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## **BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD**

### **UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2025**

**BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD**  
**Registration No. 196101000326 (4372-M)**

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2025**

	Note	Individual Period		Cumulative Period	
		For the 3 months ended		Financial year ended	
		31.12.2025	31.12.2024	31.12.2025	31.12.2024
		RM'000	RM'000	RM'000	RM'000
Revenue		947,979	653,032	2,195,525	2,315,404
Cost of sales		(697,277)	(503,287)	(1,669,621)	(1,774,235)
Gross profit		250,702	149,745	525,904	541,169
Other operating income		1,788	2,865	2,452	3,460
Operating expenses		(78,186)	(75,952)	(224,684)	(266,112)
Profit from operations		174,304	76,658	303,672	278,517
Finance costs		(7,584)	(7,693)	(29,268)	(26,901)
Profit before tax	B2	166,720	68,965	274,404	251,616
Tax expense	B3	(45,518)	(19,999)	(71,958)	(68,474)
Profit after tax		121,202	48,966	202,446	183,142
Profit attributable to the shareholders of the Company		121,202	48,966	202,446	183,142
Effective tax rate		27.3%	29.0%	26.2%	27.2%
EPS	B10	42.4	17.1	70.9	64.1
<b>Dividends</b>					
- Interim 1		-	-	7.5	10.0
- Interim 2		-	-	12.0	12.0
- Interim 3		-	-	5.0	22.0
- Interim 4		39.0	15.0	39.0	15.0
		39.0	15.0	63.5	59.0

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2024.

**BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD**  
Registration No. 196101000326 (4372-M)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2025**

	<b>Individual Period</b>		<b>Cumulative Period</b>	
	<b>For the 3 months ended</b>		<b>Financial year ended</b>	
	<b>31.12.2025</b>	<b>31.12.2024</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit after tax</b>	121,202	48,966	202,446	183,142
<b>Other comprehensive (expense)/income, net of tax</b>				
<b>Items that may be subsequently reclassified to income statement</b>				
- changes in fair value of cash flow hedges	(1,289)	16,517	(3,273)	(5,658)
- deferred tax on fair value changes of cash flow hedges	308	(3,965)	785	1,358
<b>Total other comprehensive (expense)/income, net of tax</b>	<b>(981)</b>	<b>12,552</b>	<b>(2,488)</b>	<b>(4,300)</b>
<b>Total comprehensive income</b>	<b>120,221</b>	<b>61,518</b>	<b>199,958</b>	<b>178,842</b>
<b>Profit attributable to:</b>				
Shareholders of the Company	121,202	48,966	202,446	183,142
<b>Total comprehensive income attributable to:</b>				
Shareholders of the Company	120,221	61,518	199,958	178,842

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2024.

**BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD**  
Registration No. 196101000326 (4372-M)

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2025**

	Note	As at 31.12.2025 RM'000	As at 31.12.2024 RM'000
<b>Assets</b>			
Property, plant and equipment		42,091	50,299
Computer software		1,837	1,809
Goodwill		411,618	411,618
Deferred tax assets		10,209	12,565
<b>Total non-current assets</b>		<u>465,755</u>	<u>476,291</u>
Inventories		13,637	10,538
Tax recoverable		2,905	2,245
Trade and other receivables		746,036	669,208
Derivative financial instruments		1,124	2,649
Cash and bank balances		32,932	35,385
<b>Total current assets</b>		<u>796,634</u>	<u>720,025</u>
<b>Total assets</b>		<u><u>1,262,389</u></u>	<u><u>1,196,316</u></u>
<b>Equity</b>			
Share capital		142,765	142,765
Cash flow hedge reserve		(3,933)	(1,445)
Retained earnings		336,277	246,617
<b>Total equity</b>		<u>475,109</u>	<u>387,937</u>
<b>Liabilities</b>			
Lease liabilities		21,109	26,357
<b>Total non-current liabilities</b>		<u>21,109</u>	<u>26,357</u>
Trade and other payables		159,203	194,464
Borrowings	B5	569,700	558,000
Derivative financial instruments		7,084	4,183
Current tax liabilities		19,899	13,959
Lease liabilities		10,285	11,416
<b>Total current liabilities</b>		<u>766,171</u>	<u>782,022</u>
<b>Total liabilities</b>		<u>787,280</u>	<u>808,379</u>
<b>Total equity and liabilities</b>		<u><u>1,262,389</u></u>	<u><u>1,196,316</u></u>
Net assets per share (RM)		1.66	1.36

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2024.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2025

	Non-distributable		Distributable		
	Share Capital RM'000	Cash flow hedge reserve RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total Equity RM'000
<b>At 1 January 2025</b>	142,765	(1,445)	-	246,617	387,937
Profit after tax	-	-	-	202,446	202,446
Other comprehensive (expense)/income:					
- changes in fair value of cash flow hedges	-	(3,273)	-	-	(3,273)
- deferred tax on fair value changes on cash flow hedges	-	785	-	-	785
<b>Total comprehensive (expense)/income</b>	-	(2,488)	-	202,446	199,958
Transaction with shareholders:					
Expense arising from equity-settled share based payment transactions	-	-	1,637	-	1,637
Recharge of share-based payment	-	-	(1,637)	-	(1,637)
Dividend for financial year ended 31 December 2024					
- fourth interim	-	-	-	(42,830)	(42,830)
Dividend for financial year ended 31 December 2025					
- first interim	-	-	-	(21,415)	(21,415)
- second interim	-	-	-	(34,264)	(34,264)
- third interim	-	-	-	(14,277)	(14,277)
Total transactions with shareholders of the Company	-	-	-	(112,786)	(112,786)
<b>At 31 December 2025</b>	142,765	(3,933)	-	336,277	475,109
<b>At 1 January 2024</b>	142,765	2,855	-	231,939	377,559
Profit after tax	-	-	-	183,142	183,142
Other comprehensive (expense)/income:					
- changes in fair value of cash flow hedges	-	(5,658)	-	-	(5,658)
- deferred tax on fair value changes on cash flow hedges	-	1,358	-	-	1,358
<b>Total comprehensive (expense)/income</b>	-	(4,300)	-	183,142	178,842
Transaction with shareholders:					
Expense arising from equity-settled share based payment transactions	-	-	1,684	-	1,684
Recharge of share based payment	-	-	(1,684)	-	(1,684)
Dividend for financial year ended 31 December 2023					
- fourth interim	-	-	-	(42,830)	(42,830)
Dividend for financial year ended 31 December 2024					
- first interim	-	-	-	(28,553)	(28,553)
- second interim	-	-	-	(34,264)	(34,264)
- third interim	-	-	-	(62,817)	(62,817)
Total transactions with shareholders of the Company	-	-	-	(168,464)	(168,464)
<b>At 31 December 2024</b>	142,765	(1,445)	-	246,617	387,937

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2024.

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Note	Financial year ended	
		31.12.2025 RM'000	31.12.2024 RM'000
<b>Operating activities</b>			
Profit before tax		274,404	251,616
Adjustments for:			
- non-cash items		23,037	40,307
- interest income		(801)	(585)
- interest expense		29,268	26,901
Changes in working capital:			
- inventories		(3,099)	34,372
- trade and other receivables		(75,453)	(43,619)
- trade and other payables		(40,937)	(43,147)
<b>Cash from operations</b>		206,419	265,845
Income tax paid		(63,538)	(60,867)
<b>Net cash flow from operating activities</b>		142,881	204,978
<b>Investing activities</b>			
Property, plant and equipment			
- addition		(2,056)	(1,624)
- disposals		351	247
Purchase of computer software		(750)	(1,796)
Interest received		801	585
<b>Net cash flow used in investing activities</b>		(1,654)	(2,588)
<b>Financing activities</b>			
Dividends paid to shareholders		(112,786)	(168,464)
Interest expense paid		(27,891)	(25,355)
Net drawdown from revolving credit		11,700	15,000
Payment on lease liabilities		(13,326)	(14,489)
Interest paid in relation to lease liabilities		(1,377)	(1,546)
<b>Net cash flow used in financing activities</b>		(143,680)	(194,854)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(2,453)	7,536
<b>Cash and cash equivalents as at 1 January</b>		35,385	27,849
<b>Cash and cash equivalents as at 31 December</b>		32,932	35,385

The unaudited Condensed Consolidated Cash Flows Statement should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2024.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

**A1. BASIS OF PREPARATION**

These condensed consolidated financial statements ("Condensed Report") are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134 *Interim Financial Reporting*, the International Accounting Standard ("IAS") 34 *Interim Financial Reporting* and the requirements of the Companies Act 2016 in Malaysia, where applicable. This Condensed Report has also been prepared in accordance with paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2024. The explanatory notes attached to the Condensed Report provide explanations of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2024.

**A2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of this Condensed Report are consistent with those adopted in the preparation of the Group's audited financial statements for the financial year ended 31 December 2024. As at the date of authorisation of this Condensed Report, the following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group:

***MFRSs, 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*

***MFRSs, 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*

***MFRSs, 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*

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

The Group plans 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.

**A3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS**

The results of the Group's operations are affected by economic cycles and festive seasons.

**A4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no significant unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and year ended 31 December 2025.

**A5. SIGNIFICANT CHANGES IN ESTIMATE**

There were no significant changes in estimates for prior periods that have had a material effect on the results for the current quarter and year ended 31 December 2025.

**A6. DEBT AND EQUITY SECURITIES**

There were no issuances, repurchases and repayments of debt and equity securities during the current quarter and year ended 31 December 2025.



**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A7. SEGMENT REPORTING**

MFRS 8 requires separate reporting of segmental information for operating segments. Operating segments reflect the Group's management structure and the way financial information is regularly reviewed by the Group's chief operating decision maker, which in this case is the Managing Director of the Group.

For the financial year ended 31 December 2025, the Group concluded that the operating segments determined in accordance with MFRS 8 are to be based on geographical areas as it forms part of the internal management reports regularly provided to the Group's chief operational decision maker.

The Group does not have any non-current assets that are located in countries other than Malaysia.

Segment assets and liabilities are not included in the internal management reports nor provided regularly to the Group's chief operating decision maker. Hence no such disclosures are provided below.

	<b>Individual Period</b>			<b>Cumulative Period</b>		
	<b>For the 3 months ended</b>			<b>Financial year ended</b>		
	<b>31.12.2025</b>			<b>31.12.2025</b>		
	<b>West Malaysia RM'000</b>	<b>East Malaysia RM'000</b>	<b>Total RM'000</b>	<b>West Malaysia RM'000</b>	<b>East Malaysia RM'000</b>	<b>Total RM'000</b>
<b>Segment revenue and results</b>						
Revenue from contracts with customers	892,466	54,373	946,839	1,996,890	197,495	2,194,385
Gross profit	236,446	13,116	249,562	477,433	47,331	524,764

	<b>Individual Period</b>			<b>Cumulative Period</b>		
	<b>For the 3 months ended</b>			<b>Financial year ended</b>		
	<b>31.12.2024</b>			<b>31.12.2024</b>		
	<b>West Malaysia RM'000</b>	<b>East Malaysia RM'000</b>	<b>Total RM'000</b>	<b>West Malaysia RM'000</b>	<b>East Malaysia RM'000</b>	<b>Total RM'000</b>
<b>Segment revenue and results</b>						
Revenue from contracts with customers	610,406	41,514	651,920	2,129,693	184,599	2,314,292
Gross profit	141,865	6,768	148,633	499,141	40,916	540,057

	<b>2025 RM'000</b>	<b>2024 RM'000</b>
<b>Reconciliation of reportable segment operating profits</b>		
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

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A8. EVENTS AFTER THE REPORTING PERIOD**

There were no material events subsequent to the end of the financial period under review that have not been reflected in the quarterly report.

**A9. CHANGES IN COMPOSITION OF GROUP**

There were no changes in the composition of the Group during the current quarter and year ended 31 December 2025.

**A10. CONTINGENT ASSETS AND LIABILITIES**

There were no contingent liabilities or contingent assets as at 2 February 2026 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).

**A11. 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:

	<b>RM'000</b>
Approved but not contracted for	<u>506</u>

**A12. 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.

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A13. SIGNIFICANT RELATED PARTY TRANSACTIONS**

For the purposes of this quarterly report, parties are considered to be related to the Group if the Group 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 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 Group has related party relationships with its holding company, subsidiaries and key management personnel. Significant related party transactions are as follows:

	<b>Individual Period</b>		<b>Cumulative Period</b>	
	<b>For the 3 months ended</b>		<b>Financial year ended</b>	
	<b>31.12.2025</b>	<b>31.12.2024</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Purchase of leaf, cigarette packaging, wrapping materials and tobacco products from:				
PT Bentoel Prima	49,463	30,433	165,680	173,466
Purchase of vapour and tobacco heating product from:				
Nicoventures Trading Limited	-	174	-	21,936
Procurement of information technology services from:				
British American Shared Services (GSD) Limited	4,815	5,366	19,686	19,968
Royalties paid/payable to:				
British American Tobacco Exports Limited	32,929	21,345	70,834	74,578
Payment for technical and advisory support services fee to:				
British American Tobacco Investments Ltd.	4,683	4,495	15,039	13,795
BAT Aspac Service Centre Sdn. Bhd.	3,622	4,751	18,629	18,133
BAT South East Asia Pty Ltd	9,472	4,492	25,608	23,171

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the annual financial statements of the Group for the year ended 31 December 2024 was unqualified.

**B2. PROFIT BEFORE TAX**

	<b>Individual Period</b>		<b>Cumulative Period</b>	
	<b>For the 3 months ended</b>		<b>Financial year ended</b>	
	<b>31.12.2025</b>	<b>31.12.2024</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit before tax is arrived at after charging:</b>				
Finance costs:				
- lease liabilities	320	337	1,377	1,546
- borrowings	7,264	7,356	27,891	25,355
Property, plant and equipment:				
- depreciation	1,044	1,079	4,035	4,373
- depreciation of right-of-use assets	3,059	3,733	13,183	14,527
- write-off	-	1,234	-	1,649
Loss on derecognition of lease contracts	-	65	-	-
Computer software:				
- amortisation	179	386	722	1,298
Net loss on impairment of financial assets at amortised cost	21	62	59	37
Bad debts written-off	-	-	100	-
Inventories written-off	5,131	4,404	29,551	8,001
Loss on derivatives	979	-	2,373	-
Restructuring costs	1,320	-	1,320	-
Net provision for market returns	-	11,498	-	11,498
Net foreign exchange loss	-	3,447	-	-
<b>and after crediting:</b>				
Interest income on deposits	279	158	801	585
Property, plant and equipment:				
- gain on disposal	-	-	140	166
Gain on derecognition of lease contracts	5	-	219	18
Gain on derivatives	-	1,889	-	286
Net reversal in provision for market returns	16,346	-	22,107	-
Net foreign exchange gain	492	-	2,047	1,955

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B3. TAX EXPENSE**

	Individual Period		Cumulative Period	
	For the 3 months ended 31.12.2025 RM'000	31.12.2024 RM'000	Financial year ended 31.12.2025 RM'000	31.12.2024 RM'000
<b>Current tax expense</b>				
- current tax	38,944	20,287	67,547	66,662
- under provision in prior year	-	6,432	1,270	6,432
	<u>38,944</u>	<u>26,719</u>	<u>68,817</u>	<u>73,094</u>
<b>Deferred tax expense/(income)</b>				
- origination/(reversal) of temporary differences	3,613	(2,616)	5,011	(516)
- under/(over) provision in prior year	2,961	(4,104)	(1,870)	(4,104)
	<u>6,574</u>	<u>(6,720)</u>	<u>3,141</u>	<u>(4,620)</u>
	<u>45,518</u>	<u>19,999</u>	<u>71,958</u>	<u>68,474</u>

The average effective tax rates of the Group for the fourth quarter 2025 and financial year ended 31 December 2025 were 27.3% (2024: 29.0%) and 26.2% (2024: 27.2%) respectively.

The average effective tax rates in the fourth quarter 2025 and financial year ended 31 December 2025 were higher than the statutory tax rate mainly attributable to non-deductible expenses.

**B4. CORPORATE PROPOSAL**

There were no new corporate proposals announced as at 2 February 2026 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).

**B5. BORROWINGS**

The Group's borrowings as at the end of the financial year are as follows:

	As at 31.12.2025 RM'000	As at 31.12.2024 RM'000
Borrowings – unsecured	<u>569,700</u>	<u>558,000</u>

The Group's borrowings have a maturity date between one month to three months. The Group's borrowings are denominated in Ringgit Malaysia.

**B6. MATERIAL LITIGATION**

There was no material litigation as at 2 February 2026 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B7. MATERIAL CHANGES IN THE QUARTERLY RESULTS AS COMPARED WITH THE PRECEDING QUARTER**

The Group's volume increased by 172% compared to the preceding quarter, mainly due to implementation of Pictorial Health Warning under the Control of Smoking Products for Public Health Act 2024 (Act 852), effective 1 October 2025 which has driven the transition of new compliant products in the market. The increase also reflects retailers' stock building activities driven by pre-price increase speculation ahead of the Retail Selling Price adjustment following the excise duty increase of RM0.02 per stick, which was tabled in Budget 2026, and became effective on 21 November 2025.

Reflecting the higher shipment volumes and Retail Price Adjustment, revenue increased from RM301 million to RM948 million for the quarter. The increase, combined with ongoing cost optimization initiatives, contributed to an improvement in Operating Profit of RM161 million (Q4 2025: RM174 million vs Q3 2025: RM13 million).

**B8. REVIEW OF PERFORMANCE YEAR-TO-DATE 2025 VS YEAR-TO-DATE 2024**

The legal combustible segment recorded a 1.4% decline in volume for the year despite a 0.6% reduction in illicit incidence, with tobacco black-market share easing from 55.0% to 54.4%. The gains from reduced illicit trade were insufficient to counter ongoing structural pressures, as the legal combustible segment continued to be affected by a sustained consumer shift toward reduced-risk products. This trend, compounded by phased implementations of Public Health Act, contributed to a 1.1% decline in the Group's overall market share.

The Group also recorded a 5.5% decrease in total volume compared with the previous year, leading to lower revenue of RM2,196 million versus RM2,315 million previously. The decline was largely a result of phased regulatory changes during the year, which also guided the Group's strategic decision to transition out of its Vuse product range in Q3 2025. Operating expenses for year-to-date 2025 declined by 16.0%, driven by cost optimization efforts and lower Vuse-related costs following the transition, partially offset by higher regulatory implementation expenses.

**B9. CURRENT YEAR PROSPECTS**

Malaysia's economic growth strengthened in the second half of 2025, with full-year GDP growth reaching 4.9%, surpassing the Government's earlier projections. The fourth quarter saw a significant acceleration to 5.7% GDP growth, driven by robust domestic demand and strong performance across services, manufacturing, and construction sectors. Looking ahead, the economy is projected to be at between 4.3% and 4.7% in 2026, although global uncertainties and potential trade policy shifts may continue to influence momentum.

While inflation is expected to remain manageable, rising costs are shaping consumer behaviour, leading to more strategic and value-conscious spending. This shift towards prioritising essentials and seeking value is expected to intensify affordability pressures on consumers.

The recent excise duty increase implemented on 1 November 2025, has widened the price gap between legal and illegal tobacco products, and is expected to further incentivise the illicit market. The illegal cigarette trade remains a critical national issue, commanding an estimated 54% (Q3 2025: 54.3%) of the total market which causes annual tax losses of approximately RM5 billion. This substantial black market continues to undermine the Government's tax revenue and public health objectives.

The Group strongly supports the Government's commitment to combatting the illicit trade, as demonstrated by the record-breaking enforcement results in 2025. The Royal Malaysian Customs Department (JKDM) successfully seized illicit goods worth RM1.88 billion, a 15.33% increase from 2024. Specifically, seizures of illicit cigarettes rose to 566.58 million sticks, valued at RM497.27 million (including duties and taxes). Enhanced enforcement measures, including advanced scanning technology and targeted container inspections, are crucial in disrupting smuggling activities.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B9. CURRENT YEAR PROSPECTS (CONT'D)**

We believe that sustained and intensified enforcement, coupled with the acceleration of the digital tax stamp programme, is essential to reclaiming domestic market volume and restoring Government's tax revenue. Continued collaboration and consultation between industry players and enforcement agencies to combat illicit trade will be key to creating a fair level of playing field while ensuring a regulated and sustainable market.

Amid ongoing macroeconomic and regulatory challenges, the Group remains focused on its strategic priorities. The Group is committed to disciplined execution and operational excellence to continue its market leadership in the tobacco sector for 2026.

**B10. EARNINGS PER SHARE**

	<b>Individual Period</b>		<b>Cumulative Period</b>	
	<b>For the 3 months ended</b>		<b>Financial year ended</b>	
	<b>31.12.2025</b>	<b>31.12.2024</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
<b>Basic earnings per share</b>				
Profit for the financial period/year (RM'000)	121,202	48,966	202,446	183,142
Weighted average number of ordinary shares in issue ('000)	285,530	285,530	285,530	285,530
Basic earnings per share (sen)	42.4	17.1	70.9	64.1

The Group does not have in issue any financial instrument or other contract that may entitle its holders to ordinary shares and therefore, diluted earnings per share is not disclosed.

**B11. DIVIDENDS**

Dividends paid or declared in respect of the quarter and financial year ended 31 December 2025 are as follows:

	<b>Sen per share</b>	<b>Total amount RM'000</b>
<b>2025</b>		
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
	39.5	112,786
<b>2024</b>		
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
	59.0	168,464

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B11. DIVIDENDS (CONT'D)**

The Board of Directors had on 9 February 2026 declared a fourth interim ordinary dividend of 39.0 sen per ordinary share (tax exempted under single-tier tax system)\* amounting to RM111,356,700 in respect of the financial year ended 31 December 2025, payable on 10 April 2026 to shareholders whose names appear on the Record of Depositors on 13 March 2026. This equates to a 92% payout on Q4 2025 earnings per share and dividend yield of 14.3%\*\*.

A Depositor shall qualify for entitlement only in respect of:

- (a) Securities transferred to the Depositor's Securities Account before 4.30 p.m. on 13 March 2026, in respect of ordinary transfers; and
- (b) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

*\* The single-tier dividend declared is exempt from tax under subsection 108(1) of the Income Tax Act 1967. Pursuant to paragraph 12B of Schedule 6 of Income Tax Act 1967, the single-tier dividend is not taxable in the hands of the shareholders other than an individual who receives one or more dividend vouchers, where the total gross dividend, other than dividend which is exempt in the hands of the shareholder, exceeds RM100,000.00, the individual must declare the dividend income as part of their aggregate income pursuant to paragraph 6(1)(r) of the said Act.*

*\*\* Based on last 3 quarters dividend paid out and fourth interim dividend 2025 declared.*

**B12. AUTHORISED FOR ISSUE**

The quarterly report was authorised for issue by the Board in accordance with a resolution of the Directors on 9 February 2026.