News release

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BAT Malaysia Sees Gradual Recovery

- *BAT Malaysia delivered an improved Q2FY2026 performance, supported by a recovery in sales volume.*
- *The tobacco black market remains high at 56.2% of total industry volume in the current quarter, easing from 56.7% in the preceding quarter, reflecting positive impact of continued enforcement efforts.*

Kuala Lumpur, 30 July 2026 – British American Tobacco (Malaysia) Berhad (BAT Malaysia or the Group) today announced its financial results for the second quarter ended 30 June 2026 (Q2FY2026).

For the quarter under review, BAT Malaysia recorded a revenue of RM515 million compared with RM160 million registered in the preceding quarter (Q1FY2026), underpinned by an increase in sales volume. However, operating expenses increased by 19.3% quarter-on-quarter, primarily due to costs associated with the implementation of the new Route-to-Market (RTM) model. Nevertheless, the Group closed Q2FY2026 on a positive note, with a profit from operations of RM33 million, compared with a loss of RM42 million in Q1FY2026.

Cumulatively, for the first half of the 2026 financial year, the Group recorded a lower revenue of RM676 million compared with RM947 million a year ago. Operating expenses increased by 48.4% compared with the corresponding period last year, reflecting transition-related costs and business restructuring activities. Consequently, the Group recorded a loss of RM22 million for the first half of the financial year.

Nedal Salem, Managing Director, BAT Malaysia, said, "We will continue to focus on building brand awareness and penetration, cost discipline and operational efficiency as we stabilise the Group's performance and advance towards gradual recovery with the new RTM (Route to Market Model), while continuing to drive sustainable value for the business.

The latest May 2026 Illicit Cigarettes Study showed that tobacco black market incidence has declined to 56.2% of total industry volume, compared with 56.7% in the preceding quarter.

However, the incidence remains significantly above the 54.5% recorded at the end of 2025, reinforcing the need to tackle the tobacco black market a national priority in 2026. Addressing this challenge requires a comprehensive approach that tackles the availability of illicit products through stronger disruption of illegal supply networks, as well as the demand driven by affordability gaps and consumer access to lower-priced alternatives.

Looking ahead, we remain committed to working with the relevant authorities to address illicit trade, while executing our strategic priorities, strengthening our core combustible brands - Dunhill, Rothmans and Peter Stuyvesant – and building a more resilient and sustainable business that delivers long-term value to our shareholders."

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Enquiries

Media Centre
corpcomms_malaysia@bat.com

About British American Tobacco (Malaysia) Berhad

British American Tobacco (Malaysia) Berhad is the leading tobacco company in Malaysia and has been listed on the Malaysian stock exchange for over six decades. With a proud legacy of over 100 years in Malaysia, we are guided by the Group's purpose of creating A Better Tomorrow™—a vision that guides our transformation and sustainable long-term growth. BAT Malaysia's portfolio includes established brands like DUNHILL, PETER STUYVESANT, and ROTHMANS. Today, BAT Malaysia has over 270 employees across a broad range of disciplines, from generating consumer insights and developing brands to distributing them nationwide. We are also recognised for our industry-leading approach to talent development, supported by a strong culture of corporate governance and commitment to delivering value to our shareholders.