



Carlsberg Brewery Malaysia Berhad

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

Interim Financial Report
31 March 2023

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 2023.

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 196901000792)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	First Quarter Ended		Financial Period Ended	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Revenue	660,204	653,850	660,204	653,850
Operating expenses	(551,934)	(540,424)	(551,934)	(540,424)
Other operating income	747	365	747	365
Profit from operations	109,017	113,791	109,017	113,791
Finance income	179	240	179	240
Finance costs	(1,413)	(457)	(1,413)	(457)
Share of profit of equity accounted associate, net of tax	3,216	6,758	3,216	6,758
Profit before taxation	110,999	120,332	110,999	120,332
Taxation	(24,484)	(27,575)	(24,484)	(27,575)
Profit for the financial period	86,515	92,757	86,515	92,757
Profit attributable to:				
Owners of the Company	85,042	91,588	85,042	91,588
Non-controlling interests	1,473	1,169	1,473	1,169
Profit for the financial period	86,515	92,757	86,515	92,757
Other comprehensive income/(expenses)				
Cash flow hedge	3,581	2,955	3,581	2,955
Foreign currency translation differences for foreign operations	9,841	(28,659)	9,841	(28,659)
Total comprehensive income for the period	99,937	67,053	99,937	67,053
Total comprehensive income attributable to:				
Owners of the Company	98,464	65,884	98,464	65,884
Non-controlling interests	1,473	1,169	1,473	1,169
Total comprehensive income for the period	99,937	67,053	99,937	67,053
EPS - Basic (sen)	27.81	29.96	27.81	29.96
- 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 2022.

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 196901000792)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 March 2023 RM'000	As at 31 December 2022 RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant & equipment	300,449	306,730
Right-of-use assets	10,098	10,716
Other intangible assets	4,306	4,581
Investment in an associate	79,247	66,873
Deferred tax assets	3,732	6,170
	397,832	395,070
<u>Current assets</u>		
Inventories	100,081	124,440
Receivables, deposits and prepayments	326,360	447,015
Tax recoverable	434	414
Cash and cash equivalents	155,885	91,251
	582,760	663,120
TOTAL ASSETS	980,592	1,058,190
EQUITY		
Total equity attributable to owners of the Company		
Share capital	149,363	149,363
Reserves	97,175	(1,708)
	246,538	147,655
Non-controlling interests	7,935	6,462
TOTAL EQUITY	254,473	154,117
LIABILITIES		
<u>Non-current liabilities</u>		
Deferred tax liabilities	11,262	8,870
Provision	358	355
Lease liabilities	2,068	2,660
Loans and borrowings	3,624	4,046
	17,312	15,931
<u>Current liabilities</u>		
Payables and accruals	638,858	721,433
Current tax liabilities	34,273	47,639
Lease liabilities	2,104	2,138
Loans and borrowings	33,572	116,932
	708,807	888,142
TOTAL LIABILITIES	726,119	904,073
TOTAL EQUITY AND LIABILITIES	980,592	1,058,190
Net assets per share (RM)	0.83	0.50

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022.

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
	-----Non-distributable-----			Distributable					
	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 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
At 1 January 2023	149,363	(48,790)	(4,734)	3,931	2,420	45,465	147,655	6,462	154,117
Total comprehensive income for the period	-	9,841	3,581	-	-	85,042	98,464	1,473	99,937
Dividends to owners of the Company	-	-	-	-	-	-	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-
Effects of share-based payments	-	(19)	-	-	438	-	419	-	419
At 31 March 2023	149,363	(38,968)	(1,153)	3,931	2,858	130,507	246,538	7,935	254,473

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for financial year ended 31 December 2022.

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

	3 months ended	
	31 March 2023	31 March 2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	110,999	120,332
Adjustments for:		
Non-cash items	13,917	13,671
Share of profit of equity accounted associate, net of tax	(3,216)	(6,758)
Finance costs	1,413	457
Finance income	(179)	(240)
Operating profit before working capital changes	122,934	127,462
Changes in working capital:		
Inventories	23,244	(22,224)
Receivables, deposits and prepayments	125,613	70,121
Payables and accruals	(82,297)	26,453
Cash generated from operations	189,494	201,812
Tax paid	(34,332)	(18,883)
Net cash generated from operating activities	155,162	182,929
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(5,926)	(18,896)
Acquisition of intangible assets	(4)	(37)
Interest received	179	240
Proceeds from disposal of property, plant and equipment	408	332
Net cash used in investing activities	(5,343)	(18,361)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayment)/drawdown of loan and borrowings	(83,795)	14,660
Repayment of lease liabilities	(550)	(439)
Interest paid	(1,370)	(410)
Net cash (used in)/generated from financing activities	(85,715)	13,811
NET INCREASE IN CASH AND CASH EQUIVALENTS	64,104	178,379
Effect of exchange rate fluctuations on cash held	530	(750)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	91,251	75,586
CASH AND CASH EQUIVALENTS AT 31 MARCH	155,885	253,215

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2022.

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 2023 RM'000	31 March 2022 RM'000
Cash at bank	155,832	223,159
Deposit with licensed bank	-	30,000
Cash held on hand	53	56
	155,885	253,215

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2022.

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 2022.

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 2022.

The Group has also adopted the following amendments to MFRS and IC Interpretations that came into effect on 1 January 2023 which did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

Amendment to MFRS 17 Initial Application of MFRS 17 and MFRS 9 - Comparative Information

Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 108 Definition of Accounting Estimates

Amendments to MFRS 101 and MFRS Practice Statement 2 Disclosure of Accounting Policies

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 16	Lease liability in a Sales and Leaseback 1 January 2024
Amendments to MFRS 101	Classification of liabilities as current or non-current and Non-current liabilities with Covenants 1 January 2024

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2022 was not subject to any qualification.

3. Seasonal or Cyclical Factors

The Group's level of operations are generally affected by seasonality of sales volume during 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.

5. Significant Changes in Estimates

There were no significant changes in estimates for prior periods 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.

Share Buyback

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

7. Dividends Paid

No dividend was paid during the financial quarter ended 31 March 2023.

At the Annual General Meeting on 19 April 2023, a FINAL single-tier dividend of 25.0 sen per share in respect of the financial year ended 31 December 2022 has been approved by shareholders. The total amount of RM76.4 million is payable on 18 May 2023.

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 2023	Malaysia	Singapore	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Geographical Segments:				
Total external revenue	469,303	190,901	-	660,204
Inter segment revenue	17,444	-	(17,444)	-
Total revenue	486,747	190,901	(17,444)	660,204
Profit from operations	88,523	20,080	414	109,017

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

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 after the Reporting Period

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. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period under review.

13. Contingent assets and liabilities

There were no contingent assets or contingent liabilities during the financial period under review.

14. Capital Commitments

Capital commitments for property, plant and equipment and intangible assets not provided for in the financial statements as at 31 March 2023 are as follows:

	<u>RM'000</u>
Approved and contracted for	17,007

15. Financial Instruments

Derivatives

The outstanding derivatives as at 31 March 2023 are as follows:

Hedging Contract	Contract Value (RM'000)	Fair Value (RM'000)	(Loss) (RM'000)
Less than one year	39,239	37,722	(1,517)
One to five years	-	-	-
	39,239	37,722	(1,517)

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.

16. 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.

17. Significant Related Party Transactions

**Financial
Period Ended
31 March 2023
RM'000**

Transactions with holding company:

Purchases of services	861
Royalties payable	11,963
Net settlements paid in respect of loss from hedging contracts	4,540

Transactions with related companies:

Management fees payable	3,379
Purchases of materials and products	5,124
Purchases of services	1,684
Sales of kegs	(215)
Sales of goods	(1,836)
Royalties payable	25

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

18. Review of Performance against the Same Quarter Last Year

Current Quarter Performance

Key Financials (RM'000)	First Quarter Ended 31 March 2023	First Quarter Ended 31 March 2022	% Change
Revenue	660,204	653,850	1.0%
Profit from operations	109,017	113,791	-4.2%
Share of profit in an associate	3,216	6,758	-52.4%
Profit attributable to Owners of the Company ("Net profit")	85,042	91,588	-7.1%

The Group's revenue increased by 1.0% to RM660.2 million compared to the same quarter last year contributed by the effect of price adjustment offsetting the impact of lower volume due to the early timing of Chinese New Year "CNY" 2023. Despite higher revenue, profit from operations declined by 4.2% to RM109.0 million with higher marketing spend.

The Group registered a lower share of profit in its associated company, Lion Brewery (Ceylon) PLC ("LBCP") by 52.4% to RM3.2 million for the quarter compared to the previous year's corresponding quarter due to the sharp devaluation of Sri Lanka Rupee against Malaysia Ringgit since March 2022.

The Group's net profit for the quarter decreased by 7.1% to RM85.0 million compared to the same quarter last year mainly due to the aforementioned reasons.

19. Review of Performance against the Preceding Quarter

Key Financials (RM'000)	First Quarter Ended 31 March 2023	Fourth Quarter Ended 31 December 2022	% Change
Revenue	660,204	612,754	7.7%
Profit from operations	109,017	83,475	30.6%
Share of profit in an associate	3,216	6,497	-50.5%
Profit attributable to Owners of the Company ("Net profit")	85,042	60,121	41.5%

The Group's revenue increased by RM47.5 million or 7.7% against the preceding quarter contributed by CNY sales in the current quarter.

The Group's profit from operations increased by RM25.5 million or 30.6% against the preceding quarter primarily due to higher profit in Malaysia with the absence of 4Q22 one-off costs such as the loss on disposal of the old bottling line and lower marketing investment. The Group's net profit increased by 41.5% primarily in line with the above, offset by a lower share of profit in LBCP.

20. Prospects

Looking ahead, the Group is mindful that the global economy remains highly uncertain, and inflationary pressures are expected to rise, which may have a negative impact on consumer sentiment and spending. The disruption to global supply chains and the escalating commodity prices will continue to pose challenges that need to be managed. The Group remain hopeful that the lifting of total travel restrictions globally is expected to boost consumer demand, particularly as Malaysia and Singapore anticipate an increase in inbound travellers. The end of Prosperity Tax 2022 will also positively impact the net profit.

Under the newly launched SAIL'27 strategies, the Group will continue to reinvest in its brands to sustain growth and stay vigilant on cost control management amidst the ongoing economic uncertainties.

21. Profit Forecast

The Group did not issue any profit forecast.

22. Taxation

	Financial Period Ended 31 March	
	2023 RM'000	2022 RM'000
<u>Taxation</u>		
- Malaysia	17,362	19,577
- Outside Malaysia	3,411	4,704
	20,773	24,281
<u>Deferred tax</u>		
- Malaysia	3,705	4,694
- Outside Malaysia	6	(1,400)
Tax expense	24,484	27,575
Profit before taxation	110,999	120,332
Share of profit of equity accounted associate, net of tax	(3,216)	(6,758)
Profit before taxation excluding share of profit of equity accounted associate, net of tax	107,783	113,574
Effective tax rate	22.72%	24.28%

The Group's effective tax rate was lower as compared to the preceding year mainly due to under provision of tax in the previous period.

23. Corporate Proposals

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

24. Borrowings

The Group borrowings are as follows:

Unsecured loans	As at 31 March 2023 RM'000	As at 31 December 2022 RM'000
Long term – Term loans	3,624	4,046
Short term – Term loans	1,836	1,810
Short term - Revolving credits	31,736	115,122
Total	37,196	120,978
Denominated in RM	15,013	115,122
Denominated in SGD	22,183	5,856
Total	37,196	120,978

25. Material Litigation

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

26. 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 2023	31 March 2022
Profit attributable to owners of the Company (RM'000)	85,042	91,588
Weighted average number of ordinary shares in issue ('000)	305,748	305,748
Basic earnings per share (sen)	27.81	29.96

Diluted earnings per share

Not applicable.

27. Dividends

The Board of Directors has declared on this date the first interim single-tier dividend of 21.0 sen per share for the year ending 31 December 2023, in respect of the first quarter profits to 31 March 2023 (2022: 22.0 sen). The total amount payable is RM64.2 million (2022: RM67.3 million).

28. Notes to the Statement of Comprehensive Income

	Financial Period Ended	
	31 March 2023 RM'000	31 March 2022 RM'000
Finished goods written off	(1,650)	(355)
Reversal/(allowance) for inventories written down	535	(671)
Depreciation and amortisation	(12,990)	(11,324)
Gain on disposal of property, plant and equipment	237	148
Net foreign exchange loss	(203)	(1,246)
Written off of property, plant and equipment	-	(6)
Reversal of impairment loss on receivables	-	25

29. 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 9 May 2023.