Measurement (continued)

Financial Liabilities (continued)

The categories of financial liabilities at initial recognition are as follows (continued):

(a) Fair Value through Profit or Loss (continued)

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- (a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

(b) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Restructuring

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 announced publicly. Future operating costs are not provided for.

(ii) Market returns

A provision for market returns is recognised at the point of sale based on a reasonable estimate of likely returns and expected product expiry date.

NOTES TO THE FINANCIAL STATEMENTS

18. Borrowings

	Group	
	2025 RM'000	2024 RM'000
Current – unsecured		
Revolving credit	310,000	330,000
Short-term loan	259,700	228,000
	569,700	558,000

The Group's borrowings have a maturity date between one month to three months. The Group's borrowings are denominated in Ringgit Malaysia.

Reconciliation of movement of liabilities to cash flow arising from financing activities

	Net changes from financing cash flows			
	2024 RM'000	Drawdown RM'000	Repayment RM'000	2025 RM'000
Group				
Borrowings	558,000	1,113,700	(1,102,000)	569,700

	Net changes from financing cash flows			
	2023 RM'000	Drawdown RM'000	Repayment RM'000	2024 RM'000
Group				
Borrowings	543,000	587,000	(572,000)	558,000

19. Derivative Financial Instruments

	2025		2024	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Group				
Forward foreign exchange contract				
- cash flow hedges	1,124	7,084	2,649	4,183

The fair values of derivative financial instruments are determined based on the quoted market price of similar derivatives, as they are not traded on an active market.

During the year, the Group recognised a loss of RM2,373,000 (2024: gain of RM286,000) arising from forward foreign exchange contracts in relation to cash flow hedges was recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

19. Derivative Financial Instruments (continued)

The Group's cash flow hedges are principally net exposure in the respective foreign currencies of future payment for finished goods and services, over a period of 6 to 18 months. The timing of expected cash flows in respect of derivatives designated as cash flow hedges is expected to be comparable to the timing of when the hedged item will affect the profit or loss, which are expected to occur at various dates over a period of 6 to 18 months (2024: 6 to 18 months).

Gains and losses recognised in other comprehensive income on forward foreign exchange contracts are recognised in the profit or loss in the period or periods during which the hedged forecast transaction affects the profit or loss. During the year, the Group recognised a loss of RM3,273,000 (2024: loss of RM5,658,000) in the statement of other comprehensive income and a gain of RM9,129,000 and (2024: loss of RM3,626,000) was reclassified from equity to the profit or loss.

The notional principal amounts of the outstanding forward foreign exchange contracts are as follows:

Hedging Instruments	Currency	RM'000 equivalent	Average contracted rate
Group			
2025			
Currency to be received over the next 12 months USD30,195,000 (net)	US Dollar	128,345	1 USD = RM4.2506
2024			
Currency to be received over the next 12 months USD39,870,000 (net)	US Dollar	179,064	1 USD = RM4.4912

Material accounting policy information

(a) Hedge Accounting

At inception of a designated hedging relationship, the Group and the Company document the risk management objective and strategy for undertaking the hedge. The Group and the Company also document the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash Flow Hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in the profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

NOTES TO THE FINANCIAL STATEMENTS

19. Derivative Financial Instruments (continued)

Material accounting policy information (continued)

(a) Hedge Accounting (continued)

Cash Flow Hedge (continued)

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into the profit or loss in the same year during which the hedged forecast cash flows affect the profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into the profit or loss immediately.

The Group designate only the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("forward points") and/or the foreign currency basis spread are separately accounted for as cost of hedging and recognised in a cost of hedging reserve within equity.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect the profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

19. Derivative Financial Instruments (continued)

Material accounting policy information (continued)

(a) Hedge Accounting (continued)

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

20. Lease Liabilities

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current	10,285	11,416	2,973	5,462
Non-current	21,109	26,357	449	3,841
Total	31,394	37,773	3,422	9,303

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At 1 January	37,773	48,665	9,303	13,922
Net changes from financing cash flows	(13,326)	(14,489)	(4,570)	(5,412)
Addition and remeasurement	8,876	3,634	510	793
Derecognition	(1,929)	(37)	(1,821)	-
At 31 December	31,394	37,773	3,422	9,303

NOTES TO THE FINANCIAL STATEMENTS

20. Lease Liabilities (continued)

20.1 Material accounting policy information

(a) Definition of a Lease Contract

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

For leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(b) Recognition and Initial Measurement

(i) As a Lessee

The Group recognises a right-of-use (“ROU”) asset and a lease liability at the lease commencement date. The right-of-use (“ROU”) asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities’ incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

NOTES TO THE FINANCIAL STATEMENTS

20. Lease Liabilities (continued)

20.1 Material accounting policy information (continued)

(b) Recognition and Initial Measurement (continued)

(i) As a Lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use (“ROU”) assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(c) Subsequent Measurement

(i) As a Lessee

The right-of-use (“ROU”) asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use (“ROU”) asset or the end of the lease term. The estimated useful lives of right-of-use (“ROU”) assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use (“ROU”) asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use (“ROU”) asset, or is recorded in profit or loss if the carrying amount of the right-of-use (“ROU”) asset has been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS

21. Share-based Payments

The Group operates a number of share-based payment arrangements of which the three principal ones are:

LTIP - Performance Share Plan (PSP)

Since 2020, performance-related conditional awards under which shares are released automatically following a 3-year vesting period (5-year period for the Executive Directors). LTIP awards granted up to 2019 are nil-cost options exercisable after three years from date of grant (five years for Executive Directors) with a contractual life of 10 years.

For awards granted in 2021, 2020 and 2019, vesting is subject to performance conditions measured over a 3-year period (for all awards), based on earnings per share (40% of grant), operating cash flow (20% of grant), total shareholder return (20% of grant) and net turnover (20% of grant). Total shareholder return combines the share price and dividend performance of the Company by reference to one comparator group.

For 2022, 2023, 2024 and 2025 awards, the performance conditions are based on earnings per share (30% of grant), operating cash flow (20% of grant), total shareholder return (20% of grant), net turnover (15% of grant) and New Categories revenue growth (15% of grant).

Participants are not entitled to dividends prior to the vesting or exercise of the awards. A cash equivalent dividend accrues through the vesting period (other than for the Executive Directors where additional shares are delivered in lieu of cash) and is paid on vesting. Equity-settled PSP awards are granted in March each year.

Restricted Share Plan (RSP)

Introduced in 2020, conditional awards under which shares are released three years from date of grant, subject to a continuous employment condition during the three-year vesting period. Participants are not entitled to dividends prior to shares vesting. A cash equivalent dividend accrues through the vesting period and is paid on vesting. Equity-settled RSP awards are granted in March or September.

Deferred Share Bonus Scheme (DSBS)

Granted in connection with annual bonuses, conditional awards under which shares are released three years from date of grant subject to a continuous employment condition during the three-year vesting period. A cash equivalent dividend accrues through the vesting period and is paid quarterly (other than for the Executive Directors where additional shares are delivered in lieu of cash). Equity-settled DSBS awards are granted in March each year.

The Group also has a number of other arrangements which are not material for the Group and these are as follows:

International Share Reward Scheme (ISRS)

Conditional shares are granted in April each year (up to an equivalent of £3,600 in any year) subject to a three-year vesting period. Dividend equivalents accrue through the vesting period and additional shares are delivered at vesting. Awards are equity-settled.

NOTES TO THE FINANCIAL STATEMENTS

21. Share-based Payments (continued)

Share-based Payment Expense

The amount recognised in the profit or loss in respect of share-based payments were as follows:

	Note	Equity-settled	
		2025 RM'000	2024 RM'000
Group			
LTIP - PSP & RSP	21.1	1,355	1,175
DSBS	21.2	248	497
Other schemes	21.3	17	12
Total recognised in profit or loss		1,620	1,684

	Note	Equity-settled	
		2025 RM'000	2024 RM'000
Company			
LTIP - PSP & RSP	21.1	1,259	1,029
DSBS	21.2	248	362
Other schemes	21.3	17	12
Total recognised in profit or loss		1,524	1,403

21.1 Long-Term Incentive Plan - PSP & RSP

Details of the movements for the equity-settled LTIP scheme during the years ended 31 December 2025 and 31 December 2024, were as follows:

	Equity-settled	
	Number of options in thousand	
	2025	2024
Group		
Outstanding at start of financial year	35	31
Granted during the period	12	15
Exercised during the period	(6)	(7)
Forfeited during the period	(5)	(4)
Outstanding at end of financial year	36	35
Exercisable at end of financial year	-	-

NOTES TO THE FINANCIAL STATEMENTS

21. Share-based Payments (continued)

21.1 Long-Term Incentive Plan - PSP & RSP (continued)

The weighted average British American Tobacco p.l.c. share price at the date of exercise for share options exercised during the period was £31.82 (2024: £24.06) for equity-settled options.

The outstanding shares for the year ended 31 December 2025 had a weighted average contractual life of 1.1 years (2024: 1.4 years) for the equity-settled scheme.

	Equity-settled	
	Number of options in thousand	
Company	2025	2024
Outstanding at start of financial year	33	29
Granted during the period	11	14
Exercised during the period	(6)	(6)
Forfeited during the period	(4)	(4)
Outstanding at end of financial year	34	33
Exercisable at end of financial year	-	-

The weighted average British American Tobacco p.l.c. share price at the date of exercise for share options exercised during the period was £31.82 (2024: £23.51) for equity-settled options.

The outstanding shares for the year ended 31 December 2025 had a weighted average contractual life of 1.2 years (2024: 1.3 years) for the equity-settled scheme.

21.2 Deferred Share Bonus Scheme

Details of the movements for the equity-settled DSBS scheme during the years ended 31 December 2025 and 31 December 2024, were as follows:

	Equity-settled	
	Number of options in thousand	
Group	2025	2024
Outstanding at start of financial year	21	23
Granted during the period	2	5
Exercised during the period	(8)	(6)
Forfeited during the period	(3)	(1)
Outstanding at end of financial year	12	21
Exercisable at end of financial year	-	-

NOTES TO THE FINANCIAL STATEMENTS

21. Share-based Payments (continued)

21.2 Deferred Share Bonus Scheme (continued)

The weighted average British American Tobacco p.l.c. share price at the date of exercise for share options exercised during the period was £31.89 (2024: £23.51) for equity-settled options.

The outstanding shares for the year ended 31 December 2025 had a weighted average contractual life of 0.8 years (2024: 1.1 years) for the equity-settled scheme.

	Equity-settled	
	Number of options in thousand	
	2025	2024
Company		
Outstanding at start of financial year	13	15
Granted during the period	2	4
Exercised during the period	(6)	(5)
Forfeited during the period	(1)	(1)
Outstanding at end of financial year	8	13
Exercisable at end of financial year	-	-

The weighted average British American Tobacco p.l.c. share price at the date of exercise for share options exercised during the period was £31.91 (2024: £23.51) for equity-settled options.

The outstanding shares for the year ended 31 December 2025 had a weighted average contractual life of 0.9 years (2024: 1.1 years) for the equity-settled scheme.

21.3 Other Schemes

International Share Reward Scheme

Group

The number of outstanding shares at the end of the year for the International Share Reward Scheme were 277 (2024: 561).

Company

The number of outstanding shares at the end of the year for the International Share Reward Scheme were 277 (2024: 469).

NOTES TO THE FINANCIAL STATEMENTS

21. Share-based Payments (continued)

Valuation Assumptions

Assumptions used in the Black-Scholes models to determine the fair value of share options at grant date were as follows:

	2025		2024	
	LTIP - PSP & RSP	DSBS	LTIP - PSP & RSP	DSBS
Group and Company				
Expected volatility (%)	23.0	23.0	25.0	25.0
Average expected term to exercise (years)	3.0	3.0	3.0	3.0
Risk-free rate (%)	4.2	4.2	4.0	4.0
Expected dividend yield (%)	7.5	7.5	9.8	9.8
Share price at date of grant (£)	31.79	31.79	23.84	23.84
Fair value at grant date (£)	23.44 / 25.37	25.37	15.92 / 17.75	17.75

Market condition features were incorporated into the Monte-Carlo models for the total shareholder return elements of the LTIP - PSP, in determining fair value at grant date. Assumptions used in these models were as follows:

	2025 %	2024 %
Group and Company		
Average share price volatility FMCG comparator group	22	24
Average correlation FMCG comparator group	27	30

Fair values determined from the Black-Scholes and Monte-Carlo models use assumptions revised at the end of each reporting period for equity-settled share-based payment arrangements.

The expected British American Tobacco p.l.c. share price volatility was determined taking account of the return index (the share price index plus the dividend reinvested) over a five-year period. The FMCG share price volatility and correlation was also determined over the same periods. The average expected term to exercise used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural conditions, forfeiture and historical experience.

The risk-free rate has been determined from market yield curves for government gilts with outstanding terms equal to the average expected term to exercise for each relevant grant. The expected dividend yield was determined by calculating the yield from the last two declared dividends divided by the grant share price.

In addition to these valuation assumptions, LTIP - PSP awards contain earnings per share performance conditions. As these are non-market performance conditions they are not included in the determination of fair value of share options at the grant date, however, they are used to estimate the number of awards expected to vest. This pay-out calculation is based on expectations published in analysts' forecasts.

NOTES TO THE FINANCIAL STATEMENTS

21. Share-based Payments (continued)

Material accounting policy information

A number of employees of the Group participate in equity-settled share-based compensation plans offered by British American Tobacco p.l.c. (British American Tobacco p.l.c. indirectly through British American Tobacco Holdings (Malaysia) B.V., owns 50 percent equity interest in the Company and is the Company's ultimate holding company).

Equity-settled share-based payments are measured at fair value at the date of grant and are expensed off over the vesting period, based on British American Tobacco p.l.c.'s estimate of awards that will eventually vest. Fair value is measured by the use of the Black-Scholes and Monte-Carlo pricing models. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations, forfeiture and historical experience.

The grant by British American Tobacco p.l.c. of options over its equity instruments to the employees of the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an expense in the profit or loss, with a corresponding credit to equity.

22. Segment Reporting

The Group is organised and managed on the basis of its geographic regions. These are the reportable segments for the Group as they form the focus of the Group's internal reporting systems and are the basis used by the chief operating decision maker, identified as the Group's Managing Director, for assessing performance and allocating resources.

Performance is measured based on segment revenue and gross profit, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment revenue and gross profit are used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

The Group does not have any non-current assets that are located in countries other than Malaysia.

The Group and the Company are domiciled in Malaysia. The revenue of the Group from external customers is RM2,182,758,000 (2024: RM2,314,292,000).

NOTES TO THE FINANCIAL STATEMENTS

22. Segment Reporting (continued)

Segment assets, liabilities and capital expenditures information is neither included in the internal management reports nor provided regularly to the Group's Managing Director who is considered the Group's chief operating decision maker. Hence no such disclosures are provided below.

	2025			2024		
	West Malaysia RM'000	East Malaysia RM'000	Total RM'000	West Malaysia RM'000	East Malaysia RM'000	Total RM'000
Segment revenue and results						
Revenue from external customers	1,985,263	197,495	2,182,758	2,129,693	184,599	2,314,292
Gross profit	477,433	47,331	524,764	499,141	40,916	540,057

	2025 RM'000	2024 RM'000
Reconciliation of reportable segment operating profits		
Total gross profits for reporting segments	524,764	540,057
Other revenue – Management fee from related company	1,140	1,112
Depreciation and amortisation	(17,940)	(20,198)
Finance costs	(29,268)	(26,901)
Total unallocated operating expense	(204,292)	(242,454)
Consolidated profit before tax	274,404	251,616

Major customers

The following are customers with revenue equal or more than 10 percent of the Group's total revenue:

	2025 RM'000	2024 RM'000
- Customer A	1,539,564	1,664,796
- Customer B	415,507	445,502

Material accounting policy information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS

23. Financial Instruments

23.1 Categories of Financial Instruments

The table below provides an analysis of financial instruments categorised under MFRS 9 as follows:

- (a) Financial assets measured at amortised cost (FAAC)
- (b) Financial liabilities measured at amortised cost (FLAC)

2025	Carrying amount	FAAC/ FLAC	Derivative used for hedging
Financial assets	RM'000	RM'000	RM'000
Group			
Trade and other receivables (excluding prepayments)	732,034	732,034	-
Cash and bank balances	32,932	32,932	-
Derivative financial assets	1,124	-	1,124
	766,090	764,966	1,124
Company			
Trade and other receivables (excluding prepayments)	3,065	3,065	-
Cash and bank balances	28,079	28,079	-
	31,144	31,144	-
2025			
Financial liabilities	Carrying amount	FAAC/ FLAC	Derivative used for hedging
Financial liabilities	RM'000	RM'000	RM'000
Group			
Borrowings	569,700	569,700	-
Trade and other payables (excluding provisions)	156,151	156,151	-
Derivative financial liabilities	7,084	-	7,084
	732,935	725,851	7,084
Company			
Trade and other payables	306,178	306,178	-

NOTES TO THE FINANCIAL STATEMENTS

23. Financial Instruments (continued)

23.1 Categories of Financial Instruments (continued)

2024	Carrying amount	FAAC/ FLAC	Derivative used for hedging
Financial assets	RM'000	RM'000	RM'000
Group			
Trade and other receivables (exclude prepayments)	661,254	661,254	-
Cash and bank balances	35,385	35,385	-
Derivative financial assets	2,649	-	2,649
	699,288	696,639	2,649
Company			
Trade and other receivables (exclude prepayments)	20,765	20,765	-
Cash and bank balances	23,680	23,680	-
	44,445	44,445	-
2024			
Financial liabilities	Carrying amount	FAAC/ FLAC	Derivative used for hedging
Financial liabilities	RM'000	RM'000	RM'000
Group			
Borrowings	558,000	558,000	-
Trade and other payables (excluding provisions)	170,626	170,626	-
Derivative financial liabilities	4,183	-	4,183
	732,809	728,626	4,183
Company			
Trade and other payables (exclude provisions)	286,646	286,646	-

NOTES TO THE FINANCIAL STATEMENTS

23. Financial Instruments (continued)

23.2 Net Gains and Losses Arising from Financial Instruments

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Net (losses)/gains on:				
Derivative used for hedging				
- recognised in profit or loss	(2,373)	286	-	-
- recognised in other comprehensive income	(3,273)	(5,658)	-	-
Financial assets measured at amortised cost	2,016	1,285	930	534
Financial liabilities measured at amortised cost	(28,269)	(25,646)	(11,206)	(7,790)
	(31,899)	(29,733)	(10,276)	(7,256)

23.3 Financial Risk Management

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity and cash flow risk
- Market risk

23.4 Credit Risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of its receivables from customers, amounts due from fellow subsidiaries, short-term deposit and bank balances and outstanding forward exchange contracts. The Company's exposure to credit risk arises principally from amounts due from fellow subsidiaries. There are no significant changes as compared to previous years.

Trade Receivables

Risk Management Objective, Policies and Processes for Managing The Risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount with clear approving authority and limits.

Approximately 94 percent (2024: 94 percent) of the Group's trade receivables are derived from its sales to two (2024: two) of its key customers. The Group closely monitors collections from these customers. At each reporting date, the Group assess whether any of the receivables are credit-impaired.

NOTES TO THE FINANCIAL STATEMENTS

23. Financial Instruments (continued)

23.4 Credit Risk (continued)

Trade Receivables (continued)

Risk Management Objective, Policies and Processes for Managing The Risk (continued)

The gross carrying amounts of credit-impaired trade receivables are written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subjected to enforcement activities. The Group does not foresee any credit risk arising from amounts due from fellow subsidiary companies.

There are no significant changes as compared to previous year.

Exposure to Credit Risk, Credit Quality and Collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

A significant portion of these receivables are regular customers that have been transacting with the Group.

Short-term advances are only provided to subsidiaries which are wholly-owned by the Company.

Concentration of Credit Risk

The exposure of credit risk for trade receivables, net of allowance for impairment losses, as at the end of the reporting period by customers are disclosed in this Note.

Recognition and Measurement of Impairment Loss

The Group uses an allowance matrix to measure expected credit losses of trade receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

To measure the expected credit losses, trade receivables have been grouped based on credit risk and days past due.

NOTES TO THE FINANCIAL STATEMENTS

23. Financial Instruments (continued)

23.4 Credit Risk (continued)

Trade Receivables (continued)

Recognition and Measurement of Impairment Loss (continued)

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables as at 31 December 2025 and 31 December 2024.

Group	Gross RM'000	Loss allowance RM'000	Net RM'000
2025			
Current (not past due)	721,167	(808)	720,359
Past due 1 – 30 days	1,295	(2)	1,293
	722,462	(810)	721,652
2024			
Current (not past due)	548,732	(628)	548,104
Past due 1 – 30 days	92,347	(111)	92,236
Past due 31 – 90 days	8,566	(12)	8,554
Past due more than 90 days	100	(100)	-
	649,745	(851)	648,894

Movements in the Allowance for Impairment in Respect of Trade Receivables

The movements in the allowance for impairment in respect of trade receivables during the year are as follows:

Group	RM'000
Balance at 1 January 2024	806
Net remeasurement of loss allowance	37
Amounts written off	8
Balance at 31 December 2024/1 January 2025	851
Net remeasurement of loss allowance	59
Amounts written off	(100)
Balance at 31 December 2025	810

NOTES TO THE FINANCIAL STATEMENTS

23. Financial Instruments (continued)

23.4 Credit Risk (continued)

Trade Receivables (continued)

Amounts Due from Fellow Subsidiaries

The ageing of amounts due from fellow subsidiaries as at the end of the financial year ended was:

	2025 RM'000	2024 RM'000
Group		
Not past due	7,132	9,237
Company		
Not past due	1,170	4,583

Generally, the Group and Company consider amounts due from fellow subsidiaries as low credit risk. The Group and Company determine the probability of default for these amounts due from fellow subsidiaries individually using internal information. For the financial year ended 31 December 2025, there was no evidence that the amounts due from fellow subsidiaries are not recoverable.

Amounts Due from Subsidiaries

The ageing of amounts due from subsidiaries as at the end of the financial year ended was:

	2025 RM'000	2024 RM'000
Company		
Not past due	-	14,203

Generally, the Company consider amounts due from subsidiaries as low credit risk. The Company determine the probability of default for these amounts due from subsidiaries individually using internal information. For the financial year ended 31 December 2025, there was no evidence that the amounts due from subsidiaries are not recoverable.

Material accounting policy information

(a) Impairment

(i) Financial Assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost or fair value through other comprehensive income. Expected credit losses are a probability-weighted estimate of credit losses.

NOTES TO THE FINANCIAL STATEMENTS

23. Financial Instruments (continued)

23.4 Credit Risk (continued)

Material accounting policy information (continued)

(a) Impairment (continued)

(i) Financial Assets (continued)

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivable are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in the profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in the profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or fully) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery amounts due.

NOTES TO THE FINANCIAL STATEMENTS

23. Financial Instruments (continued)

23.4 Credit Risk (continued)

Cash and Bank Balances

The cash and bank balances are held with banks and financial institutions. For the financial year ended 31 December 2025, the maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and bank overdraft which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

Other Receivables and Deposits

Expected credit loss of other receivables and deposits are determined individually after considering the financial strength of the other receivables and deposits. Based on management's assessment, the probability of the default of these receivables and deposits are low and hence, no loss allowance has been made.

23.5 Liquidity and Cash Flow Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and bank balances to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions so as to achieve overall cost effectiveness.

The Group utilises cash pooling and zero balancing bank account structures in addition to borrowings to ensure that there is maximum mobilisation of cash within the Group. The key objective of treasury management in respect of cash and bank balances is to concentrate cash at the centre for better cash management.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS

23. Financial Instruments (continued)

23.5 Liquidity and Cash Flow Risk (continued)

The table below summarises the maturity profile of the Group's and of the Company's liabilities based on estimated contractual undiscounted repayment obligations.

2025	Carrying amount RM'000	Contractual interest rate/ incremental borrowing rate	Estimated contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Group							
Non-derivative financial liabilities							
Borrowings	569,700	3 - 4%	573,189	573,189	-	-	-
Lease liabilities	31,394	3 - 4%	34,951	11,288	5,171	10,060	8,432
Trade and other payables	156,151	-	156,151	156,151	-	-	-
	757,245		764,291	740,628	5,171	10,060	8,432
Derivative financial liabilities							
Derivative financial instruments							
- Outflow	7,084	-	7,084	7,084	-	-	-
	764,329		771,375	747,712	5,171	10,060	8,432
Company							
Non-derivative financial liabilities							
Lease liabilities	3,422	3 - 4%	3,508	3,043	227	238	-
Trade and other payables	13,378	-	13,378	13,378	-	-	-
Amounts due to subsidiaries	292,800	3%	293,531	293,531	-	-	-
	309,600		310,417	309,952	227	238	-

NOTES TO THE FINANCIAL STATEMENTS

23. Financial Instruments (continued)

23.5 Liquidity and Cash Flow Risk (continued)

2024	Carrying amount RM'000	Contractual interest rate/ incremental borrowing rate	Estimated contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Group							
Non-derivative financial liabilities							
Borrowings	558,000	3 - 4%	561,938	561,938	-	-	-
Lease liabilities	37,773	3 - 4%	42,375	12,599	8,062	10,290	11,424
Trade and other payables	170,626	-	170,626	170,626	-	-	-
	766,399		774,939	745,163	8,062	10,290	11,424
Derivative financial liabilities							
Derivative financial instruments							
- Outflow	4,183	-	4,183	4,183	-	-	-
	770,582		779,122	749,346	8,062	10,290	11,424
Company							
Non-derivative financial liabilities							
Lease liabilities	9,303	3 - 4%	9,579	5,658	3,730	191	-
Trade and other payables	14,842	-	14,842	14,842	-	-	-
Amounts due to subsidiaries	271,804	3%	272,483	272,483	-	-	-
	295,949		296,904	292,983	3,730	191	-

NOTES TO THE FINANCIAL STATEMENTS

23. Financial Instruments (continued)

23.6 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's and the Company's financial position or cash flows.

23.6.1 Currency Risk

The Group is subject to currency exchange risk as a result of its purchases of finished goods and services in foreign currencies. The currencies giving rise to this risk are US Dollar ("USD"), Great Britain Pound ("GBP") and Euro ("EUR"). The currency profile of the assets and liabilities of the Group are disclosed in the respective notes to the financial statements.

The objective of the Group's foreign exchange policies is to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks.

The Group enters into forward foreign exchange contracts to hedge up to 95 percent of its exposure on foreign currency payables and on cash flows to be used in anticipated transactions denominated in foreign currencies for the subsequent eighteen months. The Group's hedging period of eighteen months is in line with the hedging period that was allowed under the Foreign Exchange Control guidelines enforced by Bank Negara Malaysia.

Exposure to Foreign Currency Risk

The Group's and the Company's exposure to foreign currency (a currency which is other than the functional currency of the Group) risk, based on carrying amounts as at the end of the reporting period were:

	2025			2024		
	Denominated in			Denominated in		
	USD RM'000	GBP RM'000	EUR RM'000	USD RM'000	GBP RM'000	EUR RM'000
Group						
Trade payables	(1,044)	(404)	(7)	(289)	(180)	-
Cash and bank balances	2,681	2,321	206	1,584	780	507
Amounts due from fellow subsidiaries	851	11	-	1,502	11	-
Amounts due to fellow subsidiaries	(6,865)	(429)	9	(1,840)	(300)	(9)
Net exposure in the statement of financial position	(4,377)	1,499	208	957	311	498
Company						
Trade payables	-	413	14	-	82	-
Cash and bank balances	645	1,817	-	257	330	-
Amounts due from fellow subsidiaries	372	-	-	198	-	-
Amounts due to fellow subsidiaries	-	(236)	-	-	(229)	-
Net exposure in the statement of financial position	1,017	1,994	14	455	183	-

NOTES TO THE FINANCIAL STATEMENTS

23. Financial Instruments (continued)

23.6 Market Risk (continued)

23.6.1 Currency Risk (continued)

Currency Risk Sensitivity Analysis

A 10 percent (2024: 10 percent) strengthening of RM against the following currencies at the end of the financial year would have increased/(decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular ratio, remain constant and ignores any impact of forecasted sales and purchases.

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
USD	438	(96)	(102)	(45)
GBP	(150)	(31)	(199)	(18)
EUR	(21)	(50)	(1)	-

A 10 percent (2024: 10 percent) weakening of RM against the above currencies at the end of the financial year would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Material accounting policy information

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at financial year end are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

NOTES TO THE FINANCIAL STATEMENTS

23. Financial Instruments (continued)

23.6 Market Risk (continued)

23.6.2 Interest Rate Risk

Interest rate risk comprises interest price risk that results from borrowings at fixed rates and interest cash flow risk that results from borrowings at variable rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

The objectives of the Group's interest rate risk management policy are to lessen the impact of adverse interest rate movements on earnings, cash flow and economic value of the Group. As at the statement of financial position date, there were no open interest rate swap contracts. Borrowings issued at floating rates expose the Group to risk of change in cash flows due to change in interest rate risks. The Group has floating rate borrowings as disclosed in Note 18.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Fixed rate instruments				
Financial liabilities	31,394	37,773	296,222	281,107
Floating rate instruments				
Financial liabilities	569,700	558,000	-	-

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis point ("bp") in interest rates at the end of reporting period would have increased/ (decreased) equity and pre-tax profit by the amounts shown below:

Group	2025 Profit or loss		2024 Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
Floating rate instruments	(5,697)	5,697	(5,580)	5,580

NOTES TO THE FINANCIAL STATEMENTS

23. Financial Instruments (continued)

23.7 Fair Value Information

The carrying amounts of cash and bank balances, short-term receivables and payables and borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments. Accordingly, the fair values and fair value hierarchy levels have not been presented for these instruments.

The Group measures its forward foreign exchange contracts (cash flow hedges) at fair values, as disclosed in Note 19. The fair values of forward foreign exchange contracts are determined based on the quoted market price of similar derivatives, as they are not traded on an active market. These derivatives are classified as Level 2 financial instruments.

The Group measures the fair values of its borrowings based on observable yield curves. The fair value of the Group's financial assets and financial liabilities approximate to their carrying value.

The Group or the Company applies settlement date accounting for regular way purchase or sale of financial assets.

Material accounting policy information

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS

24. Capital Management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio.

The Group defines capital as net debt and equity. Net debt is calculated as total borrowings less cash and bank balances. The debt-to-equity ratios at 31 December 2025 and at 31 December 2024 were as follows:

	Group	
	2025	2024
	RM'000	RM'000
Total borrowings (Note 18)	569,700	558,000
Less: Cash and bank balances	(32,932)	(35,385)
Net debt	536,768	522,615
Total equity	475,109	387,937
Debt-to-equity ratio	1.2	1.3

There was no change in the Group's approach to capital management during the financial year.

25. Capital Commitments

Capital commitments for property, plant and equipment, and intangible assets not provided for in the financial statements as at 31 December 2025 are as follows:

	Group	
	2025	2024
	RM'000	RM'000
Approved but not contracted for	506	200

26. Related Parties

Identity of Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group. The Directors' remuneration paid is disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS

26. Related Parties (continued)

Identity of Related Parties (continued)

The Group has related party relationship with its holding company, subsidiaries, fellow subsidiaries and key management personnel.

Significant Related Party Transactions

The Group's and the Company's transactions are with member corporations of British American Tobacco p.l.c. (British American Tobacco p.l.c. indirectly through British American Tobacco Holdings (Malaysia) B.V., owns fifty percent equity interest in the Company and is the Company's ultimate holding company).

The significant related party transactions of the Group and of the Company are shown below. The balances related to the transactions below are shown in Note 15 and Note 17.

	Group	
	2025	2024
	RM'000	RM'000
(i) Purchase of goods		
Purchase of leaf, cigarette packaging and wrapping materials and tobacco products from:		
- PT Bentoel Prima	167,827	173,466
Purchase of vapour and tobacco heating products from:		
- Nicoventures Trading Limited	-	21,936
(ii) Procurement of services		
Procurement of information technology services from:		
- British American Shared Services (GSD) Limited	19,689	19,968
(iii) Technical and advisory (includes share-based payment charges)		
Payment for technical and advisory support services to:		
- British American Tobacco Investments Ltd.	15,039	13,795
- BAT Aspac Service Centre Sdn. Bhd.	15,131	18,133
- BAT South East Asia Pty Ltd	25,567	23,171
	55,737	55,099
(iv) Royalties		
Royalties paid/payable to:		
- British American Tobacco Exports Limited	70,834	74,578

NOTES TO THE FINANCIAL STATEMENTS

26. Related Parties (continued)

Significant Related Party Transactions (continued)

	Company	
	2025	2024
	RM'000	RM'000
(i) Management fee		
Management fee received from:		
- Commercial Marketers and Distributors Sdn. Bhd.	4,473	4,756
- Tobacco Importers and Manufacturers Sdn. Berhad	97	113
	4,570	4,869
(ii) Fee for usage of property, plant and equipment		
Fee for usage of property, plant and equipment received from:		
- Commercial Marketers and Distributors Sdn. Bhd.	2,231	-
- Tobacco Importers and Manufacturers Sdn. Berhad	42	-
	2,273	-
(iii) Technical and advisory		
Provision of technical and advisory fees received from:		
- British American Tobacco Sales & Marketing (Singapore) Pte. Ltd.	668	644
(iv) Technical and advisory		
Payment of fees for technical and advisory support services to:		
- BAT Aspac Service Centre Sdn. Bhd.	4,634	7,021
(v) Interest expense		
Interest expense on cash pooling:		
- Commercial Marketers and Distributors Sdn. Bhd.	8,078	5,777
- Tobacco Importers and Manufacturers Sdn. Berhad	1,807	1,875
	9,885	7,652

27. Contingent liabilities

There were no contingent liabilities as at the reporting date.

Material accounting policy information

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 175 to 244 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2025 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors:

Nedal Louay Salem
Director

Adrian Lee Peng Yong
Director

Kuala Lumpur

Date: 5 March 2026

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

I, Adrian Lee Peng Yong, the Director primarily responsible for the financial management of British American Tobacco (Malaysia) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 175 to 244 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Adrian Lee Peng Yong, Passport: K3513513A, at Kuala Lumpur in the State of Federal Territory on 5 March 2026.

Adrian Lee Peng Yong
Director

Before me:

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the Members of British American Tobacco (Malaysia) Berhad
(Registration No. 196101000326 (4372-M)) (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of British American Tobacco (Malaysia) Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 175 to 244.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill - Assessment of potential impairment

Refer to Note 11 – Goodwill.

The key audit matter

The carrying amount of the Group's goodwill as at 31 December 2025 amounts to RM411,618,000.

The Group performs annual impairment assessment of its goodwill with indefinite useful life by comparing the carrying amount of the goodwill against the recoverable amount of the cash generating unit to which the goodwill is allocated. The recoverable amount is determined based on management estimates and assumptions on inputs, as disclosed in Note 11 to the financial statements.

INDEPENDENT AUDITORS' REPORT

to the Members of British American Tobacco (Malaysia) Berhad
(Registration No. 196101000326 (4372-M)) (Incorporated in Malaysia)

Key Audit Matters (continued)

The key audit matter (continued)

We have identified goodwill assessment as a key audit matter for the Group because:

- the carrying amount is significant to the Group's total assets; and
- there is significant judgement involved in the forecasting and discounting of future cash flows, which is the basis of the Group's assessment of the recoverable amount of the goodwill.

How the matter was addressed in our audit

We performed the following audit procedures:

- Compared prior year cash flow forecasts to current year actual results to assess the performance of the business and the reliability of prior year's forecasts; and
- Tested the assumptions and basis used. To do this, we:
 - involved our internal valuation specialists to evaluate and compare the discount rate to similar companies in the market.
 - compared the key assumptions to externally derived data as well as our own assessments of the key inputs such as revenue, volume growth, terminal growth rate and discount rate.
 - assessed the sensitivity of the outcome of the impairment assessment to changes in key assumptions.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report and Statement on Risk Management and Internal Control, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

INDEPENDENT AUDITORS' REPORT

to the Members of British American Tobacco (Malaysia) Berhad
(Registration No. 196101000326 (4372-M)) (Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

INDEPENDENT AUDITORS' REPORT

to the Members of British American Tobacco (Malaysia) Berhad
(Registration No. 196101000326 (4372-M)) (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (continued):

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Soo Tho Pei Yin
Approval Number: 03699/12/2026 J
Chartered Accountant

Petaling Jaya

Date: 5 March 2026

SASB CONTENT INDEX

Tobacco

TOPIC	CODE	METRIC	SECTION REFERENCE/ DISCLOSURES
Public Health	FB-TB-260a.1	(1) Gross revenue and (2) revenue net of excise taxes from (a) Non-tobacco nicotine products and (b) heated tobacco products	Page 64
	FB-TB-260a.2	Discussion of the process to assess risks and opportunities associated with 'tobacco harm reduction' products	Pages 61 to 63
Marketing Practices	FB-TB-270a.1	Total amount of monetary losses as a result of legal proceedings associated with marketing, labelling, or advertising practices	Page 62
	FB-TB-270a.2	Description of the entity's marketing policy and relevant positions on Articles 11 and 13 of the World Health Organisation Framework Convention on Tobacco Control (WHO FCTC)	Page 65
Activity Metrics	FB-TB-000.A	Combustible tobacco product sales volume: (1) cigarette, (2) cigar, and (3) other smoked tobacco products	Page 64
	FB-TB-000.B	Non-combustible product sales volume: (1) traditional smokeless tobacco, (2) non-tobacco nicotine products, (3) heated tobacco products, and (4) nicotine replacement therapy products	Page 64

FTSE CONTENT INDEX

CODE	THEME	DISCLOSURE
ENVIRONMENTAL		
EPR	Pollution & Resources	Page 72
EWT	Water Security	Pages 69 to 71
EBD	Biodiversity	Page 71
ESC	Environmental Supply Chain	Page 104
ECC	Climate Change	Page 66
SOCIAL		
SLS	Labour Standards	Page 91
SHR	Human Rights & Community	Pages 73 to 97
SCR	Customer Responsibility	Pages 61 to 63
SSC	Social Supply Chain	Page 105
SHS	Health & Safety	Pages 86 to 88
GOVERNANCE		
GRM	Risk Management	Pages 107 to 127 and 155 to 164
GCG	Corporate Governance	Pages 132 to 154

GRI STANDARDS INDEX

Statement of Use BAT Malaysia has reported the information cited in this GRI content index for the period 1 January 2025 to 31 December 2025 to with reference to the GRI Standards.

GRI 1 Used GRI 1: Foundation 2021

GRI Disclosure	GRI Disclosure Description	Page Number	Remarks/Omissions
GRI 2: General Disclosures 2021			
The Organisation and its Reporting Practices			
2-1	Organisational details	Pages 8 to 11	
2-2	Entities included in the organisation's sustainability reporting	Page 2	Basis of this Report
2-3	Reporting period, frequency and contact point	Page 2	Basis of this Report
2-4	Restatements of information	-	
2-5	External assurance	Pages 49 and 247 to 250	
Activities and Workers			
2-6	Activities, value chain and other business relationships	Pages 8 to 11	
2-7	Employees	Pages 75 to 77	
2-8	Workers who are not employees	Page 77	
Governance			
2-9	Governance structure and composition	Pages 132 to 154	
2-10	Nomination and selection of the highest governance body	Pages 132 to 154	
2-11	Chair of the highest governance body	Pages 132 to 154	
2-12	Role of the highest governance body in overseeing the management of impacts	Pages 132 to 154	
2-13	Delegation of responsibility for managing impacts	Pages 132 to 154	
2-14	Role of the highest governance in sustainability reporting	Pages 132 to 154	
2-15	Conflicts of interest	Pages 132 to 154	
2-16	Communication of critical concerns	Pages 132 to 154	
2-17	Collective knowledge of the highest governance body	Pages 132 to 154	
2-18	Evaluation of the performance of the highest governance body	Pages 132 to 154	
2-19	Remuneration policies	Pages 132 to 154	
2-20	Process to determine remuneration	Pages 132 to 154	
2-21	Annual total compensation ratio	Pages 132 to 154	
Strategy, Policies and Practices			
2-22	Statement on sustainable development strategy	Pages 50 to 51	
2-23	Policy commitments	Pages 98 to 99 and 132 to 154	
2-24	Embedding policy commitments	Pages 98 to 102 and 132 to 154	
2-25	Processes to remediate negative impacts	Pages 98 to 102 and 132 to 154	
2-26	Mechanisms for seeking advice and raising concerns	Pages 90, 102, and 153	
2-27	Compliance with laws and regulations	Pages 61 to 63 and 103	
2-28	Membership associations	Page 60	
2-29	Approach to stakeholder engagement	Pages 59 to 60	
2-30	Collective bargaining agreements	Page 105	No employees are covered by collective bargaining agreements in BAT Malaysia Group.

GRI STANDARDS INDEX

GRI Disclosure	GRI Disclosure Description	Page Number	Remarks/Omissions
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	Pages 57 to 58	
3-2	List of material topics	Page 58	
ECONOMIC			
Management Approach			
3-3	Management of Material Topics	Pages 61 to 127	
201: Economic Performance			
3-3	Management of Material Topics	Pages 61 to 127	
201-1	Direct economic value generated and distributed	Pages 40 to 45	
201-2	Financial implications and other risks and opportunities due to climate change	Pages 107 to 127	
201-3	Defined benefit plan obligation and other retirement plans	Pages 80 to 84	
202: Market Presence			
3-3	Management of Material Topics	Pages 31 to 33	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Not disclosed	
202-2	Proportion of senior management hired from local community	Pages 20 to 23	
203: Indirect Economic Impacts			
3-3	Management of Material Topics	Pages 91 to 97	
203-1	Infrastructure investments and services supported	Pages 91 to 97	
203-2	Significant indirect economic impacts	Pages 91 to 97	
204: Procurement Practices			
3-3	Management of Material Topics	Pages 104 to 106	
ENVIRONMENTAL			
103: Management Approach			
3-3	Management of Material Topics	Pages 66 to 72	
302: Energy			
3-3	Management of Material Topics	Pages 66 to 68	
302-1	Energy Consumption Within the Organisation	Pages 66 to 68	
302-4	Reduction of Energy Consumption	Pages 66 to 68	

GRI STANDARDS INDEX

GRI Disclosure	GRI Disclosure Description	Page Number	Remarks/Omissions
ENVIRONMENTAL (continued)			
303: Water and Effluents 2018			
3-3	Management of Material Topics	Pages 69 to 71	
303-1	Interactions with water as a shared resource	Pages 69 to 71	
303-2	Management of water discharge-related impacts	Pages 69 to 71	
303-3	Water withdrawal	Page 70	
303-4	Water discharge	Page 71	
303-5	Water consumption	Page 70	
305: Emissions			
3-3	Management of Material Topics	Page 66	
305-1	Direct (Scope 1) GHG Emissions	Page 66	
305-2	Energy indirect (Scope 2) GHG Emissions	Page 66	
305-3	Other indirect (Scope 3) GHG Emissions	Not disclosed	
305-4	GHG Emissions Intensity	Page 66	
305-5	Reduction of GHG Emissions	Page 66	
306: Waste 2020			
3-3	Management of Material Topics	Page 72	
306-1	Waste generation and significant waste-related impacts	Page 72	
306-2	Management of significant waste-related impacts	Page 72	
306-3	Waste generated	Page 72	
306-4	Waste diverted from disposal	Page 72	
306-5	Waste directed to disposal	Page 72	
307: Environmental Compliance			
307-1	Non-compliance with environmental laws and regulations	Page 103	
SOCIAL			
Management Approach			
3-3	Management of Material Topics	Pages 73 to 97	
401: Employment			
3-3	Management of Material Topics	Pages 73 to 86	
401-1	New employee hires and employee turnover	Pages 78 to 80	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pages 83 to 84	
401-3	Parental leave	Pages 85 to 86	

GRI STANDARDS INDEX

GRI Disclosure	GRI Disclosure Description	Page Number	Remarks/Omissions
SOCIAL (continued)			
403: Occupational Health and Safety			
3-3	Management of Material Topics	Pages 86 to 88	
403-1	Occupational Health and Safety Management System	Pages 86 to 88	
403-2	Hazard Identification, Risk Assessment and Incident Investigation	Pages 86 to 88	
403-4	Worker participation, consultation and communication on occupational health and safety	Pages 86 to 88	
403-5	Worker training on occupational health and safety	Pages 86 to 88	
403-8	Workers covered by an occupational health and safety management system	Pages 86 to 88	
403-9	Work-related injuries	Pages 86 to 88	
403-10	Work-related ill health	Pages 86 to 88	
404: Training and Education			
3-3	Management of Material Topics	Pages 80 to 82	
404-1	Average hours of training per year per employee	Page 82	
404-2	Programmes for upgrading employee skills and transition assistance programmes	Pages 80 to 82	
404-3	Percentage of employees receiving regular performance and career development	Not disclosed	100 percent of our employees received regular performance and career development.
405: Diversity and Equal Opportunity			
3-3	Management of Material Topics	Pages 76 to 77	
405-1	Diversity of governance bodies and employees	Pages 76 to 77 and 133	
406: Non-Discrimination			
406-1	Incidents of discrimination and corrective actions taken	Pages 89 to 91 and 102	
408: Child Labour			
408-1	Operations and suppliers at significant risk for incidents of child labour	Pages 56 and 104 to 105	
409: Forced or Compulsory Labour			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Pages 104 to 105	
410: Security Practices			
410-1	Security personnel trained in human rights policies or procedures	Not disclosed	
411: Incidents of Violations Involving Rights of Indigenous Peoples			
411-1	Incidents of violations involving rights of indigenous peoples	Not disclosed	

GRI STANDARDS INDEX

GRI Disclosure	GRI Disclosure Description	Page Number	Remarks/Omissions
SOCIAL (continued)			
412: Human Rights Assessment			
3-3	Management of Material Topics	Pages 89 to 91	
412-1	Operations that have been subjected to human rights reviews or impact assessments	Pages 56 and 89 to 91	
412-2	Employee training on human rights policies or procedures	Pages 89 to 91	
413: Local Communities			
3-3	Management of Material Topics	Pages 91 to 97	
413-1	Operations with local community engagement, impact assessments and development programmes	Pages 91 to 97	
414: Supplier Social Assessment			
3-3	Management of Material Topics	Pages 104 to 106	
415: Public Policy			
415-1	Political contributions	Page 102	
416: Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories	Not disclosed	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not disclosed	
418: Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 103	
GOVERNANCE			
Management Approach			
3-3	Management of Material Topics	Pages 128 to 154	
205: Anti-Corruption			
205-2	Communication and training about anti-corruption policies and procedures	Page 101	
205-3	Confirmed incidents of corruption and actions taken	Page 101	
206: Anti-Competitive Behaviour			
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Not disclosed	

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Sri Dr. Mohd Nizom Sairi

Independent Non-Executive Director / Chairman

Eric Ooi Lip Aun

Senior Independent Non-Executive Director

Norliza Kamaruddin

Independent Non-Executive Director

Low Chooi Hoon

Independent Non-Executive Director

Nedal Louay Salem

Executive Director / Managing Director

Adrian Lee Peng Yong

Executive Director / Finance Director

COMPANY SECRETARY

Adiel Emir Ikram Aziz Al Rahim

(SSM Practicing Certificate No: 202208000613)

(LS0010638)

Tel : +60 (3) 2720 8188

Fax : +60 (3) 2720 8106

Email : adiel_emir_ikram_aziz_al_rahim@bat.com

REGISTERED OFFICE

British American Tobacco (Malaysia) Berhad

[Registration No: 196101000326 (4372-M)]

Level 19, Guoco Tower

Damansara City

No. 6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel : +60 (3) 2720 8188

Fax : +60 (3) 2720 8106

Email : corpcomms_malaysia@bat.com

COMPANY WEBSITE

www.batmalaysia.com

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

[Registration No: 197101000970 (11324-H)]

Unit 32-01, Level 32, Tower A

Vertical Business Suite, Avenue 3

Bangsar South, No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Tel : +60 (3) 2783 9299

Fax : +60 (3) 2783 9222

Email : Mohamad.Hifzul@vistra.com;

nazrul.darwin@vistra.com;

siti.zalina@vistra.com

AUDITORS

KPMG PLT

[Firm No: LLP0010081-LCA & AF 0758]

Chartered Accountants

Level 10, KPMG Tower

8, First Avenue

Bandar Utama

47800 Petaling Jaya

Selangor Darul Ehsan

Tel : +60 (3)7721 3388

Fax : +60 (3)7721 3399

PRINCIPAL BANKERS

1. Citibank Berhad

[Registration No: 199401011410 (297089-M)]

2. Malayan Banking Berhad

[Registration No: 196001000142 (3813-K)]

3. Deutsche Bank (Malaysia) Berhad

[Registration No: 199401026871 (312552-W)]

4. Sumitomo Mitsui Banking Corporation Malaysia Berhad

[Registration No: 201001042446 (926374-U)]

5. Standard Chartered Bank Malaysia Berhad

[Registration No: 198401003274 (115793-P)]

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Listed Since : 27 October 1961

Stock Code : 4162

Stock Name : BAT

CORPORATE DIRECTORY

PRINCIPAL OFFICES

BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD

[Registration No. 196101000326 (4372-M)]
Head Office
Level 19, Guoco Tower
No. 6, Jalan Damanela
Bukit Damansara
50490 Kuala Lumpur
Tel : +60(3) 2720 8188
Fax : +60(3) 2720 8106

TOBACCO IMPORTERS AND MANUFACTURERS SDN. BERHAD

[Registration No. 196101000373 (4414-U)]
Level 19, Guoco Tower
No. 6, Jalan Damanela
Bukit Damansara
50490 Kuala Lumpur
Tel : +60(3) 2720 8188
Fax : +60(3) 2720 8106

COMMERCIAL MARKETERS AND DISTRIBUTORS SDN. BHD

[Registration No. 197801005300 (42316-T)]
Level 19, Guoco Tower
No. 6, Jalan Damanela
Bukit Damansara
50490 Kuala Lumpur
Tel : +60(3) 2720 8188
Fax : +60(3) 2720 8106

MANUFACTURING PLANT

TOBACCO IMPORTERS AND MANUFACTURERS SDN. BERHAD

[Registration No. 196101000373 (4414-U)]
No. 4, Jalan Teknologi Perintis 1/2
Taman Teknologi Nusajaya
79250 Iskandar Puteri
Johar Darul Takzim
Tel : +60(7) 869 1686
Fax : +60(7) 869 1678

BRANCH OFFICES

SELANGOR

Level 17, Guoco Tower
No. 6, Jalan Damanela
Bukit Damansara
50490 Kuala Lumpur

KUALA LUMPUR

Level 17, Guoco Tower
No. 6, Jalan Damanela
Bukit Damansara
50490 Kuala Lumpur

SEREMBAN

No. 305, Jalan Pusat Perdagangan
Sendayan 3/6
Pusat Perdagangan
71950 Sendayan
Negeri Sembilan

IPOH

No. 1, Jalan Abdul Manan
Taman Eden
30200 Ipoh
Perak
Tel : +60(5) 525 1981

PULAU PINANG

Level 5, Wisma Leader
No. 8, Jalan Larut
10050 Pulau Pinang
Tel : +60(4) 287 4990

ALOR SETAR

No. 238, Jalan Kristal 3
Taman Perindustrian Ringan Kristal
05150 Alor Setar
Kedah
Tel : +60(4) 737 2072

MELAKA

No. 16 & 16-1
Jalan Komersial Sutera Wangi 1
Pusat Komersial Sutera Wangi
Batu Berendam
75350 Hang Tuah Jaya
Melaka
Tel : +60(6) 332 9236

JOHOR BAHRU

No. 10 & 12, Jalan Roda 3
81300 Skudai
Johor Bahru
Johor
Tel : +60(7) 511 6141
+60(7) 511 2754

BATU PAHAT

No. 9, Jalan Komersial Pantai 1
Pusat Komersial Pantai
83000 Batu Pahat
Johor

KOTA BHARU

AG-01-15, Alwaqf Garden
Boulevard @ Tunjong
Jalan Kuala Krai
16010 Kota Bharu
Kelantan
Tel : +60(9) 740 6532

KOTA KINABALU

Lot L180-101/000
Block A, HSK Industrial Centre
Jalan Bundusan
Mile 5 Off Jalan Penampang
89500 Kota Kinabalu
Sabah
Tel : +60(88) 722 628 / 629

KUCHING

No. 19-A, Lot 3439, Block 12
Vista Industrial Park
Muara Tebas Land District
Off Jalan Setia Raja
93350 Kuching
Sarawak
Tel : +60(82) 362 112

ANALYSIS OF SHAREHOLDINGS

as at 09 March 2026

The total number of issued shares of the Company stands at 285,530,000 ordinary shares, with voting right of one vote per ordinary share.

Distribution of Shareholdings

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	1,168	7.119	9,760	0.003
100 - 1,000	6,957	42.405	4,110,363	1.439
1,001 - 10,000	6,745	41.113	25,909,077	9.074
10,001 - 100,000	1,399	8.527	37,848,394	13.255
100,001 - 14,276,499 (*)	136	0.828	74,887,306	26.227
14,276,500 and above (**)	1	0.006	142,765,100	50.000
Total	16,406	100.00	285,530,000	100.000

Notes:

* Less than 5% of issued shares

** 5% and above of issued shares

Substantial Shareholders

(As per Register of Substantial Shareholders)

No.	Name	Direct Interest		Indirect Interest	
		No. of Shares Held	% of Shareholders	No. of Shares Held	% of Shareholders
1.	British American Tobacco p.l.c.	-	-	142,765,100	50.00
2.	British American Tobacco (1998) Limited	-	-	142,765,100	50.00
3.	British American Tobacco (2012) Limited	-	-	142,765,100	50.00
4.	British American Tobacco (2009) Limited	-	-	142,765,100	50.00
5.	Weston (2009) Limited	-	-	142,765,100	50.00
6.	Weston Investment Company Limited	-	-	142,765,100	50.00
7.	British American Tobacco International (Holdings) B.V.	-	-	142,765,100	50.00
8.	British American Tobacco Holdings (The Netherlands) B.V.	-	-	142,765,100	50.00
9.	Allen & Ginter (UK) Limited	-	-	142,765,100	50.00
10.	Chelwood Trading & Investment Company Limited	-	-	142,765,100	50.00
11.	B.A.T. Industries p.l.c.	-	-	142,765,100	50.00
12.	British-American Tobacco (Holdings) Limited	-	-	142,765,100	50.00
13.	British American Tobacco Exports Limited	-	-	142,765,100	50.00
14.	British American Tobacco Holdings (Malaysia) B.V.	142,765,100	50.00	-	-

ANALYSIS OF SHAREHOLDINGS

as at 09 March 2026

Directors' Direct and Indirect Interests in the Company and its Related Corporations

(As per Register of Directors' Shareholdings)

Interest in the Ultimate Holding Company British American Tobacco p.l.c.		Number of ordinary shares in British American Tobacco p.l.c.			
		Direct Interest		Indirect Interest	
No.	Name	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1.	Nedal Louay Salem	200,000	0.00*	-	-
2.	Adrian Lee Peng Yong	2,401	0.00*	-	-

Note:

* Less than 0.01%

Interest in the Ultimate Holding Company British American Tobacco p.l.c.		Number of ordinary shares of 25p each in British American Tobacco p.l.c.
Deferred Share Bonus Scheme & International Share Reward Scheme		Direct Interest
No.	Name	No. of Shares Held
1.	Nedal Louay Salem	6,009
2.	Adrian Lee Peng Yong	1,558

Interest in the Ultimate Holding Company British American Tobacco p.l.c.		Number of options in ordinary shares of 25p each in British American Tobacco p.l.c.
Long Term Incentive Plan (LTIP)		Direct Interest
No.	Name	No. of Options Held
1.	Nedal Louay Salem	
	LTIP (22 March 2033)	8,372
	LTIP (20 March 2034)	11,722
	LTIP (20 March 2035)	9,264
2.	Adrian Lee Peng Yong	
	LTIP (20 March 2034)	671
	LTIP (20 March 2035)	795

Save as disclosed above, none of the Directors of the Company has any direct or indirect interest in the Company and its related corporations.

ANALYSIS OF SHAREHOLDINGS

as at 09 March 2026

List of Top Thirty Largest Shareholders

(without aggregating securities from different securities accounts belonging to the same Registered Holder)

No.	Name	No. of Shares Held	% of Issued Shares
1	British American Tobacco Holdings (Malaysia) B.V.	142,765,100	50.000
2	Tan Yu Yeh	9,802,300	3.433
3	Kam Loong Mining Sdn Bhd	5,360,000	1.877
4	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt an for Deutsche Bank AG Singapore (Maybank SG PWM)	5,031,700	1.762
5	Yap Ah Fatt	4,342,000	1.520
6	Toh Ean Hai	3,725,000	1.304
7	Goh Hian Chew	2,000,000	0.700
8	Kam Loong Credit Sdn Bhd	1,836,000	0.643
9	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Total International Stock Index Fund	1,742,469	0.610
10	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (EDP 2)	1,721,700	0.602
11	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Emerging Markets Stock Index Fund	1,425,934	0.499
12	Foo Khen Ling	1,410,000	0.493
13	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Woon Chuan Keong	1,179,000	0.412
14	AmSec Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad for Lim Choo Hong (5682-1502)	1,170,900	0.410
15	Citigroup Nominees (Asing) Sdn Bhd UBS AG	1,056,442	0.369
16	CIMSEC Nominees (Tempatan) Sdn Bhd Exempt an for CIMB Commerce Trustee Berhad for Pearson Trust (PB)	975,200	0.341
17	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Pang Kong Hong (PB)	900,000	0.315
18	Cartaban Nominees (Asing) Sdn Bhd Exempt an for Standard Chartered Bank Singapore Branch (SG PVB CLAC)	865,900	0.303

ANALYSIS OF SHAREHOLDINGS

as at 09 March 2026

List of Top Thirty Largest Shareholders

(without aggregating securities from different securities accounts belonging to the same Registered Holder)

No.	Name	No. of Shares Held	% of Issued Shares
19	HSBC Nominees (Asing) Sdn Bhd J.P. Morgan Securities PLC	828,404	0.290
20	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	824,430	0.288
21	Ooi Poh Keoh	795,000	0.278
22	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II	789,800	0.276
23	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Yen Woon @ Low Sau Chee (PB)	717,700	0.251
24	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Toh Hooi Hak	687,100	0.240
25	Lim Sew Muei	615,300	0.215
26	Woon Chuan Keong	615,000	0.215
27	Woon Yin Shan	589,000	0.206
28	Citigroup Nominees (Tempatan) Sdn Bhd UBS AG Singapore for Mr D.I.Y Holdings (M) Sdn Bhd	557,100	0.195
29	Tee Chee Chong	550,000	0.192
30	Woon Chuan Keong	534,000	0.187
Total		195,412,479	68.438

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixty-Fifth (65th) Annual General Meeting (**AGM** or **Meeting**) of British American Tobacco (Malaysia) Berhad (the **Company**) will be held at Wau Bulan 2, Level 2, Sofitel Kuala Lumpur Damansara, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur on **Thursday, 7 May 2026 at 9.00 a.m.** for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2025 and the Reports of the Directors and Auditors thereon.

Please refer to Explanatory Note 10 (Note A)
2. To re-elect the following Directors, each whom retires pursuant to Clause 109.1 of the Constitution of the Company:
 - i. Eric Ooi Lip Aun **Ordinary Resolution 1**
 - ii. Norliza binti Kamaruddin **Ordinary Resolution 2**
Please refer to Explanatory Note 10
3. To re-elect the following Directors, each whom retires pursuant to Clause 115 of the Constitution of the Company:
 - i. Low Chooi Hoon **Ordinary Resolution 3**
 - ii. Dato' Sri Dr. Mohd Nizom bin Sairi **Ordinary Resolution 4**
Please refer to Explanatory Note 10
4. To approve the payment of Directors' fees and Board Committees' fees to the Non-Executive Directors for the period commencing 8 May 2026 until the next AGM of the Company. **Ordinary Resolution 5**

Please refer to Explanatory Note 10
5. To approve the payment of Directors' benefits to the Non-Executive Directors of up to RM280,000 for the period commencing 8 May 2026 until the next AGM of the Company. **Ordinary Resolution 6**

Please refer to Explanatory Note 10
6. To re-appoint KPMG PLT as the Auditors of the Company for the financial year ending 31 December 2026 and to authorise the Directors of the Company to fix their remuneration. **Ordinary Resolution 7**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolution:

7. **Proposed Renewal of Shareholders' Mandate for the Company and its Subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature with Related Parties (Proposed Renewal of the Recurrent RPTs Mandate)** **Ordinary Resolution 8**

"THAT, the Recurrent RPTs Mandate (as defined in the Circular to Shareholders dated 7 April 2026) granted by the shareholders of the Company authorising the Company and/or its Subsidiaries (**British American Tobacco Malaysia Group**) to enter into recurrent related party transactions of a revenue or trading nature (**Recurrent RPTs**) with Related Parties (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) as set out in Paragraph 2.2 and Appendix II of the Circular to Shareholders dated 7 April 2026 which are necessary for British American Tobacco Malaysia Group's day-to-day operations, be and is hereby renewed and approved, provided that:

NOTICE OF ANNUAL GENERAL MEETING

- i. the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders to the Company; and
- ii. disclosure of the aggregate value of the transactions conducted during a financial year will be made in the annual report for the said financial year,

AND THAT the authority conferred by such renewed mandate shall continue to be in force until:

- i. the conclusion of the next AGM of the Company following the AGM at which the Proposed Renewal of the Recurrent RPTs Mandate is approved, at which time it will lapse, unless by a resolution passed at the next AGM the mandate is renewed.
- ii. the expiration of the period within which the next AGM of the Company after the forthcoming AGM is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or
- iii. revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary in the best interest of the Company (including executing all such documents as may be required) to give effect to the Proposed Renewal of the Recurrent RPTs Mandate.

AND FURTHER THAT, as the estimated values of the Recurrent RPTs given in Appendix II of the Circular to Shareholders dated 7 April 2026 are provisional in nature, the Directors of the Company or any of them be and are hereby authorised to agree to the actual amount or amounts thereof, provided that such amount or amounts comply with the review procedures set out in Paragraph 2.3 of the Circular to Shareholders dated 7 April 2026.

Please refer to Explanatory Note 11

- 8. To transact any other business of which due notice shall have been given.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 65th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 71 of the Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors (**General Meeting ROD**) as at 24 April 2026. Only a member whose name appears on this General Meeting ROD shall be entitled to attend the said Meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board

BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD

Adiel Emir Ikram Aziz Al Rahim
LS0010638
SSM PC No.: 202208000613
Company Secretary

Kuala Lumpur
7 April 2026

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The 65th AGM of the Company will be held on a physical mode. All Member(s), proxy/proxies, corporate representative(s) or attorney(s) who wish to attend the 65th AGM must first register as a user and subsequently pre-register their attendance via the **Poll Administrator, Boardroom Share Registrars Sdn Bhd (Boardroom)** at <https://investor.boardroomlimited.com>. The pre-registration is open from the date of the Notice of the 65th AGM on Tuesday, 7 April 2026 at 5.00 p.m. and the closing date and time shall be no later than 5 May 2026 at 9.00 a.m. Please refer to the Administrative Guide for the full guide of the 65th AGM.
2. Members may submit questions in relation to the agenda items for the 65th AGM prior to the meeting via Boardroom's website at <https://investor.boardroomlimited.com> using the same user ID and password provided by Boardroom, and select "**SUBMIT QUESTION**" to pose questions. The responses to these questions will be shared at the 65th AGM.
3. During the 65th AGM, Members will be able to ask questions using your smartphone/tablet with the QR code which will be provided upon registration on the day of the meeting. The Board and leadership team will be in attendance at the AGM venue to provide responses accordingly. **Please note that no in-person questions will be accepted during the AGM.**
4. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. Where a member appoints two (2) proxies, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified. A proxy need not be a member of the Company.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (**Omnibus Account**), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each Omnibus Account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 (**Central Depositories Act**) which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.
6. The instrument appointing a proxy/proxies must be under the hand of the appointer or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.
7. If there is no indication as to how a member wishes his/her vote to be cast, the proxy will vote or abstain from voting at his/her discretion. In the event a member duly executes the proxy form but does not name any proxy, such member shall be deemed to have appointed the Chairman of the Meeting as his/her proxy.
8. The proxy form must be duly executed and deposited with Boardroom at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or at its website at <https://investor.boardroomlimited.com> not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting or **no later than 5 May 2026 at 9.00 a.m.**
9. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.
10. **Explanatory Notes on Ordinary Business**

Note A

The Audited Financial Statements for the financial year ended 31 December 2025 and the Reports of the Directors and Auditors under Agenda item 1 are meant for discussion only in accordance with the provision of Section 340(1)(a) of the Companies Act, 2016, and it does not require a formal approval of the shareholders. Hence, this agenda item will not be put forward for voting.

Ordinary Resolutions 1 and 2 – To re-elect Eric Ooi Lip Aun and Norliza binti Kamaruddin as Directors

Clause 109.1 of the Constitution of the Company states that one-third (1/3) of the Directors shall retire from office and be eligible for re-election at the AGM.

NOTICE OF ANNUAL GENERAL MEETING

Eric Ooi Lip Aun and Norliza binti Kamaruddin being eligible, has offered themselves for re-election as Directors at the 65th AGM. The Board has endorsed the Nomination and Remuneration Committee's (NRC) recommendation on the re-election of the retiring Directors. The retiring Directors had abstained from deliberations and decisions on their re-election at the Board of Directors (Board) meeting.

The NRC had assessed Eric Ooi Lip Aun and Norliza binti Kamaruddin and considered the retiring Directors' performance and contribution based on the Board and Directors Effectiveness Evaluation, their contribution to the Board deliberations, time commitment and their ability to act in the best interests of the Company in decision-making. The NRC also reviewed and assessed Eric Ooi Lip Aun and Norliza binti Kamaruddin through Fit & Proper (F&P) Assessment based on the F&P Policy of the Company. The Board had endorsed the NRC's recommendation subject to the shareholders' approval at this AGM.

The details and profiles of Eric Ooi Lip Aun and Norliza binti Kamaruddin who are standing for re-election at the 65th AGM are provided in the Board Section of the Company's Annual Report 2025.

Ordinary Resolutions 3 and 4 – To re-elect Low Chooi Hoon and Dato' Sri Dr. Mohd Nizom bin Sairi as Directors

Clause 115 of the Constitution of the Company states that the Directors shall have the power to appoint any person to be a Director, either fill a casual vacancy or as an addition to the existing Directors and any Director so appointed shall hold office only until the next following AGM, and shall then be eligible for re-election.

Low Chooi Hoon and Dato' Sri Dr. Mohd Nizom bin Sairi, who were appointed as Directors on 1 May 2025 and 1 October 2025 respectively, being eligible, has offered themselves for re-election as Directors at the 65th AGM.

The NRC had assessed Low Chooi Hoon and considered the retiring Director's performance and contribution based on the Board and Directors Effectiveness Evaluation, her contribution to the Board deliberations, time commitment and her ability to act in the best interests of the Company in decision-making.

The NRC had reviewed and assessed Low Chooi Hoon and Dato' Sri Dr. Mohd Nizom bin Sairi through F&P Assessment based on the F&P Policy of the Company. The NRC is also of the view that Low Chooi Hoon and Dato' Sri Dr. Mohd Nizom bin Sairi would be able to provide valuable contributions to the Company based on their qualification, skills and experience. The Board had endorsed the NRC's recommendation subject to the shareholders' approval at this AGM.

The details and profiles of Low Chooi Hoon and Dato' Sri Dr. Mohd Nizom bin Sairi who are standing for re-election at the 65th AGM are provided in the Board Section of the Company's Annual Report 2025.

Ordinary Resolution 5 – Payment of Directors' fees to the Non-Executive Directors (NED).

The NRC has appointed an independent firm of consultants (Consultants) to conduct a Board Remuneration Benchmarking (BRC) exercise in 2025 to ascertain the competitiveness of the existing NED Remuneration Framework and its sufficiency to attract and retain talents to serve on the Board. The scope of the BRC exercise carried out by the Consultants was primarily based on benchmarking against Company's local and regional peers as well as a regression analysis. Pursuant to the findings of the BRC exercise, the Consultants recommends that the existing NED's fees be revised as follows:

Structure	Chairman		Member	
	Fee (RM per annum)		Fee (RM per annum)	
	Current	Revised	Current	Revised
Board of Directors	345,000	No Change	100,000	No Change
Audit Committee	10,000	No Change	-	5,000
Nomination and Remuneration Committee	10,000	No Change	-	5,000
Risk Management Committee	10,000	No Change	-	5,000
Sustainability Committee	10,000	No Change	-	5,000

NOTICE OF ANNUAL GENERAL MEETING

The Company is seeking shareholders' approval for the payment of NED' fees to NED for the period commencing 8 May 2026 until the next AGM of the Company based on the fee structure above.

The NED who are shareholders of the Company will abstain from voting on Resolution 5.

Ordinary Resolution 6 – Payment of NED benefits' of up to RM280,000

Pursuant to the findings of the BRC exercise, the Consultants recommends that the existing NED's benefits be revised as follows:

Structure	Chairman		Member	
	Allowance (RM per annum)		Meeting Allowance (RM per meeting)	
	Current	Revised	Current	Revised
Board of Directors	154,092	No Change	-	1,000
Audit Committee	-	No Change	1,000	No Change
Nomination and Remuneration Committee	-	No Change	1,000	No Change
Risk Management Committee	-	No Change	1,000	No Change
Sustainability Committee	-	No Change	1,000	No Change

The Company is seeking shareholders' approval for the payment of NED benefits' of up to RM280,000 for the period commencing 8 May 2026 until the next AGM of the Company based on the benefits structure above.

The NED who are shareholders of the Company will abstain from voting on Resolution 6.

Ordinary Resolution 7 – Re-appointment of Auditors

The Audit Committee (AC) had undertaken an annual assessment of the external auditors, KPMG PLT on their independence, scope of audit, audit fee, expert and experience, performance based on annual audit scope and planning. The AC was satisfied with the suitability of KPMG PLT on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the British American Tobacco Malaysia Group.

11. Explanatory Notes on Special Business

Ordinary Resolution 8 – Proposed Renewal of the Recurrent RPTs Mandate

The proposed resolution, if passed, will enable British American Tobacco Malaysia Group to enter into the Recurrent RPTs which are necessary for the British American Tobacco Malaysia Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Further information on the Proposed Renewal of the Recurrent RPTs Mandate is set out in the Circular to Shareholders dated 7 April 2026, which is available at the Company's corporate website at www.batmalaysia.com.

12. Personal Data Privacy

By lodging of a completed proxy form to the Company and/or the Poll Administrator (as the case may be) for appointing a proxy/proxies and/or representative(s) to attend and vote at the 65th AGM and any adjournment therefore, a shareholder of the Company and the Poll Administrator is hereby:

NOTICE OF ANNUAL GENERAL MEETING

- i. consenting to the collection, use and disclosure of the member's personal data by the Company and to the Poll Administrator (as the case may be) for the purpose of the processing and administration by the Company and/or the Poll Administrator (as the case may be) of proxy/proxies and representative(s) appointed for the 65th AGM (including any adjournment thereof), and in order for the Company and/or the Poll Administrator (as the case may be) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively the **Purpose**).
- ii. warranting that where the member discloses the personal data of shareholder's proxy/proxies and/or representative(s) to the Company and/or the Poll Administrator (as the case may be), the shareholder has obtained to prior consent of such proxy/proxies and/or representative(s) for the collection, use and disclosure by the Company and/or the Poll Administrator (as the case may be) of the personal data of such proxy/proxies and/or representative(s) for the Purpose (**Warranty**); and
- iii. agreeing that the member will indemnify the Company and/or the Poll Administrator (as the case may be) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of Warranty.

For the purpose of the paragraph, "personal data" shall have the same meaning given in section 4 of Personal Data Protection Act 2010.

STATEMENT ACCOMPANYING NOTICE OF THE 65TH AGM

(pursuant to Paragraph 8.27(2) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad)

There are no Directors standing for election at the forthcoming 65th AGM.

ADMINISTRATIVE DETAILS

for British American Tobacco (Malaysia) Berhad Sixty-Fifth (65th) Annual General Meeting (AGM)

Date : Thursday, 7 May 2026
 Time : 9.00 a.m.
 Venue : Wau Bulan 2, Level 2, Sofitel Kuala Lumpur Damansara, No. 6, Jalan Damanlela,
 Bukit Damansara, 50490 Kuala Lumpur

1. Entitlement to Attend and Vote

Only members whose names appear in the Record of Depositors as on **24 April 2026 at 5.00 p.m. (General Meeting Record of Depositors)** shall be entitled to attend, speak (in the form of real time submission of typed texts) and vote at the 65th AGM in respect of the number of shares registered in their name at that time.

If you wish to attend the AGM in person, please do not submit any Proxy Form.

2. Pre-Registration to Attend the 65th AGM

The 65th AGM of the Company will be held on a **fully physical mode**. All Member(s), proxy/proxies, corporate representative(s) or attorney(s) who wish to attend the 65th AGM are required to take the following steps to pre-register yourselves in order to participate at the 65th AGM and receive the door gift:

Procedure	Action
Step (1) Register online with Boardroom Smart Investor Portal (BSIP) for Individual and Corporate Shareholder	<p><i>(Note: For first time registration only If you have already signed up with BSIP, you are not required to register again. You may proceed to Step (2) – Pre-register your attendance to attend AGM)</i></p> <ul style="list-style-type: none"> • Access the website https://investor.boardroomlimited.com. • Click “Register” to sign up as a user. • Select “Account Type” to “Sign Up As Shareholder” or “Sign Up As Corporate Holder”. • Complete registration and upload compulsory documents such as softcopy of MyKad (front and back) or passport and authorisation letter (template available on the BSIP) for Corporate Shareholder. • Enter a valid mobile number and email address • You will receive an email from BSIP for email address verification. Click “Verify Email Address” in the email received to continue with the registration. • Once your email address is verified, you will be re-directed to BSIP for verification of mobile number. Click “Request OTP Code” and an OTP code will be sent to the registered mobile number. You will need to enter the OTP Code and click “Enter” to complete the process. • Once your mobile number is verified, registration of your new BSIP account will be pending for final verification. Your registration will be verified and approved within one (1) business day and an email notification will be provided.

ADMINISTRATIVE DETAILS

for British American Tobacco (Malaysia) Berhad Sixty-Fifth (65th) Annual General Meeting (AGM)

Procedure	Action
Step (2) Pre-register your attendance to attend AGM	<ul style="list-style-type: none"> ● Pre-registration is open on 5.00 p.m., Tuesday, 7 April 2026 up to 9.00 a.m., Tuesday, 5 May 2026. ● Login your BSIP account with your registered email address and password. ● Click “Meeting Event(s)”, then select “BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD – 65th ANNUAL GENERAL MEETING” from the list and click “Enter”. ● Go to “Physical”, click “Pre-Register”, and enter the 9-digit Central Depository System (“CDS”) account number. ● Read and check the box to accept the Terms & Conditions, then click “Register”. ● Upon system verification of your registration against the General Meeting Record of Depositors as at 24 April 2026, you will receive a notification confirming receipt of your pre-registration.

3. Registration on Meeting Day

- The registration will start at **7.00 a.m.** at Wau Bulan 1 and 3, Level 2, Sofitel Kuala Lumpur Damansara, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur and the **65th AGM will start at 9.00 a.m. sharp**. We strongly encourage you to come early to facilitate and ensure smooth registration process. Kindly note that your entry into the AGM Venue shall only be allowed subject to verification of your registration of attendance as per above.
- Please do read the signage to ascertain where you should register yourself for the 65th AGM and join the queue accordingly.
- Please do produce your original National Registration Identification Card (**NRIC**) or valid Passport (collectively referred as “**Identification**”) at the verification counter for verification purposes. Kindly ensure you collect your Identification upon completion. No person will be allowed to verify the attendance on behalf of another person even with the original Identification of that other person. Upon verification, you will be given an identification wristband.
- You must wear the identification wristband throughout the 65th AGM. No person will be allowed to enter the 65th AGM Venue without the identification wristband. There won't be any replacement in the event that the identification wristband is lost, stolen and/or misplaced.

4. Appointment of Proxy/Proxies or Corporate Representative(s) or Attorney(s)

- If you are a Member of the Company based on General Meeting Record of Depositors, you are entitled to appoint not more than two (2) proxies or the Chairman of the Meeting to exercise all or any of your rights to attend, speak (in the form of real time submission of typed texts) and vote at the 65th AGM.
- As the 65th AGM is a physical AGM, members who are unable to participate in the 65th AGM may appoint the Chairman of the Meeting as his/her proxy/proxies and indicate the voting instruction in the proxy form.

ADMINISTRATIVE DETAILS

for British American Tobacco (Malaysia) Berhad Sixty-Fifth (65th) Annual General Meeting (AGM)

- The Proxy Form and/or documents relating to the appointment of proxy/proxies for the 65th AGM whether in hardcopy or by electronic means shall be deposited or submitted in the following manner **not less than forty-eight (48) hours** before the time appointed for the taking of poll or **no later than 5 May 2026 at 9.00 a.m.:**
 - i. In hard copy form:
 - In the case of an appointment made in hard copy form, the Proxy Form must be duly executed and deposited at the Poll Administrator, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
 - ii. By electronic form:
 - In the case of an appointment made in electronic form, please refer to the procedures for electronic lodgment of Proxy Form as set out below:
 - a. Go to the BSIP website at <https://investor.boardroomlimited.com>.
 - b. Login your BSIP account with your registered email address and password.
[Note: If you do not have an account with BSIP, please sign-up/register with BSIP for free refer to process “REGISTER ONLINE WITH BSIP” under item 2 (Step (1)) above.]
 - a) Click “**Meeting Event(s)**”.
 - b) Go to “**BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD – 65th ANNUAL GENERAL MEETING**” and click “**Enter**”.

By Individual Shareholder and Corporate Holder	By Nominees Company
<ul style="list-style-type: none"> • Select the Company that you are representing (for Corporate Account user only). • Go to “PROXY” and click “Submit eProxy Form”. • Click “Submit eProxy Form”. • Enter your 9 digits CDS account number and number of securities held. • Select your proxy/proxies appointment – either the Chairman of the meeting or individual named proxy/proxies. • Read and accept the Terms and Conditions and click “Next”. • Enter the required particulars of your proxy/proxies. • Indicate your voting instructions for each Resolution – FOR, AGAINST, ABSTAIN or DISCRETIONARY. If DISCRETIONARY is selected, your proxy/proxies will decide on your votes during poll at the meeting. • Review and confirm your proxy/proxies appointment. Click “Submit”. • Download or print the eProxy Form as acknowledgement. 	<ul style="list-style-type: none"> • Select the Nominees Company that you are representing. • Go to “PROXY” and click “Submit eProxy Form”. • Click “Download Excel Template” to download. • Insert the appointment of proxy/proxies for each CDS account with the necessary data and voting instructions in the downloaded excel file template. Ensure inserted data is correct and tidy. • Proceed to upload the duly completed excel file. • Review and confirm your proxy/proxies appointment and click “Submit”. • Download or print the eProxy Form as acknowledgement.

ADMINISTRATIVE DETAILS

for British American Tobacco (Malaysia) Berhad Sixty-Fifth (65th) Annual General Meeting (AGM)

5. Revocation of Proxy/Proxies

- If you wish to appoint a proxy/proxies, please note that the proxy/proxies may be revoked by:
 - a. Attendance of the appointer at the 65th AGM and exercising his/her voting rights at the 65th AGM personally will automatically revoke the proxy/proxies;
 - b. Notice of revocation of the Proxy Form or the authority served by 5 May 2026 at 9.00 a.m.;
 - c. Appointing new proxy/proxies by depositing a new Proxy Form in favour of another person by 5 May 2026 at 9.00 a.m.; or
 - d. Transfer of shares by the appointer.
- If you have submitted your Proxy Form prior to the 65th AGM and subsequently decide to appoint another person or if you wish to participate at the 65th AGM yourself, please revoke the appointment of proxy/proxies at least forty-eight (48) hours before the 65th AGM. Please find below the steps for revocation of the eProxy Form or hard copy Proxy Form:

eProxy Form	Hard copy Proxy Form
<ul style="list-style-type: none"> • Click “Meeting Event” and Enter “BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD – 65th ANNUAL GENERAL MEETING”. • Go to “Submitted eProxy Form list” and click “View” for the eProxy Form. • Click “Cancel/Revoke” at the bottom of the eProxy Form. • Click “Proceed” to confirm. 	<ul style="list-style-type: none"> • Please write in to bsr.proxy@boardroomlimited.com to revoke the appointment of proxy/proxies. • Please proceed to the Help Desk counter to revoke the appointment of your proxy/proxies.

- Upon revocation, proxy/proxies appointed earlier will not be allowed to participate at the 65th AGM. In such event, you should advise your proxy/proxies accordingly.

6. Submission of Questions to the Board

- The Board recognises that the 65th AGM is a valuable opportunity for the Board to engage with members. In order to enhance the efficiency of the proceedings of the 65th AGM, please find below the steps for submission of questions:

Before Meeting Day	Meeting Day
<ul style="list-style-type: none"> • You may submit your questions before the meeting via BSIP website at https://investor.boardroomlimited.com. • Login to your BSIP account and click “Meeting Event” and go to “BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD – 65th ANNUAL GENERAL MEETING” and click “Enter”. • Thereafter, select “SUBMIT QUESTION” to pose your questions. Please submit your questions no later than 5 May 2026 at 9.00 a.m. 	<ul style="list-style-type: none"> • You may submit your questions via the QR Code which will be provided upon registration on the day of the meeting. • Click on the Messaging window facility to submit your questions. The Messaging window facility will open one (1) hour before the 65th AGM which is from 8.00 a.m. on Thursday, 7 May 2026. • All attendees are advised to bring their own personal devices in order to submit questions.

- The Board will endeavour to address the questions received at the 65th AGM.
- **Please note that no in-person questions will be accepted during the 65th AGM.**

ADMINISTRATIVE DETAILS

for British American Tobacco (Malaysia) Berhad Sixty-Fifth (65th) Annual General Meeting (AGM)

7. Voting Procedure

- Voting at the 65th AGM will be conducted by poll in accordance with Paragraph 8.29A of the Listing Requirement. The Company has appointed Boardroom Share Registrars Sdn Bhd as the Poll Administrator to conduct the poll by way of electronic voting and Sky Corporate Services Sdn Bhd as the Scrutineers to verify the poll results.
- Shareholders/proxies/corporate representatives/attorneys may proceed to vote on the resolutions from the registration of the 65th AGM at 7.00 a.m. on Thursday, 5 May 2026 until the end of the voting session which will be announced by the Chairman. Upon completion of the voting session, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.
- Please vote using your smartphone/tablet with the QR code which will be provided upon registration on the day of the meeting. Alternatively, you may submit your vote at the polling kiosks provided by the Poll Administrator.

8. Help Desk

- Please proceed to the Help Desk counter for the following matters:
 - a. Any enquiry or clarification;
 - b. To revoke the appointment of your proxy/proxies. Upon your revocation of appointment, your proxy/proxies will not be allowed to attend the 65th AGM; or
 - c. If you require any First Aid assistance once you have entered the AGM Venue.

9. Refreshment

- The Packed Meal will be given to all shareholders by way of redemption Meal vouchers given during registration. The Packed Meal including tea or coffee will be made available from 7.00 a.m. until the conclusion of 65th AGM.
- There will be no food served apart from the abovementioned and/or after the 65th AGM.

10. Meal Voucher

- Upon successful registration, **a shareholder or proxy/proxies or Corporate Representative(s) or Attorney(s) will be given one (1) Meal voucher.** The collection of the Meal voucher will be in accordance to the followings:
 - a. Each individual present as shareholder or proxy/proxies or corporate representative or attorney(s); or representing more than one (1) shareholder is entitled to one (1) Meal voucher only.
 - b. If the proxy/proxies has/have obtained a Meal voucher, a shareholder who subsequently decided to attend the AGM in person will not be given any Meal voucher.
 - c. If you lose or misplace your Meal voucher, you will not be entitled for a replacement.

ADMINISTRATIVE DETAILS

for British American Tobacco (Malaysia) Berhad Sixty-Fifth (65th) Annual General Meeting (AGM)

11. Door Gift

- A Door Gift will be provided to all shareholders/proxies who have attended the **65th AGM**.
- The Door Gift will be distributed to entitled shareholders/proxies **within FOURTEEN (14) working days after the conclusion of the 65th AGM via email registered with BSIP**.
- The Door Gift will be provided in accordance to the followings manner:
 - a. Each individual attended the 65th AGM as shareholder or proxy/proxies or corporate representative; or representing more than one (1) shareholder is entitled to one (1) Door Gift only.
 - b. Additionally, if two (2) proxies represent one (1) shareholder, Door Gift will only be provided to the first (1st) named proxy stated in the Proxy Form.
 - c. If you lose or misplace your Door Gift, you will not be entitled for a replacement.

12. Integrated Annual Report 2025

- The Integrated Annual Report 2024 is available on Bursa Malaysia's website at www.bursamalaysia.com under the Company Announcements and also at the British American Tobacco Malaysia's website at www.batmalaysia.com.

13. No recording or photography

- Strictly **NO** recording or photography of the proceedings of the 65th AGM is allowed.

14. No Smoking Policy

- A **NO** smoking policy is maintained inside the AGM Venue. Your co-operation is much appreciated.

15. Other Meeting Details

- Free WIFI is available at the AGM Venue for the convenience of shareholders/proxies.
- Indoor parking is available (subject to availability). Please validate or exchange the parking card at the booth situated in the foyer.

16. Personal Belongings

- Please take care of your personal belongings. The organiser will not be held responsible for any lost item.

ADMINISTRATIVE DETAILS

for British American Tobacco (Malaysia) Berhad Sixty-Fifth (65th) Annual General Meeting (AGM)

17. Enquiry

- If you have general queries prior to the 65th AGM, please contact the **Poll Administrator, Boardroom Share Registrars Sdn Bhd** during office hours from Monday to Friday (8.30 a.m. to 5.30 p.m.) except public holiday:

Boardroom Share Registrars Sdn Bhd

11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13,
46200 Petaling Jaya, Selangor Darul Ehsan,
Malaysia
Tel: +603 7890 4700
Email: bsr.helpdesk@boardroomlimited.com

- If you have any enquiry in relation to the request of hard copy of the Integrated Annual Report, please contact the Company's Share Registrar, **Tricor Investor & Issuing House Services Sdn Bhd** at +60(3) 27839299 or email to is.enquiry@vistra.com during office hours from Monday to Friday (8.30 a.m. to 5.30 p.m.) except public holiday.

Location map to AGM Venue

Sofitel Kuala Lumpur Damansara, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur.



PROXY FORM

BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD
[Registration No. 196101000326 (4372-M)]
(Incorporated in Malaysia)



CDS Account No.

I/We _____ (Name as per NRIC/Passport/Certificate of Incorporation in Capital Letters) (NRIC/Passport/Co. No.: _____)

of _____ (Full Address)

being a member/members of **BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD** (the **Company**), do hereby appoint _____

_____ (Name as per NRIC/Passport in Capital Letters) (NRIC/Passport No.: _____)

of _____ (Full Address)

and/or failing him/her _____ (Name as per NRIC/Passport in Capital Letters) (NRIC/Passport No.: _____)

of _____ (Full Address)

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us and on my/our behalf at the Sixty-Fifth (65th) Annual General Meeting (**AGM** or **Meeting**) of the Company, to be held at **Wau Bulan 2, Level 2, Sofitel Kuala Lumpur Damansara, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur on Thursday, 7 May 2026 at 9.00 a.m.** and at any adjournment thereof.

My/our proxy/proxies shall vote as follows:
(Please indicate with an "X" in the spaces provided below how you wish your votes to be cast on the resolutions specified in the notice of meeting. If you do not do so, your proxy/proxies will vote or abstain as he/she may think fit)

Resolutions		For	Against
Ordinary Resolution 1	Re-election of Eric Ooi Lip Aun who retires pursuant to Clause 109.1 of the Constitution of the Company.		
Ordinary Resolution 2	Re-election of Norliza binti Kamaruddin who retires pursuant to Clause 109.1 of the Constitution of the Company.		
Ordinary Resolution 3	Re-election of Low Chooi Hoon who retires pursuant to Clauses 115 of the Constitution of the Company.		
Ordinary Resolution 4	Re-election of Dato' Sri Dr. Mohd Nizom bin Sairi who retires pursuant to Clauses 115 of the Constitution of the Company.		
Ordinary Resolution 5	Approval of payment of Directors' fees and Board Committees' fees to the Non-Executive Directors for the period commencing 8 May 2026 until the next AGM of the Company.		
Ordinary Resolution 6	Approval of payment of Directors' benefits to the Non-Executive Directors of up to RM280,000 for the period commencing 8 May 2026 until the next AGM of the Company.		
Ordinary Resolution 7	Re-appointment of KPMG PLT as Auditors of the Company for the financial year ending 31 December 2026 and to authorise the Directors of the Company to fix their remuneration.		
Ordinary Resolution 8	Proposed Renewal of the Recurrent Related Party Transactions Mandate.		

Dated this _____ day of _____ 2026

For appointment of two proxies, the percentage of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		
Proxy 2		
TOTAL		100

Signature(s) of member(s)/Common Seal

Notes:

1. The 65th AGM of the Company will be held on a physical mode. All Member(s), proxy/ proxies, corporate representative(s) or attorney(s) who wish to attend the 65th AGM must first register as a user and subsequently pre-register their attendance via the Poll Administrator, Boardroom Share Registrars Sdn Bhd (**Boardroom**) at <https://investor.boardroomlimited.com>. The pre-registration is open from the date of the Notice of the 65th AGM on Tuesday, 7 April 2026 at 5.00 p.m. and the closing date and time shall be no later than 5 May 2026 at 9.00 a.m. Please refer to the Administrative Guide for the full guide of the 65th AGM.
2. Members may submit questions in relation to the agenda items for the 65th AGM prior to the meeting via Boardroom's website at <https://investor.boardroomlimited.com> using the same user ID and password provided by Boardroom, and select "SUBMIT QUESTION" to pose questions. The responses to these questions will be shared at the 65th AGM.
3. During the 65th AGM, Members will be able to ask questions using your smartphone/tablet with the QR code which will be provided upon registration on the day of the meeting. The Board and leadership team will be in attendance at the AGM venue to provide responses accordingly. Please note that no in-person questions will be accepted during the AGM.
4. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. Where a member appoints two (2) proxies, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified. A proxy need not be a member of the Company.
5. Where a member of the Company is an exempt authorised nominee that holds ordinary shares in the Company for multiple beneficial owners in one securities account (Omnibus Account), there is no limit to the number of proxies that the exempt authorised nominees may appoint in respect of each Omnibus Account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories)

Act 1991 (Central Depositories Act), which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.

6. The instrument appointing a proxy/proxies must be under the hand of the appointer or of his/ her attorney duly authorised in writing. Where the instrument appointing a proxy/ proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.
7. If there is no indication as to how a member wishes his/her vote to be cast, the proxy will vote or abstain from voting at his/her discretion. In the event a member duly executes the proxy form but does not name any proxy, such member shall be deemed to have appointed the Chairman of the Meeting as his/her proxy.
8. The proxy form must be duly executed and deposited with Boardroom at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or at its website at <https://investor.boardroomlimited.com> not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting or no later than 5 May 2026 at 9.00 a.m.
9. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.
10. For the purpose of determining a member who shall be entitled to attend the 65th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 71 of the Constitution and Section 34(1) of the Central Depositories Act, to issue a General Meeting ROD as at 24 April 2026 shall be entitled to attend the said Meeting or appoint proxies to attend and/or vote on his/her behalf.

Please refer to the personal data privacy terms set out in the Notice of the 65th AGM dated 7 April 2026.

Please fold here to seal

Affix postage
stamp

The Poll Administrator
British American Tobacco (Malaysia) Berhad
[Registration No. 196101000326 (4372-M)]
c/o Boardroom Share Registrars Sdn Bhd
[Registration No. 199601006647 (378993-D)]
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan, Malaysia

Please fold here to seal



British American Tobacco (Malaysia) Berhad

[Registration No. 196101000326 (4372-M)]

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