



BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2024**

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

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 31 MARCH 2024

	Note	For the 3 months ended	
		31.3.2024 RM'000	31.3.2023 RM'000
Revenue		411,968	390,225
Cost of sales		(327,241)	(303,301)
Gross profit		84,727	86,924
Other operating income		284	568
Operating expenses		(39,050)	(28,660)
Profit from operations		45,961	58,832
Finance costs		(5,843)	(5,800)
Profit before tax	B2	40,118	53,032
Tax expense	B3	(10,130)	(12,710)
Profit after tax		29,988	40,322
Profit attributable to the shareholders of the Company		29,988	40,322
Effective tax rate		25.3%	24.0%
EPS	B10	10.5	14.1
<u>Dividends</u>			
- Interim 1		10	13
		10	13

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 2023.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2024

	For the 3 months ended	
	31.3.2024	31.3.2023
	RM'000	RM'000
Profit after tax	29,988	40,322
Other comprehensive income/(expense), net of tax		
Items that may be subsequently reclassified to income statement		
- changes in fair value of cash flow hedges	4,358	(662)
- deferred tax on fair value changes of cash flow hedges	(1,046)	158
Total other comprehensive income/(expense), net of tax	3,312	(504)
Total comprehensive income	33,300	39,818
Profit attributable to:		
Shareholders of the Company	29,988	40,322
Total comprehensive income attributable to:		
Shareholders of the Company	33,300	39,818

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 2023.

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

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2024

	Note	As at 31.3.2024 RM'000	As at 31.12.2023 RM'000
Assets			
Property, plant and equipment		61,040	65,692
Computer software		1,006	1,311
Goodwill		411,618	411,618
Deferred tax assets		5,566	6,587
Total non-current assets		479,230	485,208
Inventories		72,152	32,570
Tax recoverable		9,253	2,321
Trade and other receivables		516,333	625,920
Derivative financial instruments		8,672	4,950
Cash and bank balances		78,969	27,849
Total current assets		685,379	693,610
Total assets		1,164,609	1,178,818
Equity			
Share capital		142,765	142,765
Cash flow hedge reserve		6,167	2,855
Retained earnings		219,097	231,939
Total equity		368,029	377,559
Liabilities			
Lease liabilities		30,931	34,136
Total non-current liabilities		30,931	34,136
Trade and other payables		179,327	206,977
Borrowings	B5	568,000	543,000
Derivative financial instruments		340	809
Current tax liabilities		3,738	1,808
Lease liabilities		14,244	14,529
Total current liabilities		765,649	767,123
Total liabilities		796,580	801,259
Total equity and liabilities		1,164,609	1,178,818
Net assets per share (RM)		1.29	1.32

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 2023.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2024**

	Non-distributable		Distributable		Total Equity 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 after tax	-	-	-	29,988	29,988
Other comprehensive income/(expense):					
- changes in fair value of cash flow hedges	-	4,358	-	-	4,358
- deferred tax on fair value changes on cash flow hedges	-	(1,046)	-	-	(1,046)
Total comprehensive income	-	3,312	-	29,988	33,300
Transaction with shareholders:					
Dividend for financial year ended 31 December 2023					
- fourth interim	-	-	-	(42,830)	(42,830)
Total transactions with shareholders of the Company	-	-	-	(42,830)	(42,830)
At 31 March 2024	142,765	6,167	-	219,097	368,029
At 1 January 2023	142,765	164	-	234,207	377,136
Profit after tax	-	-	-	40,322	40,322
Other comprehensive (expense)/income:					
- changes in fair value of cash flow hedges	-	(13)	-	-	(13)
- deferred tax on fair value changes on cash flow hedges	-	3	-	-	3
Total comprehensive income	-	(10)	-	40,322	40,312
Transaction with shareholders:					
Dividend for financial year ended 31 December 2022					
- fourth interim	-	-	-	(59,961)	(59,961)
Total transactions with shareholders of the Company	-	-	-	(59,961)	(59,961)
At 31 March 2023	142,765	154	-	214,568	357,487

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 2023.

UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2024

	For the 3 months ended	
	31.3.2024 RM'000	31.3.2023 RM'000
Operating activities		
Profit before tax	40,118	53,032
Adjustments for:		
- non-cash items	6,086	7,483
- interest income	(117)	(210)
- interest expense	5,843	5,800
Changes in working capital:		
- inventories	(40,659)	(21,298)
- trade and other receivables	109,129	302,883
- trade and other payables	(27,325)	(46,277)
Cash from operations	93,075	301,413
Income tax paid	(15,157)	(27,152)
Net cash flow from operating activities	77,918	274,261
Investing activities		
Purchase of property, plant and equipment	-	(30)
Proceeds from disposals of property, plant and equipment	248	1,527
Interest received	117	210
Net cash flow from investing activities	365	1,707
Financing activities		
Dividends paid to shareholders	(42,830)	(59,961)
Interest expense paid	(5,421)	(5,553)
Net drawdown/(repayment) from revolving credit	25,000	(95,000)
Payment on lease liabilities	(3,490)	(2,653)
Interest paid in relation to lease liabilities	(422)	(247)
Net cash flow used in financing activities	(27,163)	(163,414)
Net increase in cash and cash equivalents	51,120	112,554
Cash and cash equivalents as at 1 January	27,849	16,636
Cash and cash equivalents as at 31 March	78,969	129,190

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 2023.

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 2023. 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 2023.

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 2023. 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 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability)*

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*

The Group plans to apply the abovementioned accounting standards, interpretations and amendments, where applicable:

- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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 ended 31 March 2024.

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 ended 31 March 2024.

A6. DEBT AND EQUITY SECURITIES

There were no issuances, repurchases and repayments of debt and equity securities during the current quarter ended 31 March 2024.

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 quarter ended 31 March 2024, 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.

	For the 3 months ended 31.3.2024			For the 3 months ended 31.3.2023		
	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	379,258	32,710	411,968	355,013	35,212	390,225
Gross profit	<u>77,123</u>	<u>7,604</u>	<u>84,727</u>	<u>78,833</u>	<u>8,091</u>	<u>86,924</u>

	2024 RM'000	2023 RM'000
Reconciliation of reportable segment operating profits		
Total gross profits for reporting segments	84,727	86,924
Depreciation and amortisation	(4,875)	(4,418)
Finance costs	(5,843)	(5,800)
Total unallocated operating expense	<u>(33,891)</u>	<u>(23,674)</u>
Consolidated profit before tax	<u>40,118</u>	<u>53,032</u>

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 ended 31 March 2024.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A10. CONTINGENT ASSETS AND LIABILITIES

There were no contingent liabilities or contingent assets as at 16 May 2024 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).

A11. CAPITAL COMMITMENTS

The Group has no capital commitments as at 31 March 2024.

A12. 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:

	For the 3 months ended	
	31.3.2024	31.3.2023
	RM'000	RM'000
Purchase of leaf, cigarette packaging, wrapping materials and tobacco products from:		
PT Bentoel Prima	44,467	29,644
Purchase of vapour products from:		
Nicoventures Trading Limited	15,744	-
Procurement of information technology services from:		
British American Shared Services (GSD) Limited	4,458	4,737
Royalties paid/payable to:		
British American Tobacco Exports Limited	11,878	11,892
Technical and advisory support services fee from:		
British American Tobacco Investments Ltd.	3,491	4,066
BAT Aspac Service Centre Sdn. Bhd.	5,709	3,362
	<u>5,709</u>	<u>3,362</u>

**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 2023 was unqualified.

B2. PROFIT BEFORE TAX

	For the 3 months ended	
	31.3.2024	31.3.2023
	RM'000	RM'000
Profit before tax is arrived at after charging:		
Finance costs:		
- lease liabilities	422	247
- borrowings	5,421	5,553
Property, plant and equipment:		
- depreciation	1,107	1,225
- depreciation of right-of-use assets	3,464	2,889
Computer software:		
- amortisation	304	304
Inventories written-off	1,077	3,863
Loss on derivatives	293	277
Net foreign exchange loss	1,319	-
	1,319	-
and after crediting:		
Interest income on deposits	117	210
Property, plant and equipment:		
- gain on disposal	166	358
Gain on derecognition of lease contracts	81	-
Net foreign exchange gain	-	189
Reversal on impairment of financial assets at amortised cost	174	330
	174	330

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

B3. TAX EXPENSE

	For the 3 months ended	
	31.3.2024	31.3.2023
	RM'000	RM'000
Current tax expense		
- current tax	10,155	13,402
Deferred tax expense		
- reversal of temporary differences	<u>(25)</u>	<u>(692)</u>
	<u>10,130</u>	<u>12,710</u>

The average effective tax rate of the Group for the current period was 25.3% (2023: 24.0%). The higher effective tax rate in the current period was mainly attributed to non-deductible expenses.

B4. CORPORATE PROPOSAL

There were no new corporate proposals announced as at 16 May 2024 (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 period are as follows:

	As at	As at
	31.3.2024	31.12.2023
	RM'000	RM'000
Borrowings – unsecured	<u>568,000</u>	<u>543,000</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 16 May 2024 (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 market share declined by 0.3% compared to the preceding quarter contributed by intensified competition and downtrading trends within the combustible space. The tobacco black market incidence has increased 0.6% to 55.9% as compared with the preceding quarter.

Amidst the ongoing downtrading trend in the combustibles space, the Group's Value-For-Money brands captured 0.2% increase in share of market, whilst the share of market of the Group's Premium and Aspirational Premium brands' dropped by 0.3% and 0.2% respectively, against prior quarter. Luckies gained positive traction within the Value-For-Money share of segment, rising by 0.8% to 4.2% compared to the previous quarter.

The decrease of overall volume resulted in a 35% decline in revenue (RM223 million) and gross profit decline of 42.5% (RM62.5 million). Operating expenses for the current quarter was 53% lower compared to preceding quarter, which saw a substantial investment in the launch of its flagship vapour product, Vuse. Profit from operations in the first quarter of 2024 amounted to RM46 million, down 28% from RM64 million for the immediate preceding quarter.

B8. REVIEW OF CURRENT QUARTER VS QUARTER END 31 MARCH 2023

After implementing a pricing increase in second half of 2023, the Group witnessed a 0.7% decline in share of market against same period last year with the Premium and Aspirational Premium brands' share of market experiencing decreases of 1.3% and 0.5% respectively. However, Value-For-Money (VFM) brands' share of market increased 1.2% compared to same period last year, driven by the launch of Luckies in the second half of 2023 to capitalize on downtrading trends.

Following the launch of Vuse to the market in second half of 2023, the Group observed a 5.6% increase in total revenue (RM22 million) but gross profit dropped by 2.5% (RM2 million) driven by inflationary pressures and higher cost of vapour products. Operating expenses for current quarter were 36% higher compared to same period last year due to the Group's ongoing investments in transitioning towards a multicategory business. Consequently, this resulted in a 22% decline in profit from operations from RM59 million to RM46 million.

B9. CURRENT YEAR PROSPECTS

Bank Negara Malaysia (BNM) is projecting Malaysia's gross domestic product (GDP) to expand between 4% and 5% in 2024, compared with 3.7% in 2023, driven mainly by resilient domestic consumer spending, with additional support emanating from the expected recovery in exports. As such, the Group is cautiously optimistic of achieving a stable financial performance in the current year.

Nevertheless, the Group is cognisant of the projected rate of inflation to be between 2.1% to 3.6% in 2024 and expect industry trends such as downtrading to continue but to bottom out once consumer spending improves.

The tobacco black market incidence in Malaysia is still persistently high at 55.9% as at the first quarter of the current year. With the measures announced by the Government during the tabling of the Budget 2024, BAT Malaysia Group believes that it will further strengthen efforts to combat the tobacco black market and help recover RM5 billion lost annually in uncollected taxes for the Government. The Group applauds the proactive work done on the enforcement front and continues urging for the pace of effective enforcement to be kept up.

The Group's ambition to build A Better Tomorrow™ is the driving force behind reinvestment into its New Category business and to grow sustainably through its multicategory business. This goes hand-in-hand with its tobacco harm reduction strategies to reduce the health impact of its business. Therefore, the Group will continue focusing on growing the market share of Vuse in spearheading its efforts to offer reduced-risk* alternatives to adult smokers.

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

B9. CURRENT YEAR PROSPECTS (CONT'D)

On the regulatory front, BAT Malaysia believes that the Control of Smoking Products for Public Health Act 2024 (Act 852) is a step in the right direction by the Government. The Group reiterates that any regulations to be introduced must be sensible and evidence-based and through consultation with all the relevant stakeholders of the industry to ensure that the regulations can be enforced effectively and deliver its intended objectives, without fueling the growth of the tobacco or nicotine black market.

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

B10. EARNINGS PER SHARE

	For the 3 months ended	
	31.3.2024	31.3.2023
Basic earnings per share		
Profit for the financial period (RM'000)	<u>29,988</u>	<u>40,322</u>
Weighted average number of ordinary shares in issue ('000)	<u>285,530</u>	<u>285,530</u>
Basic earnings per share (sen)	<u>10.5</u>	<u>14.1</u>

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.

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

B11. DIVIDENDS

Dividends paid or declared in respect of the quarter ended 31 December 2023 are as follows:

	Sen per share	Total amount RM'000
2024		
Fourth interim dividend 2023	<u>15.0</u>	<u>42,830</u>
2023		
Fourth interim dividend 2022	<u>21.0</u>	<u>59,961</u>

The Board of Directors had on 23 May 2024 declared a first interim ordinary dividend of 10.0 sen per ordinary share (tax exempted under single-tier tax system) amounting to RM28,553,000 in respect of the financial quarter ended 31 March 2024, payable on 20 June 2024 to shareholders whose names appear on the Record of Depositors on 7 June 2024. This equates to a 95% payout on Q1 2024 earnings per share and dividend yield of 7.4%*.

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 7 June 2024, 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.

** Based on last 3 quarters dividend paid out and first interim dividend 2024 declared*

B12. AUTHORISED FOR ISSUE

The quarterly report was authorised for issue by the Board in accordance with a resolution of the Directors on 23 May 2024.