



Carlsberg Brewery Malaysia Berhad

Company No. 196901000792 (9210-K)
(Incorporated in Malaysia)

Interim Financial Report
31 March 2022

The Board of Directors of Carlsberg Brewery Malaysia Berhad is pleased to announce the following unaudited interim results of the Group for financial quarter and period ended 31 March 2022.

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 196901000792)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	First Quarter Ended		Financial Period Ended	
	31 March 2022 RM'000	31 March 2021 RM'000	31 March 2022 RM'000	31 March 2021 RM'000
Revenue	653,850	531,996	653,850	531,996
Operating expenses	(540,424)	(449,329)	(540,424)	(449,329)
Other operating income	365	340	365	340
Profit from operations	113,791	83,007	113,791	83,007
Finance income	240	586	240	586
Finance costs	(457)	(1,149)	(457)	(1,149)
Share of profit of equity accounted associate, net of tax	6,758	3,974	6,758	3,974
Profit before taxation	120,332	86,418	120,332	86,418
Taxation	(27,575)	(18,599)	(27,575)	(18,599)
Profit for the financial period	92,757	67,819	92,757	67,819
Profit attributable to:				
Owners of the Company	91,588	66,457	91,588	66,457
Non-controlling interests	1,169	1,362	1,169	1,362
Profit for the financial period	92,757	67,819	92,757	67,819
Other comprehensive income/(expenses)				
Cash flow hedge	2,955	910	2,955	910
Foreign currency translation differences for foreign operations	(28,659)	(6,225)	(28,659)	(6,225)
Total comprehensive income for the period	67,053	62,504	67,053	62,504
Total comprehensive income/(loss) attributable to:				
Owners of the Company	65,884	61,142	65,884	61,142
Non-controlling interests	1,169	1,362	1,169	1,362
Total comprehensive income for the period	67,053	62,504	67,053	62,504
EPS - Basic (sen)	29.96	21.73	29.96	21.73
- Diluted (sen)	N/A	N/A	N/A	N/A

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 196901000792)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant & equipment	219,826	211,124
Right-of-use assets	12,586	10,110
Other intangible assets	4,906	5,533
Investment in an associate	72,663	94,748
Deferred tax assets	8,336	7,160
	318,317	328,675
<u>Current assets</u>		
Inventories	100,151	78,953
Receivables, deposits and prepayments	68,684	134,873
Tax recoverable	1,105	3,384
Cash and cash equivalents	253,215	75,586
	423,155	292,796
TOTAL ASSETS	741,472	621,471
EQUITY		
Total equity attributable to owners of the Company		
Share capital	149,363	149,363
Reserves	128,051	61,763
	277,414	211,126
Non-controlling interests	5,625	4,456
TOTAL EQUITY	283,039	215,582
LIABILITIES		
<u>Non-current liabilities</u>		
Deferred tax liabilities	20,429	15,023
Loans and borrowings	5,112	5,504
Provision	336	334
Lease liabilities	4,413	2,590
	30,290	23,451
<u>Current liabilities</u>		
Payables and accruals	342,217	315,606
Current tax liabilities	35,404	32,221
Lease liabilities	2,180	1,321
Loans and borrowings	48,342	33,290
	428,143	382,438
TOTAL LIABILITIES	458,433	405,889
TOTAL EQUITY AND LIABILITIES	741,472	621,471
Net assets per share (RM)	0.93	0.71

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 196901000792)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	/-----Attributable to Owners of the Company-----/						Total RM'000	Non- controlling Interests RM'000	Total RM'000
	Share Capital RM'000	Exchange Reserve RM'000	Cash flow Hedge Reserve RM'000	Capital Reserve RM'000	Equity contribution Reserve RM'000	Retained Earnings RM'000			
At 1 January 2021	149,363	(4,146)	1,959	3,931	(405)	17,159	167,861	6,773	174,634
Total comprehensive income for the period	-	(6,225)	910	-	-	66,457	61,142	1,362	62,504
Dividends to owners of the Company	-	-	-	-	-	(30,575)	(30,575)	-	(30,575)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-
Effects of share-based payments	-	-	-	-	753	-	753	-	753
At 31 March 2021	149,363	(10,371)	2,869	3,931	348	53,041	199,181	8,135	207,316
At 1 January 2022	149,363	(8,906)	2,307	3,931	2,131	62,300	211,126	4,456	215,582
Total comprehensive income for the period	-	(28,659)	2,955	-	-	91,588	65,884	1,169	67,053
Dividends to owners of the Company	-	-	-	-	-	-	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-
Effects of share-based payments	-	-	-	-	404	-	404	-	404
At 31 March 2022	149,363	(37,565)	5,262	3,931	2,535	153,888	277,414	5,625	283,039

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

CARLSBERG BREWERY MALAYSIA BERHAD
(Company No.: 196901000792)
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	3 months ended	
	31 March 2022	31 March 2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	120,332	86,418
Adjustments for:		
Non-cash items	13,671	12,988
Share of profit of equity accounted associate, net of tax	(6,758)	(3,974)
Finance costs	457	1,149
Finance income	(240)	(586)
Operating profit before working capital changes	127,462	95,995
Changes in working capital:		
Inventories	(22,224)	24,930
Receivables, deposits and prepayments	70,121	57,985
Payables and accruals	26,453	1,491
Cash generated from operations	201,812	180,401
Tax paid	(18,883)	(15,254)
Net cash generated from operating activities	182,929	165,147
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(18,896)	(4,116)
Acquisition of intangible assets	(37)	-
Interest received	240	586
Proceeds from disposal of property, plant and equipment	332	155
Net cash used in investing activities	(18,361)	(3,375)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of loan and borrowings	14,660	27,645
Repayment of lease liabilities	(439)	(326)
Dividends paid to owners of the Company	-	(30,575)
Interest paid	(410)	(2,885)
Net cash generated/(used) in financing activities	13,811	(6,141)
NET INCREASE IN CASH AND CASH EQUIVALENTS	178,379	155,631
Effect of exchange rate fluctuations on cash held	(750)	1,564
CASH AND CASH EQUIVALENTS AT 1 JANUARY	75,586	93,991
CASH AND CASH EQUIVALENTS AT 31 MARCH	253,215	251,186

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 196901000792)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

Cash and cash equivalents comprise the following amounts:

	As at	
	31 March 2022	31 March 2021
	RM'000	RM'000
Cash at bank	223,159	251,110
Deposit with licensed bank	30,000	-
Cash held on hand	56	76
	253,215	251,186

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

Notes:

1. Basis of Preparation

This Interim Financial Report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (MFRS) 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board, and International Accounting Standard (IAS) 34, *Interim Financial Reporting* issued by the International Accounting Standards Board and paragraph 9.22 together with Part A, Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Interim Financial Report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2021.

The significant accounting policies and methods adopted for the unaudited condensed financial statements are consistent with those adopted for the Group's audited financial statements for the financial year ended 31 December 2021.

The Group has also adopted the following amendments to MFRS and IC Interpretations that came into effect on 1 January 2022 which did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

Amendments to MFRS 3 Reference to the Conceptual Framework

Annual Improvements to MFRS 9 Fees in the '10 percent' test for Derecognition of Financial Liabilities

Amendments to MFRS 16 COVID-19-Related Rent Concessions beyond 30 June 2021

Amendments to MFRS 116 Proceeds before Intended Use

Amendments to MFRS 137 Onerous Contracts – Cost of Fulfilling a Contract

MFRS, Amendments to MFRSs and IC Interpretations Issued But Not Yet Effective

At the date of authorisation of these Interim Financial Report, the following MFRSs, Amendments to MFRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group:

MFRSs, Amendments to MFRSs and IC Interpretations		Effective
Amendments to MFRS 101	Classification of liabilities as current or non-current	1 January 2023
Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108	Disclosure of accounting policies and definition of accounting estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2021 was not subject to any qualification.

3. Seasonal or Cyclical Factors

The Group's level of operations are generally affected by the festive seasons.

4. Unusual Items Affecting the Assets, Liabilities, Equity, Net Income or Cash Flows

There were no other unusual items affecting the assets, liabilities, equity, net income or cash flows during the current financial period under review, except for those disclosed under Note 11.

5. Changes in Estimates

There were no significant changes in estimates that have had a material effect in the current financial period under review.

6. Debt and Equity Securities

There were no issuances, repurchases, resale and repayments of debt and equity securities during the current financial period under review, except for those as disclosed under Note 22.

Share Buyback

During the period, there was no purchase of shares by the Company.

7. Dividends Paid

No dividend were paid during the financial quarter ended 31 March 2022.

At the Annual General Meeting on 14 April 2022, a FINAL single-tier dividend of 46.0 sen per share in respect of the financial year ended 31 December 2021 have been approved by shareholders. The total amount of RM140.6 million is paid on 12 May 2022.

8. Operating Segment

The Group concluded that the operating segments determined in accordance with MFRS 8 are the same as the geographical segments as previously adopted.

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

Quarter Ended 31 March 2022	Malaysia	Singapore	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Geographical Segments:				
Total external revenue	454,121	199,729	-	653,850
Inter segment revenue	12,286	-	(12,286)	-
Total revenue	466,407	199,729	(12,286)	653,850
Profit from operations	89,532	20,961	3,298	113,791

Quarter Ended 31 March 2021	Malaysia	Singapore	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Geographical Segments:				
Total external revenue	356,536	175,460	-	531,996
Inter segment revenue	18,617	-	(18,617)	-
Total revenue	375,153	175,460	(18,617)	531,996
Profit from operations	61,097	20,925	985	83,007

9. Material Contracts

No new material contracts were concluded during the current financial period under review.

10. Property, Plant and Equipment

There were no changes to the valuation of property, plant and equipment since the previous audited financial statements.

11. Material Events

Devaluation in Sri Lanka Rupees “Rs”

On 7th March 2022, the Central Bank of Sri Lanka (CBSL) announced that it would allow greater flexibility in the exchange rate and hence devalued the currency to Rs. 230 per US dollar. For the Group’s books, the closing rate as at 31 March 2022 was Rs. 68.52 per RM 1. This was more than a 40% drop in Rs. foreign exchange conversion with RM compared with the December 2021 closing rate ie. Rs. 48.73 per RM1. As a result, under the Group’s investment in its associate, Lion Brewery (“Ceylon”) PLC, an unrealised foreign exchange loss amounting to approximately RM28.8 million was recorded as at 31 March 2022.

One-time surcharge tax in Sri Lanka

In the 2022 Sri Lanka's National Budget, the Sri Lanka government proposed a one-time retrospective surcharge tax at a rate of 25% for companies with a taxable income exceeding Sri Lankan Rupee 2 billion for the year of assessment 2020/2021. The Surcharge Tax Act No. 14 of 2022 was passed by the Sri Lanka parliament on 8th April 2022. Consequently, Lion Brewery (Ceylon) PLC would incur a surcharge tax of Rs. 1,194 million (approximately RM17.4 million) attributable to its taxable income of Rs. 4,776 million (approximately RM69.7 million) in respect of its financial year ended 31 March 2021. Carlsberg Malaysia’s share of the additional tax expense amounts to approximately Rs.298.5 million, equivalent to RM4.4 million. As the tax ruling was legislated in April 2022, the Group will account prospectively for its share in the quarter ending 30 June 2022.

There were no other material events subsequent to the end of the reporting date that require disclosure or adjustments to the unaudited interim financial statements.

12. Capital Commitments

Capital commitments for property, plant and equipment and intangible assets not provided for in the financial statements as at 31 March 2022 are as follows:

	<u>RM’000</u>
Approved and contracted for	81,667
Approved but not contracted for	38,883
	<u>120,550</u>

13. Financial Instruments

Derivatives

The outstanding derivative as at 31 March 2022 are as follows:

Hedging Contract	Contract Value (RM'000)	Fair Value (RM'000)	Gain (RM'000)
Less than one year	86,516	93,440	6,924
One to five years	-	-	-
	86,516	93,440	6,924

Changes in the portion of fair value of derivative financial instruments designated as and qualifying as a cash flow hedge and which effectively hedge changes in value of the particular item, are recognised in other comprehensive income.

14. Holding Company

The Directors regard Carlsberg Breweries A/S and Carlsberg A/S as the immediate and ultimate holding companies respectively during the financial period. Both companies are incorporated in Denmark.

15. Significant Related Party Transactions

**Financial Period
Ended
31 March 2022
RM'000**

Transactions with holding company:

Purchases of services	1,091
Royalties payable	10,480
Net settlements paid in respect of gain from hedging contracts	(1,334)

Transactions with related companies:

Management fees payable	2,323
Purchases of materials and products	10,271
Purchases of services	442
Sales of goods	(8,661)

These transactions had been entered into in the ordinary course of business and based on normal commercial terms.

16. Review of Performance

Current Quarter Performance

Key Financials (RM'000)	First Quarter Ended 31 March 2022	First Quarter Ended 31 March 2021	% Change
Revenue	653,850	531,996	22.9%
Profit from operations	113,791	83,007	37.1%
Share of profit in an associate	6,758	3,974	70.1%
Profit attributable to Owners of the Company ("Net profit")	91,588	66,457	37.8%

The Group's revenue increased by 22.9% to RM653.9 million compared to the same quarter last year with both Malaysia and Singapore operations registered double digit growth in volume.

Malaysia sales revenue increased by 27.4% to RM454.1 million, with growth in both volume and value contributed by a successful Chinese New Year "CNY" campaign and the continuing easing of COVID-19 restrictions. A rise in Omicron cases just after CNY interrupted the sales growth trajectory temporarily in mid February 2022 before gradually recovering in March 2022. In the corresponding quarter last year, Malaysia sales was much impacted by COVID-19 restrictions under the Movement Control Order 2.0 that was imposed from 13 January 2021 that was gradually lifted on 4 March 2021, leading to a subdued CNY sales for that period.

Similarly, Singapore registered sales revenue for 1Q22 of RM199.7m, an increase of 13.8% driven by the effective execution of its CNY campaign and the easing of COVID-19 restrictions.

The Group's profit from operations increased by 37.1% to RM113.8 million in line with the higher revenues which was partially offset by higher marketing costs incurred to drive growth.

Malaysia registered profit from operations of RM92.8 million, an increase of 49.5% whereas Singapore registered RM21.0 million, marginally flat versus previous year's corresponding quarter.

The Group also registered a higher share of profit in its associated company, Lion Brewery (Ceylon) PLC ("LBCP") of RM6.8 million compared to a share of profit of RM4.0 million in the previous year's corresponding quarter.

The Group's net profit for the quarter increased by 37.8% to RM91.6 million compared to the same quarter last year contributed by higher profits in both Malaysia and Singapore.

17. Variation of Result against the Preceding Quarter

Key Financials (RM'000)	First Quarter Ended 31 March 2022	Fourth Quarter Ended 31 December 2021	% Change
Revenue	653,850	542,326	20.6%
Profit from operations	113,791	87,204	30.5%
Net profit	91,588	71,417	28.2%

The Group's revenue increased by RM111.5m or 20.6% against the preceding quarter as a consequence of CNY sales and gradual reopening of the local economy.

The Group's profit from operations increased by RM26.6 million or 30.5% against the preceding quarter mainly due to higher sales in conjunction with CNY for both Malaysia and Singapore.

The Group's net profit increased by 28.2% due to higher net profits both in Malaysia and Singapore and higher share of profits in LBCP.

18. Prospects

Our outlook remains cautious as we are mindful of escalating commodity prices, which have been exacerbated by the Ukraine-Russia crisis, adding further costs pressures and uncertainties to the landscape. In addition, the impact of the prosperity tax announced in the 2021 Budget will be felt in the remaining quarters of this financial year. The "Prosperity Tax" which is a one-off tax for Year 2022 for any chargeable income in excess of RM100m will be taxed at 33% as opposed to current statutory tax rate flat at 24%.

On the other hand, the reopening of the entertainment outlets should create further momentum in the on-trade business.

The Group will continue to stay vigilant to intensify our cost control management whilst continuing to reinvest in our brands to fuel growth with the recovery of the economy following the imminent easing of all COVID-19 restrictions.

19. Profit Forecast

The Group does not issue any profit forecasts.

20. Taxation

	Financial Period Ended 31 March	
	2022 RM'000	2021 RM'000
<u>Taxation</u>		
- Malaysia	19,577	14,251
- Outside Malaysia	4,704	3,557
	24,281	17,808
<u>Deferred tax</u>		
- Malaysia	4,694	791
- Outside Malaysia	(1,400)	-
Tax expense	27,575	18,599
Profit before taxation	120,332	86,418
Share of profit of equity accounted associate, net of tax	(6,758)	(3,974)
Profit before taxation excluding share of profit of equity accounted associate, net of tax	113,574	82,444
Effective tax rate	24.28%	22.56%

The Group's effective tax rate was higher as compared to the same period in preceding year due to under provision of tax in prior year.

21. Corporate Proposals

There were no corporate proposals announced at the date of this announcement.

22. Borrowing and Debt Securities

Group borrowings and debt securities are as follows:

	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
Unsecured loans		
Long term – Term loans	5,112	5,504
Short term – Term loans	1,685	1,667
Short term - Revolving credits	46,657	31,623
Total	53,454	38,794
Denominated in RM	-	10,000
Denominated in SGD	53,454	28,794
Total	53,454	38,794

23. Material Litigation

There have been no material litigation since the last annual audited financial statements up to the date of this report.

24. Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company for the period by the weighted average number of ordinary shares outstanding during the period:

	Financial Period Ended	
	31 March 2022	31 March 2021
Profit attributable to owners of the Company (RM'000)	91,588	66,457
Weighted average number of ordinary shares in issue ('000)	305,748	305,748
Basic earnings per share (sen)	29.96	21.73

Diluted earnings per share

Not applicable.

25. Dividends

The Board of Directors has declared on this date the first interim single-tier dividend of 22.0 sen per share for the year ending 31 December 2022, in respect of the first quarter profits to 31 March 2022 (2021: Nil). The total amount payable is RM67.3 million (2021: Nil).

26. Notes to the Statement of Comprehensive Income

	Financial Period Ended	
	31 March 2022 RM'000	31 March 2021 RM'000
Finished goods written off	(355)	(918)
Allowance for inventories written down	(671)	(278)
Depreciation and amortisation	(11,324)	(10,838)
Gain/(loss) on disposal of property, plant and equipment	148	(34)
Net foreign exchange (loss)/gain	(1,246)	122
Written off of property, plant and equipment	(6)	(4)
Reversal of impairment loss on receivables	25	80

27. Authorisation for Issue

These interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 May 2022.