



Carlsberg Brewery Malaysia Berhad

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

Interim Financial Report
30 June 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 30 June 2023.

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 196901000792)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Second Quarter Ended		Financial Period Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Revenue	506,727	574,228	1,166,931	1,228,078
Operating expenses	(398,076)	(450,177)	(950,010)	(990,601)
Other operating income	522	1,420	1,269	1,785
Profit from operations	109,173	125,471	218,190	239,262
Finance income	127	299	306	539
Finance costs	(1,247)	(711)	(2,660)	(1,168)
Share of profit of equity accounted associate, net of tax	6,719	1,445	9,935	8,203
Profit before taxation	114,772	126,504	225,771	246,836
Taxation	(24,530)	(35,479)	(49,014)	(63,054)
Profit for the financial period	90,242	91,025	176,757	183,782
Profit attributable to:				
Owners of the Company	88,236	88,946	173,278	180,534
Non-controlling interests	2,006	2,079	3,479	3,248
Profit for the financial period	90,242	91,025	176,757	183,782
Other comprehensive income/(expenses)				
Cash flow hedge	(1,567)	(12,320)	2,014	(9,365)
Foreign currency translation differences for foreign operations	9,847	(11,010)	19,688	(39,669)
Total comprehensive income for the period	98,522	67,695	198,459	134,748
Total comprehensive income attributable to:				
Owners of the Company	96,516	65,616	194,980	131,500
Non-controlling interests	2,006	2,079	3,479	3,248
Total comprehensive income for the period	98,522	67,695	198,459	134,748
EPS - Basic (sen)	28.86	29.09	56.67	59.05
- 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 30 June 2023 RM'000	As at 31 December 2022 RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant & equipment	303,303	306,730
Right-of-use assets	10,205	10,716
Other intangible assets	4,233	4,581
Investment in an associate	87,246	66,873
Deferred tax assets	2,392	6,170
	407,379	395,070
<u>Current assets</u>		
Inventories	140,804	124,440
Receivables, deposits and prepayments	332,883	447,015
Tax recoverable	463	414
Cash and cash equivalents	131,661	91,251
	605,811	663,120
TOTAL ASSETS	1,013,190	1,058,190
EQUITY		
Total equity attributable to owners of the Company		
Share capital	149,363	149,363
Reserves	52,004	(1,708)
	201,367	147,655
Non-controlling interests	5,869	6,462
TOTAL EQUITY	207,236	154,117
LIABILITIES		
<u>Non-current liabilities</u>		
Deferred tax liabilities	12,105	8,870
Provision	372	355
Lease liabilities	1,653	2,660
Loans and borrowings	3,278	4,046
	17,408	15,931
<u>Current liabilities</u>		
Payables and accruals	588,960	721,433
Current tax liabilities	32,343	47,639
Lease liabilities	2,655	2,138
Loans and borrowings	164,588	116,932
	788,546	888,142
TOTAL LIABILITIES	805,954	904,073
TOTAL EQUITY AND LIABILITIES	1,013,190	1,058,190
Net assets per share (RM)	0.68	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	-	(39,669)	(9,365)	-	-	180,534	131,500	3,248	134,748
Dividends to owners of the Company	-	-	-	-	-	(207,909)	(207,909)	-	(207,909)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(1,797)	(1,797)
Effects of share-based payments	-	-	-	-	(673)	-	(673)	-	(673)
At 30 June 2022	149,363	(48,575)	(7,058)	3,931	1,458	34,925	134,044	5,907	139,951
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	-	19,688	2,014	-	-	173,278	194,980	3,479	198,459
Dividends to owners of the Company	-	-	-	-	-	(140,644)	(140,644)	-	(140,644)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(4,072)	(4,072)
Effects of share-based payments	-	(34)	-	-	(159)	(431)	(624)	-	(624)
At 30 June 2023	149,363	(29,136)	(2,720)	3,931	2,261	77,668	201,367	5,869	207,236

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

	6 months ended	
	30 June 2023	30 June 2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	225,771	246,836
Adjustments for:		
Non-cash items	24,150	25,966
Share of profit of equity accounted associate, net of tax	(9,935)	(8,203)
Finance costs	2,660	1,168
Finance income	(306)	(539)
Operating profit before working capital changes	242,340	265,228
Changes in working capital:		
Inventories	(15,500)	(72,419)
Receivables, deposits and prepayments	117,164	(4,026)
Payables and accruals	(135,966)	56,569
Cash generated from operations	208,038	245,352
Tax paid	(58,661)	(29,822)
Net cash generated from operating activities	149,377	215,530
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(18,662)	(36,064)
Acquisition of intangible assets	(80)	(202)
Interest received	306	539
Proceeds from disposal of property, plant and equipment	636	656
Dividend received from associate	7,644	4,242
Net cash used in investing activities	(10,156)	(30,829)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of loan and borrowings	46,753	77,697
Repayment of lease liabilities	(1,267)	(976)
Dividends paid to owners of the Company	(140,644)	(207,909)
Dividends paid to non-controlling interests of a subsidiary	(4,072)	(1,797)
Interest paid	(2,468)	(1,082)
Net cash used in financing activities	(101,698)	(134,067)
NET INCREASE IN CASH AND CASH EQUIVALENTS	37,523	50,634
Effect of exchange rate fluctuations on cash held	2,887	84
CASH AND CASH EQUIVALENTS AT 1 JANUARY	91,251	75,586
CASH AND CASH EQUIVALENTS AT 30 JUNE	131,661	126,304

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	
	30 June 2023 RM'000	30 June 2022 RM'000
Cash at bank	131,617	126,232
Cash held on hand	44	72
	131,661	126,304

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.

Amendments to MFRS 17 Insurance Contracts

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 Disclosure of Accounting Policies

Amendments to MFRS 112 on International Tax Reform - Pillar Two Model Rules

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
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	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

The amount of dividends paid during the financial period ended 30 June 2023:-

Date of payment	Dividends paid	Amount (Sen per ordinary share)	Amount (RM'000)
18 May 2023	FINAL single-tier dividend 2022	25.0	76,437
8 June 2023	FIRST interim single-tier dividend 2023	21.0	64,207
	Total		140,644

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 30 June 2023	Malaysia	Singapore	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Geographical Segments:				
Total external revenue	371,693	135,034	-	506,727
Inter segment revenue	15,184	-	(15,184)	-
Total revenue	386,877	135,034	(15,184)	506,727
Profit from operations	82,472	26,693	8	109,173

Quarter Ended 30 June 2022	Malaysia	Singapore	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Geographical Segments:				
Total external revenue	429,038	145,190	-	574,228
Inter segment revenue	10,349	-	(10,349)	-
Total revenue	439,387	145,190	(10,349)	574,228
Profit from operations	99,113	26,417	(59)	125,471

Financial Period Ended 30 June 2023	Malaysia	Singapore	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Geographical Segments:				
Total external revenue	840,996	325,935	-	1,166,931
Inter segment revenue	32,628	-	(32,628)	-
Total revenue	873,624	325,935	(32,628)	1,166,931
Profit from operations	170,995	46,773	422	218,190

Financial Period Ended 30 June 2022	Malaysia	Singapore	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Geographical Segments:				
Total external revenue	883,159	344,919	-	1,228,078
Inter segment revenue	22,635	-	(22,635)	-
Total revenue	905,794	344,919	(22,635)	1,228,078
Profit from operations	188,645	47,378	3,239	239,262

9. Material Contracts

No new material contracts were concluded during the current financial period under review except as disclosed in Note 14.

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 30 June 2023 are as follows:

	<u>RM'000</u>
Approved and contracted for	54,980

15. Financial Instruments

Derivatives

The outstanding derivatives as at 30 June 2023 are as follows:

Hedging Contract	Contract Value (RM'000)	Fair Value (RM'000)	(Loss) (RM'000)
Less than one year	38,567	34,988	(3,579)

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
30 June 2023
RM'000**

Transactions with holding company:

Purchases of services	5,320
Royalties payable	22,040
Net settlements paid in respect of loss from hedging contracts	6,305

Transactions with related companies:

Management fees payable	6,848
Purchases of materials and products	6,791
Purchases of services	3,486
Sales of kegs	(215)
Sales of goods	(3,397)
Royalties payable	11

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

18. Review of Performance

Current Quarter Performance

Key Financials (RM'000)	Second Quarter Ended 30 June 2023	Second Quarter Ended 30 June 2022	% Change
Revenue	506,727	574,228	-11.8%
Profit from operations	109,173	125,471	-13.0%
Share of profit in an associate	6,719	1,445	365.0%
Profit attributable to Owners of the Company ("Net profit")	88,236	88,946	-0.8%

The Group registered lower revenue by 11.8% to RM506.7 million and lower profit from operations by 13.0% to RM109.2 million compared to the same quarter last year, primarily due to lower sales arising from weakening of consumer sentiments and higher base observed in previous year's corresponding quarter due to the trade demand ahead of the price adjustment in July 2022 coupled with the post-Omicron recovery and pent-up consumer demand.

The Group's share of profit in its associated company, Lion Brewery (Ceylon) PLC ("LBCP") increased by RM5.3 million to RM6.7 million for the quarter compared to the previous year's corresponding quarter, primarily due to absence of one-off surcharge tax expense of RM3.7 million.

The Group's net profit for the quarter decreased by 0.8% to RM88.2 million compared to the same quarter last year mainly due to the aforementioned reasons.

Year-to-date Performance

Key Financials (RM'000)	Financial Period Ended 30 June 2023	Financial Period Ended 30 June 2022	% Change
Revenue	1,166,931	1,228,078	-5.0%
Profit from operations	218,190	239,262	-8.8%
Share of profit in an associate	9,935	8,203	21.1%
Profit attributable to Owners of the Company ("Net profit")	173,278	180,534	-4.0%

The Group's revenue for the first half of 2023 declined by 5.0% to RM1,166.9 million compared to the same period last year with lower overall sales in both Malaysia and Singapore due to earlier Chinese New Year falling in the reporting period and weak consumer demand. As noted earlier, the higher base for the same period last year was driven by trade demand ahead of the price adjustment in July 2022 coupled with the post-Omicron recovery and pent-up consumer demand.

The Group's profit from operations decreased by 8.8% to RM218.2 million as a result of the overall lower sales.

18. Review of Performance

Year-to-date Performance (continued)

In Malaysia, total revenue was lower by 4.8% to RM841.0 million whilst its profit from operations decreased by 10.7% to RM171.4 million compared to the same period last year.

Our Singapore operations also registered lower sales revenue by 5.5% to RM325.9 million and lower profit from operations by 1.3% to RM46.8 million.

19. Review of Performance against the Preceding Quarter

Key Financials (RM'000)	Second Quarter Ended 30 June 2023	First Quarter Ended 31 March 2023	% Change
Revenue	506,727	660,204	-23.2%
Profit from operations	109,173	109,017	0.1%
Share of profit in an associate	6,719	3,216	108.9%
Profit attributable to Owners of the Company ("Net profit")	88,236	85,042	3.8%

The Group's revenue decreased by RM153.5 million or 23.2% against the preceding quarter as traditionally higher sales were registered during the Chinese New Year festive period in the first quarter of the year.

The Group's net profit increased by 3.8% contributed by a stronger higher share of profit in LBCP from better performance.

20. Prospects

The Group observes a cautious outlook as the anticipated higher inflationary pressures and geopolitical tensions will continue to pose challenges and dampen consumer spending. However, the end of Prosperity Tax 2022 of approximately RM22 million will positively impact the net profit.

Guided by the Group's newly launched SAIL'27 strategies, the Group will continue to invest and grow its brands whilst staying focused on both revenue management and cost optimisation initiatives.

21. Profit Forecast

The Group did not issue any profit forecast.

22. Taxation

	Financial Period Ended 30 June	
	2023 RM'000	2022 RM'000
<u>Taxation</u>		
- Malaysia	34,617	51,658
- Outside Malaysia	7,946	9,199
	42,563	60,857
<u>Deferred tax</u>		
- Malaysia	6,437	3,602
- Outside Malaysia	14	(1,405)
Tax expense	49,014	63,054
Profit before taxation	225,771	246,836
Share of profit of equity accounted associate, net of tax	(9,935)	(8,203)
Profit before taxation excluding share of profit of equity accounted associate, net of tax	215,836	238,633
Effective tax rate	22.71%	26.42%

The Group's effective tax rate was lower as compared to the same period in preceding year with absence of Malaysia's Prosperity Tax in the current 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 30 June 2023 RM'000	As at 31 December 2022 RM'000
Long term – Term loans	3,278	4,046
Short term – Term loans	1,915	1,810
Short term - Revolving credits	162,673	115,122
Total	167,866	120,978
Denominated in RM	145,135	115,122
Denominated in SGD	22,731	5,856
Total	167,866	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	
	30 June 2023	30 June 2022
Profit attributable to owners of the Company (RM'000)	173,278	180,534
Weighted average number of ordinary shares in issue ('000)	305,748	305,748
Basic earnings per share (sen)	56.67	59.05

Diluted earnings per share

Not applicable.

27. Dividends

The Board of Directors has declared on this date the second interim single-tier dividend of 22.0 sen per share for the year ending 31 December 2023, in respect of the second quarter profits to 30 June 2023 (2022: 22.0 sen). The total amount payable is RM67.3 million (2022: RM67.3 million).

Accordingly, the total interim single-tier dividends declared for the financial period ended 30 June 2023 is 43.0 sen per share (2022: 44.0 sen per share).

28. Notes to the Statement of Comprehensive Income

	Financial Period Ended	
	30 June 2023 RM'000	30 June 2022 RM'000
Finished goods written off	(2,500)	(883)
Reversal/(Allowance) for inventories written down	3,364	(776)
Depreciation and amortisation	(26,203)	(22,699)
Gain on disposal of property, plant and equipment	353	333
Net foreign exchange loss	(2,926)	(942)
Written off of property, plant and equipment	(1)	(6)
Reversal of impairment loss on receivables	-	220
Reversal of impairment of property, plant and equipment	2,445	-

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 15 August 2023.