

## Questions received from MSWG and the Company's Responses

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| 1.  | <p><u>Questions:</u></p> <p>Could the Board provide an update on the market share performance in 2024 for BAT Malaysia's key combustible brands-Dunhill, Peter Stuyvesant, Rothmans, and Luckies-within their respective market segments (i.e., premium, aspirational premium, and value for-money)?</p> <p><u>Response:</u></p> <p>Dunhill remains Malaysia's No.1 cigarette brand in terms of volume, turnover, market share, premium segment share and overall brand equity. Dunhill has demonstrated its resilience since the Q3'23 RM0.30 price increase with a +1.2ppt segment share gain in H2'24 and a +1ppt overall market share increase in H2 '24 vs H1 '24. The outlook for Dunhill looks very encouraging.</p> <p>Peter Stuyvesant experienced a share decline driven by the RM0.30 price increase in Q3'23 coupled with the contraction of the Aspirational Premium segment. Still, strong consumer loyalty has enabled it to defend its No. 2 position within the segment.</p> <p>Rothmans, remains the No. 2 brand in the Value for Money segment, refreshed its packaging to reflect its aspirational and international cues. Despite a price gap within the segment, it gained +0.5ppt in H2' 24 driven by the refreshed cues, strong consumer loyalty and very strong brand equity.</p> |
| 2.  | <p><u>Questions:</u></p> <p>In previous annual reports, BAT Malaysia disclosed the market share data for its combustible products. However, such information appears to be omitted in the 2024 Annual Report. May the Board kindly clarify the rationale for this change in disclosure practice?</p> <p><u>Response:</u></p> <p>In the presentation of business and financial performance at the 64th AGM, we shared the market share movements for each of our brands &amp; addressed the same in the previous question. The full 2024 data was not available at the time of printing the 2024 Annual Report.</p>   |
| 3a. | <p><u>Questions:</u></p> <p>Vuse is currently the No. 1 vapour brand in measurable retail with a 40% value share within the disposable segment. (Page 32 of AR2024)</p> <p>Could the Board specify the timeframe of the market research conducted to derive this market share?</p> <p><u>Response:</u></p> <p>This is based on the FY2024 scan data that we received from Key Accounts, of their sales to consumers.</p>   |
| 3b. | <p><u>Questions:</u></p> <p>Who are the main competitors of Vuse in the vapour segment, and what is the estimated market share of each, based on the same research findings?</p> <p><u>Response:</u></p> <p>Vuse is currently in direct competition with all legal vapour brands available in Malaysia. As we just mentioned, Vuse commands the highest value share in measurable retail.</p>  |

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| 3c. | <p><u>Questions:</u></p> <p>What is the revenue contribution from vapour products in FY2024? Additionally, has the Group observed continued growth in vapour product sales in the most recent quarter?</p> <p><u>Response:</u></p> <p>At the moment, the contribution from Vuse to our revenue is minimal.</p> <p>In the presentation we shared at the 64th AGM, we have seen our volume grow by approximately 2.7x after one year.</p>  |
| 4a. | <p><u>Questions:</u></p> <p>In 2024, BAT Malaysia expanded the distribution of Vuse across multiple retail channels and the brand is currently distributed by more than 4,000 major stores and vape specialists nationwide. (Page 32 of AR2024)</p> <p>This represents a reduction from the 6,600 stores reported in 2023 (Page 40 of AR2023). Could the Board provide insights into the distribution strategy and channel optimisation for Vuse in 2024? What are the expansion plans for retail distribution in 2025?</p> <p><u>Response:</u></p> <p>Information in the annual report of 4,000 only covers major stores and vape specialist which are organized chains such as 7Eleven, Mynews etc.</p> <p>To date, Vuse is distributed in more than 10,000 stores which comprises of 4,000 major stores and vape specialist whilst another 6,000 are non-organized independent stores.</p>                |
| 4b. | <p><u>Questions:</u></p> <p>Following the introduction of the Control of Smoking Products for Public Health Act 2024 (Act 852) and its regulations, there has been a notable increase in the number of vape brands entering convenience stores. What are BAT Malaysia's marketing and competitive strategies for Vuse in this evolving and increasingly competitive retail environment?</p> <p><u>Response:</u></p> <p>In the presentation we shared at the 64th AGM, that in line with the new regulations for vapour products which are to take effect on 1 October 2025, the Group will be transitioning out its current range of Vuse products in Q3 2025.</p> <p>The Group will conduct commercial assessments consistent with the new product regulations before making decisions on future product launches.</p> <p>In the meantime, the Group will focus on delivering combustible value growth.</p> |

## Summary of Shareholders' Questions Received and the Company's Summarised Responses

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| 1. | <p><u>Questions:</u></p> <p>What is the outlook for BAT taking into account the extreme drop in share price.</p> <p><u>Response:</u></p> <p>Our financial performance over the past few years has been impacted by the challenging economic climate, which was exacerbated by the pandemic, inflationary pressures and stretched disposable income.</p> <p>The high incidence of the tobacco black market which has remained above 50% has also impacted our business.</p> <p>Nevertheless, we are committed to ensure that we drive our business towards quality and sustainable growth.</p> <p>We will continue to stay the course in the execution of our strategy in line with our purpose of building A Better Tomorrow™.</p> <p>We are transforming BAT Malaysia into a high-growth consumer goods company led by winning brands and multitalented people.</p> <p>We are optimistic about achieving steady financial performance for the coming financial year.</p> |
| 2. | <p><u>Questions:</u></p> <p>Why has British American Tobacco Malaysia not considered holding a hybrid AGM? A hybrid format would allow more shareholders to participate, especially those unable to attend in person, ensuring greater engagement and inclusivity.</p> <p>Will the board consider implementing this option in the future?</p> <p><u>Response:</u></p> <p>We thank you for your suggestion.</p> <p>We chose to hold a physical AGM in 2025 as we believe the in-person setup allows for a much-awaited physical engagement with our shareholders, given that we have been doing virtual AGMs for the past few years.</p>   |
| 3. | <p><u>Questions:</u></p> <p>Any door gift for out of town shareholders which cannot attend the physical meeting.</p> <p>Pls do dwi-meeting for upcoming AGM.</p> <p><u>Response:</u></p> <p>Each individual attending the 64th AGM as a shareholder, proxy or corporate representative is entitled to one (1) Door Gift only.</p> <p>Additionally, if two (2) proxies represent one (1) shareholder, the Door Gift will only be provided to the first (1st) named proxy stated in the Proxy Form.</p> <p>We thank you for your suggestion on hybrid arrangements for future AGMs. In deciding the format for the AGM, we will continue to take into consideration greater engagement and inclusivity among other factors.</p>   |

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| 4. | <p><u>Questions:</u></p> <p><u>Response:</u></p> | <p>In the 4th Quarter unaudited report, the Chairman quoted that illegal cigarettes still occupied 54.3% market share. I would like the board formulate a time period to reduce the illegal cigarettes to below 30%. Can this be realised so that the legal cigarettes market can increase to over 70% and government will also benefits from tax collection?</p> <p>While illicit incidence has stabilised from an all-time high of 64% in 2020 to 54.3% in Dec 2024, the tobacco black market remains a big issue impacting the industry.</p> <p>We are encouraged that the Government has taken initiatives to implement transshipment restrictions and intensified its enforcement actions to combat the tobacco black market.</p> <p>However, this issue needs a holistic approach to be addressed effectively.</p> <p>We will continue to advocate to the Government to enhance anti-smuggling initiatives, including tightening controls on importation of cigarettes, enhancing controls along the Malaysian coastline and at landing points, including private jetties.</p> <p>We remain dedicated to work with the Government to seek solutions to address the issue and support intensified enforcement efforts.</p> |
| 5. | <p><u>Questions:</u></p> <p><u>Response:</u></p> | <p>Despite the slight decline, how significant is the impact of the tobacco black market on the company's revenue and market share?</p> <p>Until the excise shock in 2015, BAT was growing profit &amp; revenue each year, reaching a peak of RM1.2Bn. Since 2015, the size of the legal market halved and illegal cigarette incidence grew from 37% in 2015 to 64% in 2020.</p> <p>This obviously impacted the revenue for all the legal companies. We have seen some traction with the transshipment restrictions on cigarettes and increased enforcement efforts.</p> <p>This has reduced illicit incidence to 55% in 2024.</p> <p>However, the reality is the tobacco black market remains a major problem.</p>   |

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| 6. | <p><u>Questions:</u></p> <p>What further measures can the company advocate for or implement to support the government's efforts in combating the black market?</p> <p><u>Response:</u></p> <p>As we have answered earlier, this issue needs a holistic approach to be addressed effectively.</p> <p>We will continue to advocate to the Government to enhance anti-smuggling initiatives, including tightening controls on importation of cigarettes, enhancing controls along the Malaysian coastline and at landing points, including private jetties.</p> <p>We remain dedicated to working with the Government to seek solutions to address the issue and support intensified enforcement efforts.</p>  |
| 7. | <p><u>Questions:</u></p> <p>How can the company differentiate its products and strengthen its competitive edge against illicit trade?</p> <p><u>Response:</u></p> <p>The investments behind our portfolio to continue to strengthen our brands coupled with our effective distribution model have enabled us to gain competitiveness in all segments and capture the illicit backflow.</p> <p>The Group will focus on growing Dunhill in the premium segment, along with other brands within its portfolio in the aspirational premium and VFM segments.</p> <p>This is in tandem with the Group's strategic aim to drive value growth for combustible business.</p>  |
| 8. | <p><u>Questions:</u></p> <p>How is the Control of Smoking Products for Public Health Act 2024 (Act 852) expected to affect the company's operations and market positioning?</p> <p><u>Response:</u></p> <p>The new regulations will create disruption in the market. Brands with the strongest equity have the opportunity to grow volume &amp; share.</p> <p>With brands like Dunhill, Peter Stuyvesant and Rothmans, BAT is well positioned to accelerate growth.</p> <p>We are fully prepared to navigate these changes effectively and will take all necessary steps to comply with the guidelines set forth under Act 852.</p> <p>We remain committed to delivering long-term sustainable growth while navigating the evolving regulatory landscape.</p> |

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| 9.  | <u>Questions:</u> | To what extent are lower margins from vapor products and the downtrading trend in the combustible industry impacting overall profitability?  |
|     | <u>Response:</u>  | <p>With regards to vapour and as shared in the presentation earlier – in order to comply with the new regulations which will take effect by 1st October 2025 (20mg), we are transitioning out from this category.</p> <p>We have also shared that our Premium and AP portfolios continue to deliver resilient performance, supported by our Premium brand, Dunhill, which has leveraged over 60 years of market leadership.</p> <p>The Group remains committed to delivering Quality Growth by driving value from the Combustibles segment. We will continue to strategically allocate resources to strengthen our Premium leadership while capturing growth opportunities presented by the downtrading trend through our VFM portfolio.</p> |
| 10. | <u>Questions:</u> | Why have bank borrowings increased from RM 543,000 in 2023 to RM 558,000 in 2024? What is the company's strategy for managing its debt, and what are the associated risks and costs?   |
|     | <u>Response:</u>  | <p>BAT Malaysia Group has been reducing borrowings from RM695m to RM558m since 2022.</p> <p>For 2024 borrowings, it was partially impacted by cut off for cash &amp; bank balances with only a marginal increase in net debts of c. 2% / RM7.5m.</p> <p>We regularly monitor our debt levels, interest rates, and repayment schedules to proactively identify and address any potential issues. We aim to continuously lower our debt-to-equity ratio and have improved this in 2024 (by 1.3%) to balance the benefits of leverage with an acceptable level of financial risk.</p>   |
| 11. | <u>Questions:</u> | The company used up more than 80% of its free cash flow to pay dividend in FYE24. Is the dividend payout sustainable in the long term considering the Group has approx.RM558mil of bank borrowings?  |
|     | <u>Response:</u>  | <p>In spite of the industry wide challenges, the Group remained committed to maintaining a dividend payout above 90% of its earnings. The Company only used up 61% of the Free Cash Flow for 2023 &amp; 2024 combined to pay dividend for both the years.</p> <p>With the portfolio strategy plans we have in place, buoyed by our resilient combustibles business and strong growth in the premium segment, the Group is optimistic of achieving a steady financial performance for the upcoming fiscal year.</p>   |

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| 12. | <p><u>Questions:</u></p> <p>Any plan and actions in improving the sales and marketing to improve the revenue/sales income for better dividend payout?</p> <p><u>Response:</u></p> <p>The Group will focus on growing Dunhill in the premium segment, along with other brands within its portfolio in the aspirational premium and value-for-money segments.</p> <p>This is in tandem with the Group's strategic aim to drive value growth for combustible business.</p>  |
| 13. | <p><u>Questions:</u></p> <p>Revenue and profit from East Malaysia has been dropping what is the reason for this decline and what steps taken to address this issue.</p> <p><u>Response:</u></p> <p>East Malaysia continues to represent an important part of the Group's total revenue and profit pool (c. 10% of the total pool as per the 2024 Annual Report).</p> <p>In East Malaysia, the illicit incidence can trend towards 80% based on Nielsen Illegal Cigarettes Study, which over-indexes vs. the average incidence of 55%. This creates an impact on overall revenue and profitability.</p> <p>The Group is constantly monitoring these dynamics and remain dedicated to work with the Government to seek solutions to address the issue and support intensified enforcement efforts.</p> |
| 14. | <p><u>Questions:</u></p> <p>Please consider having hybrid meeting in future, since voting is online</p> <p><u>Response:</u></p> <p>Thank you for your suggestion.</p> <p>We chose to hold a physical AGM in 2025 as we believe the in-person setup allows for a much-awaited physical engagement with our shareholders, given that we have been doing virtual AGMs for the past few years.</p> <p>Please note that voting is done physically at the location, and not online. The RPV was used to facilitate ease of voting.</p>   |
| 15. | <p><u>Questions:</u></p> <p>Please consider hybrid meeting.</p> <p><u>Response:</u></p> <p>Please refer to our response to question 14.</p>  |
| 16. | <p><u>Questions:</u></p> <p>I could not gain access to live streaming of the AGM proceedings. I just do not understand even after many attempts. Thank you.</p> <p><u>Response:</u></p> <p>We did not have live streaming because we chose to hold a physical AGM in 2025 as we believe the in-person setup allows for a much-awaited physical engagement with our shareholders, given that we have been doing virtual AGMs for the past few years.</p>  |

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| 17. | <p><u>Questions:</u></p> <p>When will we see a recovery of BAT in bursa to its former glory as a blue chip dividend stock ?</p> <p><u>Response:</u></p> <p>The high incidence of the tobacco black market which has remained above 50% has impacted our business over the years. Our financial performance over the past few years has also been impacted by the challenging economic climate, which was exacerbated by the pandemic, inflationary pressures and stretched disposable income.</p> <p>Nevertheless, we are committed to ensure that we drive our business towards quality and sustainable growth. We will continue to stay the course in the execution of our strategy in line with our purpose of building A Better Tomorrow™.</p>   |
| 18. | <p><u>Questions:</u></p> <p>How BAT is going to cushion the impact of sale of cigarettes off the shelves of cigarette counters?</p> <p><u>Response:</u></p> <p>The new regulations will create disruption in the market. Brands with the strongest equity have the opportunity to grow share. With brands like Dunhill, Peter Stuyvesant and Rothmans, BAT is well positioned to accelerate share growth. We are fully prepared to navigate these changes effectively and will take all necessary steps to comply with the guidelines set forth under Act 852.</p>   |
| 19. | <p><u>Questions:</u></p> <p>If you believe share price is undervalued. Are you subscribing to esos? Can you let us know how many shares do directors own in Bat M?</p> <p><u>Response:</u></p> <p>We do not currently have ESOS program. The details of Directors' shareholdings can be referred in our Annual Report.</p>   |
| 20. | <p><u>Questions:</u></p> <p>Your share price BAT M is doing worst than your parent BTI Plc and even lot lot lot worst than PMI. What is the BAT M board of directors, marketing department etc doing about this? Can you give us outline of plans going forward. Why should we keep our shares in BAT M.</p> <p><u>Response:</u></p> <p>In Malaysia, the high incidence of the tobacco black market which has remained above 50% has impacted our business over the years. Our financial performance over the past few years has also been impacted by the challenging economic climate, which was exacerbated by the pandemic, inflationary pressures and stretched disposable income.</p> <p>We remain committed to delivering long-term sustainable growth while navigating the evolving regulatory landscape and focusing more on making our products available at all channels and strengthening retail advocacy to continue building our brands.</p> |



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| 21. | <p><u>Questions:</u></p> <p><u>Response:</u></p> | <p>Smokeless tobacco where do you see sales? Write off brand equity? BTI plc had written off USD 400-500Mill? Bat M own any brand directly? Tobacco is a dying industry. Share price and profit has been going down since 1990's. Are you able to maintain sales going forward? Are you able to rejuvenate your dying brands?</p> <p>For BATM, the carrying amount of goodwill is reviewed for impairment annually. Based on the annual assessment, the recoverable amount exceeded the carrying amount of the goodwill. Accordingly, no impairment is required for the Company.</p> <p>With the new regulations, the Brands with the strongest equity have the opportunity to grow share. With brands like Dunhill, Peter Stuyvesant and Rothmans, BAT is well positioned to accelerate share growth. We are fully prepared to navigate these changes effectively and will take all necessary steps to comply with the guidelines set forth under Act 852.</p> <p>We remain committed to delivering long-term sustainable growth while navigating the evolving regulatory landscape and focusing more on making our products available at all channels and strengthening retail advocacy to continue building our brands.</p> |
| 22. | <p><u>Questions:</u></p> <p><u>Response:</u></p> | <p>How much cost of physical meeting, how much cost of online meeting previously?</p> <p>The cost of online meeting is lower as a physical AGM has additional requirements including venue fees, logistics and others.</p> <p>The cost of an online meeting previously was about half the costs of the physical meeting.</p>   |
| 23. | <p><u>Questions:</u></p> <p><u>Response:</u></p> | <p>Will any incentive be provided to our shareholders who are attending our company AGM online? TQ</p> <p>Each individual attending the 64th AGM as a shareholder, proxy or corporate representative is entitled to one (1) Door Gift.</p> <p>Additionally, if two (2) proxies represent one (1) shareholder, the Door Gift will only be provided to the first (1<sup>st</sup>) named proxy stated in the Proxy Form.</p>  |

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| 24. | <p><u>Questions:</u></p> <p>In view of encouraging greater shareholder participation and accessibility, may I ask why BAT Malaysia has not adopted a hybrid AGM format? Many listed companies are moving towards hybrid meetings to cater to both physical and remote shareholders. Will the Board consider implementing hybrid AGMs in the future?</p> <p><u>Response:</u></p> <p>We thank you for your suggestion.</p> <p>We chose to hold a physical AGM in 2025 as we believe the in-person setup allows for a much-awaited physical engagement with our shareholders, given that we have been doing virtual AGMs for the past few years.</p>  |  |
| 25. | <p><u>Questions:</u></p> <p>Please have the AGM for RPV also as outstation shareholders can have the same benefits as physical attendance. also 3 AGMs today it is impossible to attend all if only physical . Thank you.</p> <p><u>Response:</u></p> <p>We thank you for your suggestion.</p> <p>We chose to hold a physical AGM in 2025 as we believe the in-person setup allows for a much-awaited physical engagement with our shareholders, given that we have been doing virtual AGMs for the past few years.</p>  |  |
| 26. | <p><u>Questions:</u></p> <p>Is there any e-voucher for partitioning online voting?</p> <p><u>Response:</u></p> <p>Please refer to our response to question 23.</p>   |  |
| 27. | <p><u>Questions:</u></p> <p>Why this time need to pre-register to attend the meeting? Those without email cannot register and vote. Although email is common in these days, it does not means all people will have email address. By imposing this, your company is not treating all shareholders equally. This is double standard discrimination against shareholder who do not have email. Especially those elderly.</p> <p><u>Response:</u></p> <p>As informed in our notice and admin guide, an email is required to access TIIH online. We note your concern and will do better.</p>  |  |
| 28. | <p><u>Questions:</u></p> <p>Any plans for turning around the company's profitability and share price.</p> <p><u>Response:</u></p> <p>The high incidence of the tobacco black market which has remained above 50% has impacted our business over the years. Our financial performance over the past few years has also been impacted by the challenging economic climate, which was exacerbated by the pandemic, inflationary pressures and stretched disposable income.</p> <p>Nevertheless, we are committed to ensure that we drive our business towards quality and sustainable growth. We will continue to stay the course in the execution of our strategy in line with our purpose of building A Better Tomorrow™.</p> |  |