



BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE QUARTER AND YEAR ENDED 31
DECEMBER 2021**

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

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2021

	Note	For the 3 months ended		For the year ended	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
		RM'000	RM'000	RM'000	RM'000
Revenue		861,885	660,229	2,637,255	2,315,481
Cost of sales		(640,937)	(485,462)	(1,962,415)	(1,718,270)
Gross profit		220,948	174,767	674,840	597,211
Other operating income		141	66	638	899
Operating expenses		(111,250)	(70,469)	(264,283)	(251,653)
Profit from operations		109,839	104,364	411,195	346,457
Finance costs		(4,935)	(3,949)	(17,078)	(17,172)
Profit before tax	B2	104,904	100,415	394,117	329,285
Tax expense	B3	(33,449)	(27,695)	(109,256)	(87,446)
Profit after tax		71,455	72,720	284,861	241,839
Profit attributable to the shareholders of the Company		71,455	72,720	284,861	241,839
Effective tax rate		31.9%	27.6%	27.7%	26.6%
EPS	B10	25.0	25.5	99.8	84.7
<u>Dividends</u>					
- Interim 1		-	-	21	17
- Interim 2		-	-	24	18
- Interim 3		-	-	26	21
- Interim 4		27	27	27	27
		27	27	98	83

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 2020.

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 2021

	For the 3 months ended		For the year ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Profit after tax	71,455	72,720	284,861	241,839
Other comprehensive income, net of tax				
Items that may be subsequently reclassified to income statement				
- changes in fair value of cash flow hedges	(1,245)	(4,647)	6,370	(4,815)
- deferred tax on fair value changes of cash flow hedges	37	2,415	(1,529)	1,155
Total other comprehensive (expense)/income, net of tax	<u>(1,208)</u>	<u>(2,232)</u>	<u>4,841</u>	<u>(3,660)</u>
Total comprehensive income	<u>70,247</u>	<u>70,488</u>	<u>289,702</u>	<u>238,179</u>
Profit attributable to:				
Shareholders of the Company	<u>71,455</u>	<u>72,720</u>	<u>284,861</u>	<u>241,839</u>
Total comprehensive income attributable to:				
Shareholders of the Company	<u>70,247</u>	<u>70,488</u>	<u>289,702</u>	<u>238,179</u>

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 2020.

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

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	As at 31.12.2021	As at 31.12.2020
		RM'000	RM'000
Assets			
Property, plant and equipment		46,445	57,540
Computer software		3,271	-
Goodwill		411,618	411,618
Deferred tax assets		6,220	15,455
Total non-current assets		<u>467,554</u>	<u>484,613</u>
Inventories		177,641	229,942
Tax recoverable		1,540	3,865
Trade and other receivables		723,030	396,454
Derivative financial instruments		456	93
Cash and bank balances		21,827	29,002
Total current assets		<u>924,494</u>	<u>659,356</u>
Total assets		<u><u>1,392,048</u></u>	<u><u>1,143,969</u></u>
Equity			
Share capital		142,765	142,765
Cash flow hedge reserve		(330)	(5,171)
Retained earnings		240,087	235,045
Total equity		<u>382,522</u>	<u>372,639</u>
Liabilities			
Lease liabilities		14,638	19,218
Total non-current liabilities		<u>14,638</u>	<u>19,218</u>
Trade and other payables		190,960	198,835
Borrowings	B5	775,000	510,000
Derivative financial instruments		842	7,002
Current tax liabilities		22,812	29,968
Lease liabilities		5,274	6,307
Total current liabilities		<u>994,888</u>	<u>752,112</u>
Total liabilities		<u>1,009,526</u>	<u>771,330</u>
Total equity and liabilities		<u><u>1,392,048</u></u>	<u><u>1,143,969</u></u>
Net assets per share (RM)		1.34	1.31

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 2020.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Issued and fully paid ordinary shares		Non-distributable		Distributable	Total Equity
	Number of shares	Nominal value	Cash flow hedge reserve	Share-based payment reserve	Retained earnings	
	'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	285,530	142,765	(5,171)	-	235,045	372,639
Profit after tax	-	-	-	-	284,861	284,861
Other comprehensive income/(expense):						
- changes in fair value of cash flow hedges	-	-	6,370	-	-	6,370
- deferred tax on fair value changes on cash flow hedges	-	-	(1,529)	-	-	(1,529)
Total comprehensive income	-	-	4,841	-	284,861	289,702
Transaction with shareholders:						
Expense arising from equity-settled share based payment transactions	-	-	-	3,490	-	3,490
Recharge of share-based payment	-	-	-	(3,490)	-	(3,490)
Dividend for financial year ended 31 December 2020						
- fourth interim	-	-	-	-	(77,093)	(77,093)
Dividend for financial year ended 31 December 2021						
- first interim	-	-	-	-	(59,961)	(59,961)
- second interim	-	-	-	-	(68,527)	(68,527)
- third interim	-	-	-	-	(74,238)	(74,238)
Total transactions with shareholders of the Company	-	-	-	-	(279,819)	(279,819)
At 31 December 2021	285,530	142,765	(330)	-	240,087	382,522
At 1 January 2020	285,530	142,765	(1,511)	-	247,327	388,581
Profit after tax	-	-	-	-	241,839	241,839
Other comprehensive (expense)/income:						
- changes in fair value of cash flow hedges	-	-	(4,815)	-	-	(4,815)
- deferred tax on fair value changes on cash flow hedges	-	-	1,155	-	-	1,155
Total comprehensive income	-	-	(3,660)	-	241,839	238,179
Transaction with shareholders:						
Expense arising from equity-settled share based payment transactions	-	-	-	2,960	-	2,960
Recharge of share based payment	-	-	-	(2,960)	-	(2,960)
Dividend for financial year ended 31 December 2019						
- fourth interim	-	-	-	-	(94,225)	(94,225)
Dividend for financial year ended 31 December 2020						
- first interim	-	-	-	-	(48,540)	(48,540)
- second interim	-	-	-	-	(51,395)	(51,395)
- third interim	-	-	-	-	(59,961)	(59,961)
Total transactions with shareholders of the Company	-	-	-	-	(254,121)	(254,121)
At 31 December 2020	285,530	142,765	(5,171)	-	235,045	372,639

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 2020.

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

UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	For the year ended	
	31.12.2021	31.12.2020
	RM'000	RM'000
Operating activities		
Cash receipts from customers and fellow subsidiaries	2,366,425	2,355,177
Cash paid to suppliers, employees and fellow subsidiaries	(2,225,222)	(2,091,486)
Cash from operations	<u>141,203</u>	<u>263,691</u>
Income tax paid	(106,381)	(67,576)
Net cash flow from operating activities	<u>34,822</u>	<u>196,115</u>
Investing activities		
Purchase of property, plant and equipment	(2,364)	(3,424)
Purchase of computer software	(3,271)	-
Proceeds from disposals of property, plant and equipment	892	1,585
Proceeds from disposal of assets held for sale	-	620
Interest received	598	863
Net cash flow used in investing activities	<u>(4,145)</u>	<u>(356)</u>
Financing activities		
Dividends paid to shareholders	(279,819)	(254,121)
Interest expense paid	(16,405)	(16,280)
Net drawdown from revolving credit	265,000	89,000
Payment on lease liabilities	(5,955)	(4,850)
Interest paid in relation to lease liabilities	(673)	(892)
Net cash flow used in financing activities	<u>(37,852)</u>	<u>(187,143)</u>
Net (decrease)/increase in cash and cash equivalents	(7,175)	8,616
Cash and cash equivalents as at 1 January	<u>29,002</u>	<u>20,386</u>
Cash and cash equivalents as at 31 December	<u><u>21,827</u></u>	<u><u>29,002</u></u>

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 2020.

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 2020. 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 2020.

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 2020. 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 2022

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018–2020)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17 Insurance Contracts
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 (CONTINUED)

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

- from the annual period beginning on 1 January 2022 for those accounting standards, interpretations and amendments that are effective for annual periods beginning on or after 1 January 2022; and
- from the annual period beginning on 1 January 2023 for those accounting standards, interpretations and amendments that are effective for annual periods beginning on or after 1 January 2023.

The Group does not plan to apply MFRS 17, Insurance Contracts that is effective for annual period beginning on 1 January 2023 as it is not applicable to the Group. The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impact to the Group.

A3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The results of the Group are generally impacted by changes in excise typically announced during the National Budget.

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 year ended 31 December 2021, other than the exercise to restructure the business operations of the Group to be more efficient, agile and focused to enable the Group to continue operating effectively in a challenging business environment. This restructuring resulted in a reduction of the workforce and reconstructed a new base for sustainable cost structure.

The financial impact arising from the abovementioned restructuring of business operations is set out below:

	3 months ended		Financial year ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Restructuring expenses	7,175	4,863	9,282	18,825

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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 year ended 31 December 2021.

A6. DEBT AND EQUITY SECURITIES

There were no issuances, repurchases and repayments of debt and equity securities during the current year ended 31 December 2021.

A7. SEGMENT REPORTING

The Group is domiciled in Malaysia. The analysis of revenue from external customers in Malaysia is as follows:

	3 months ended		Financial year ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Sale of cigarettes, pipe tobaccos, cigars and other tobacco products	861,885	660,229	2,637,255	2,315,481

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

Segment analysis has not been prepared as the Group operates a single product business primarily engaged in the manufacture, importation and sale of cigarettes and other tobacco products and this forms the focus of the Group's internal reporting systems. While the Group has clearly differentiated brands, segmentation within a wide portfolio of brands is not part of the regular internally reported financial information to the chief operational decision maker and it is not possible to segment the Group results by brand without a high degree of estimation.

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

On 30 December 2021, Rothmans Brands Sdn. Bhd. (Incorporated in Malaysia) and Commercial Marketers and Distributors Sdn Bhd, (Incorporated in Brunei) both wholly-owned subsidiaries of the Company had commenced members' voluntary winding-up ("Winding-Up"). The Winding-Up has no material effect on the financials nor operations of the Group.

A10. CONTINGENT ASSETS AND LIABILITIES

There were no contingent liabilities or contingent assets as at 1 February 2022 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A11. CAPITAL COMMITMENTS

Capital commitments of the Group as at the end of the financial year are as follows:

	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000
Property, plant and equipment:		
Approved and contracted for	-	2

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:

	3 months ended		Financial year ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Purchase of leaf, cigarette packaging, wrapping materials and tobacco products from:				
PT Bentoel Prima	39,903	43,556	156,932	164,334
Procurement of information technology services from:				
British American Shared Services (GSD) Limited	6,755	2,835	15,803	12,483
Royalties payable to / (received from):				
British American Tobacco Exports Limited (f.k.a: British American Tobacco Western Europe Commercial Trading Limited)	28,052	60,173	84,765	60,173
British-American Tobacco (Holdings) Ltd.	-	(37,712)	-	15,626
Technical and advisory support services fee from:				
British American Tobacco Investments Ltd.	3,167	2,512	14,314	17,081
BAT Aspac Service Centre Sdn. Bhd.	6,573	2,937	12,872	8,196

**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 2020 was unqualified.

B2. PROFIT BEFORE TAX

	3 months ended		Financial year ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging:				
Finance costs:				
- lease liabilities	154	175	673	892
- borrowings	4,781	3,774	16,405	16,280
Property, plant and equipment:				
- depreciation	1,571	1,811	6,972	7,519
- depreciation of right-of-use assets	1,508	1,328	5,977	6,269
- loss on disposal	7	145	-	351
- write-off	-	1	1	5
Computer software:				
- amortisation	-	-	-	3
- write-off	-	-	-	1,426
Net loss on impairment of financial assets at amortised cost	468	77	390	99
Inventories written down	6,894	1,377	11,638	11,341
Net foreign exchange loss	-	-	1,839	930
Loss on derivatives	-	83	67	-
Restructuring expenses	7,175	4,863	9,282	18,825
	<u>7,175</u>	<u>4,863</u>	<u>9,282</u>	<u>18,825</u>
and after crediting:				
Interest income on deposits	148	210	598	863
Property, plant and equipment:				
- gain on disposal	-	-	40	-
Gain on disposal of assets held for sale	-	-	-	386
Net foreign exchange gain	102	286	-	-
Gain on derivatives	178	-	-	846
	<u>178</u>	<u>-</u>	<u>-</u>	<u>846</u>

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

B3. TAX EXPENSE

	3 months ended		Financial year ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current tax	31,985	23,976	97,395	80,661
- under provision in prior years	4,155	1,709	4,155	1,709
	<u>36,140</u>	<u>25,685</u>	<u>101,550</u>	<u>82,370</u>
Deferred tax expense				
- (reversal)/additional of temporary differences	(2,957)	2,776	7,440	5,842
- under/(over) provision in prior years	266	(766)	266	(766)
	<u>(2,691)</u>	<u>2,010</u>	<u>7,706</u>	<u>5,076</u>
	<u><u>33,449</u></u>	<u><u>27,695</u></u>	<u><u>109,256</u></u>	<u><u>87,446</u></u>

The average effective tax rate of the Group for the fourth quarter 2021 and financial year ended 31 December 2021 were 31.9% (2020: 27.6%) and 27.7% (2020: 26.6%) respectively.

The average effective tax rate in the fourth quarter 2021 and financial year ended 31 December 2021 was higher than the corporate tax rate mainly attributed to non-deductible expenses and under provision of current tax in prior years.

B4. CORPORATE PROPOSAL

There were no new corporate proposals announced as at 1 February 2022 (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**

B5. BORROWINGS

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

	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000
Current		
Borrowings – unsecured	775,000	510,000

The Group's borrowings relate to revolving credits maturing between one week to one month. The Group's borrowings are denominated in Ringgit Malaysia.

B6. MATERIAL LITIGATION

On 14 November 2019, Commercial Marketers and Distributors (CMD), one of the subsidiaries of the Company, filed an application for judicial review proceedings against the decisions of the Ministry of Health (MOH) in recategorising its non-cigarette tobacco product, Dunhill HTL Cigarillo, as a cigarette and revoking its approval granted on 12 July 2018 for CMD to sell Dunhill HTL Cigarillo ("MOH Decisions"). In its application, CMD sought the MOH Decisions to be nullified and for damages to be assessed by the Court.

On 8 January 2020, CMD managed to obtain leave from the Court to commence judicial review proceedings against the MOH with hearings conducted on 27 August 2020, 24 September 2020, 17 November 2020, 11 March 2021 and subsequently adjourned to 21 June 2021. On 21 June 2021, CMD and MOH entered into a mutual settlement and the judicial review application has been withdrawn.

**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

Profit from operations was RM110 million in the fourth quarter of 2021 versus RM108 million in the third quarter despite significant various strategic investments in the quarter.

The Group's share of market registered at 52.2%, decrease of 0.5ppt versus the preceding quarter. Dunhill remained strong and continued to hold the market leadership position with share of premium segment of 61%. The Group's Value-for-Money (VFM) brands Rothmans and KYO recorded a decrease of 0.6ppt while maintaining 10% share of market.

Revenue increased by 41% (RM249 million) and gross profit increased by 37% (RM59 million) due to recovery of the legal tobacco market and easing of Covid-19 restrictions as well as a one-off benefit from implementation of its new route to market strategy. In the quarter, the Group made investments to update its route to market into a future-fit hybrid sales model enabled by technology, which will support a multi category business and deliver cost savings and in its strategic brands to deliver its combustible growth initiatives in addition to initial investments made in preparation of its new category business subsequent to the Malaysia National Budget 2022 announcement on legalization of vapour. Notwithstanding these investments, the Group recorded an increase in profit from operations of 2% (RM2 million) versus the preceding quarter.

B8. REVIEW OF PERFORMANCE FULL YEAR 2021 VS FULL YEAR 2020

Profit from operations was at RM411 million for 2021 versus RM346 million for 2020, registering an increase of 19% (RM65 million). The increase was driven by higher volume as a result of a reduction in the tobacco black market by 6.1% vs 2020. Duty-free sales continue to be impacted due to regional and international travel restrictions.

Consistent with the volume growth trajectory, the Group's total market share was 52.4%, registering an increase of 0.8ppt. This encouraging share performance was driven primarily by the strength of the Group's strategic brands, Dunhill, Rothmans and KYO. The Group's portfolio grew in all segments with Dunhill increasing its Premium segment share by 1.9ppt; Peter Stuyvesant and Pall Mall by 0.7ppt in the Aspirational Premium segment and Rothmans and KYO by 1.5ppt in the VFM segment ⁽²⁾.

The growth in volume led to revenue growth of 14% (RM322 million) when compared to the previous year. The Group's operating expenses were higher by 5% (RM13 million) mainly due to the various investments to deliver its new route to market strategy as well as investments in its traditional combustible and new category business to drive growth and future multi-category business. The positive financial results in the year, partially offset by higher strategic investments, resulted in the increase in profit from operations of 19% (RM65 million) as compared to the previous year.

Source:
(1) Nielsen Illicit Cigarettes Study
(2) Ipsos Retail Audit

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

B9. CURRENT YEAR PROSPECTS

2022 will see continued focus on the Group's purpose of building "A Better Tomorrow".

A particular focus will be on tobacco harm reduction. Related to this, the Group is greatly encouraged by the Government's announcement in October to legalise vaping products and urges the Government to establish specific, science-based regulations for this category which will convert 1 million Malaysians currently vaping to the legal market.

As for the tobacco business, it remains greatly plagued by the tobacco black market with smugglers now turning from ports which currently have transshipment restrictions imposed to small coastal jetties as smuggling ingress. The Group urges the Government to take effective enforcement actions to shut these channels down to further address illegal supplies of tobacco.

To effectively address the tobacco black market, measures like enforcement actions to stop supplies from being smuggled into the country must be complemented with measures that address the affordability pressures that consumers in Malaysia currently face. As such, the Group is hopeful that the Government will take cognisance of this so as not to drive more consumers to the tobacco black market.

B10. EARNINGS PER SHARE

	3 months ended		Financial year ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Basic earnings per share				
Profit for the quarter / financial year (RM'000)	<u>71,455</u>	<u>72,720</u>	<u>284,861</u>	<u>241,839</u>
Weighted average number of ordinary shares in issue ('000)	285,530	285,530	285,530	285,530
Basic earnings per share (sen)	<u>25.0</u>	<u>25.5</u>	<u>99.8</u>	<u>84.7</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 and financial year ended 31 December are as follows:

	Sen per share	Total amount RM'000
2021		
Fourth interim dividend 2020	27.0	77,093
First interim dividend 2021	21.0	59,961
Second interim dividend 2021	24.0	68,527
Third interim dividend 2021	26.0	74,238
	<u>98.0</u>	<u>279,819</u>
2020		
Fourth interim dividend 2019	33.0	94,225
First interim dividend 2020	17.0	48,540
Second interim dividend 2020	18.0	51,395
Third interim dividend 2020	21.0	59,961
	<u>89.0</u>	<u>254,121</u>

The Board of Directors had on 8 February 2022 declared a fourth interim ordinary dividend of 27.0 sen per ordinary share (tax exempted under single-tier tax system) amounting to RM77,093,100 in respect of the financial year ended 31 December 2021, payable on 4 March 2022 to shareholders whose names appear on the Record of Depositors on 23 February 2022. This equates to a 108% payout on Q4 2021 earnings per share and dividend yield of 7%*.

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 23 February 2022, 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 fourth interim dividend 2021 declared*

B12. AUTHORISED FOR ISSUE

The quarterly report was authorised for issue by the Board in accordance with a resolution of the Directors on 8 February 2022.