



Carlsberg Brewery Malaysia Berhad

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

Interim Financial Report
30 September 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 September 2023.

CARLSBERG BREWERY MALAYSIA BERHAD
(Company No.: 196901000792)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Third Quarter Ended		Financial Period Ended	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Revenue	513,435	571,633	1,680,366	1,799,711
Operating expenses	(423,635)	(469,849)	(1,373,645)	(1,460,450)
Other operating income	411	588	1,680	2,373
Profit from operations	90,211	102,372	308,401	341,634
Finance income	112	211	418	750
Finance costs	(1,495)	(947)	(4,155)	(2,115)
Share of profit of equity accounted associate, net of tax	9,042	6,819	18,977	15,022
Profit before taxation	97,870	108,455	323,641	355,291
Taxation	(19,541)	(29,820)	(68,555)	(92,874)
Profit for the financial period	78,329	78,635	255,086	262,417
Profit attributable to:				
Owners of the Company	75,944	76,391	249,222	256,925
Non-controlling interests	2,385	2,244	5,864	5,492
Profit for the financial period	78,329	78,635	255,086	262,417
Other comprehensive income/(expenses)				
Cash flow hedge	2,104	(3,737)	4,118	(13,102)
Foreign currency translation differences for foreign operations	(3,234)	2,983	16,454	(36,686)
Total comprehensive income for the period	77,199	77,881	275,658	212,629
Total comprehensive income attributable to:				
Owners of the Company	74,814	75,637	269,794	207,137
Non-controlling interests	2,385	2,244	5,864	5,492
Total comprehensive income for the period	77,199	77,881	275,658	212,629
Basic/Diluted earnings per ordinary share (sen)	24.84	24.98	81.51	84.03

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 September 2023 RM'000	As at 31 December 2022 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	312,499	306,730
Right-of-use assets	18,831	10,716
Other intangible assets	5,110	4,581
Investment in an associate	92,983	66,873
Deferred tax assets	2,372	6,170
Total non-current assets	431,795	395,070
Current assets		
Inventories	99,240	124,440
Receivables, deposits and prepayments	349,962	447,015
Tax recoverable	461	414
Cash and cash equivalents	150,580	91,251
Total current assets	600,243	663,120
Total assets	1,032,038	1,058,190
EQUITY		
Share capital	149,363	149,363
Reserves	60,159	(1,708)
Total equity attributable to owners of the Company	209,522	147,655
Non-controlling interests	8,254	6,462
Total equity	217,776	154,117
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	10,605	8,870
Provision	371	355
Lease liabilities	8,053	2,660
Loans and borrowings	2,795	4,046
Total non-current liabilities	21,824	15,931
Current liabilities		
Payables and accruals	621,843	721,433
Current tax liabilities	38,099	47,639
Lease liabilities	5,476	2,138
Loans and borrowings	127,020	116,932
Total current liabilities	792,438	888,142
Total liabilities	814,262	904,073
Total equity and liabilities	1,032,038	1,058,190
Net assets per share (RM)	0.71	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	-	(36,686)	(13,102)	-	-	256,925	207,137	5,492	212,629
Dividends to owners of the Company	-	-	-	-	-	(275,173)	(275,173)	-	(275,173)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(1,797)	(1,797)
Effects of share-based payments	-	-	-	-	(746)	-	(746)	-	(746)
At 30 September 2022	149,363	(45,592)	(10,795)	3,931	1,385	44,052	142,344	8,151	150,495
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	-	16,454	4,118	-	-	249,222	269,794	5,864	275,658
Dividends to owners of the Company	-	-	-	-	-	(207,909)	(207,909)	-	(207,909)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(4,072)	(4,072)
Effects of share-based payments	-	(34)	-	-	417	(401)	(18)	-	(18)
At 30 September 2023	149,363	(32,370)	(616)	3,931	2,837	86,377	209,522	8,254	217,776

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

	9 months ended	
	30 September 2023	30 September 2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	323,641	355,291
Adjustments for:		
Non-cash items	43,722	39,105
Share of profit of equity accounted associate, net of tax	(18,977)	(15,022)
Finance costs	4,155	2,115
Finance income	(418)	(750)
Operating profit before working capital changes	352,123	380,739
Changes in working capital:		
Inventories	25,414	(60,639)
Receivables, deposits and prepayments	102,820	(14,102)
Payables and accruals	(169,782)	84,032
Cash generated from operations	310,575	390,030
Tax paid	(74,583)	(50,193)
Net cash generated from operating activities	235,992	339,837
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(44,513)	(71,245)
Acquisition of intangible assets	(659)	(666)
Interest received	418	750
Proceeds from disposal of property, plant and equipment	663	738
Dividend received from associate	7,644	4,242
Net cash used in investing activities	(36,447)	(66,181)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of loan and borrowings	8,742	37,399
Repayment of lease liabilities	(2,650)	(1,542)
Dividends paid to owners of the Company	(140,644)	(275,173)
Dividends paid to non-controlling interests of a subsidiary	(4,072)	(1,797)
Interest paid	(3,824)	(2,029)
Net cash used in financing activities	(142,448)	(243,142)
NET INCREASE IN CASH AND CASH EQUIVALENTS	57,097	30,514
Effect of exchange rate fluctuations on cash held	2,232	1,459
CASH AND CASH EQUIVALENTS AT 1 JANUARY	91,251	75,586
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	150,580	107,559

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*, International Accounting Standard (IAS) 34, *Interim Financial Reporting* and paragraph 9.22 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

This Interim Financial Report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022.

2. Significant Accounting Policies

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 101 Disclosure of Accounting Policies
- Amendments to MFRS 108 Definition of Accounting Estimates
- Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

3. 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.

4. Seasonal or Cyclical Factors

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

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows during the current financial period under review.

6. 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.

7. Debt and Equity Security

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.

8. Dividends Paid

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

Dividends paid	Sen per ordinary share	Total amount (RM'000)	Date of payment
Final 2022	25.0	76,437	18 May 2023
First interim 2023	21.0	64,207	8 June 2023
Total		140,644	

The Board of Directors declared on 15 August 2023 a second interim single-tier dividend of 22.0 sen per share for the year ending 31 December 2023. The total amount of RM67.3 million was paid on 13 October 2023.

9. Operating Segments

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 September 2023	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:				
Total external revenue	362,020	151,415	-	513,435
Inter segment revenue	13,628	-	(13,628)	-
Total revenue	375,648	151,415	(13,628)	513,435
Profit from operations	73,764	16,291	156	90,211

30 September 2022	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:				
Total external revenue	421,700	149,933	-	571,633
Inter segment revenue	9,441	-	(9,441)	-
Total revenue	431,141	149,933	(9,441)	571,633
Profit from operations	83,642	18,702	28	102,372

Financial Period Ended

30 September 2023	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:				
Total external revenue	1,203,016	477,350	-	1,680,366
Inter segment revenue	46,256	-	(46,256)	-
Total revenue	1,249,272	477,350	(46,256)	1,680,366
Profit from operations	244,759	63,064	578	308,401

30 September 2022	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:				
Total external revenue	1,304,859	494,852	-	1,799,711
Inter segment revenue	32,076	-	(32,076)	-
Total revenue	1,336,935	494,852	(32,076)	1,799,711
Profit from operations	272,287	66,080	3,267	341,634

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 September 2023 are as follows:

	RM'000
Approved and contracted for	57,845

15. Financial Instruments

Derivatives

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

Hedging Contract	Contract Value RM'000	Fair Value RM'000	(Loss) RM'000
Less than one year	38,194	37,384	(810)

Changes in the portion of fair value of derivative financial instruments designated as and qualified as a cash flow hedge which effectively hedge changes in value of the hedged 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 September 2023
RM'000

<u>Holding companies</u>	
Purchases of services	7,446
Royalties payable	31,364
Net settlements paid in respect of loss from hedging contracts	7,175
<u>Related companies</u>	
Management fees payable	10,396
Purchases of materials and products	10,481
Purchases of services	5,856
Sales of kegs	(215)
Sales of goods	(5,478)
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	Third Quarter Ended 30 September 2023 RM'000	Third Quarter Ended 30 September 2022 RM'000	% Change
Revenue	513,435	571,633	-10.2%
Profit from operations	90,211	102,372	-11.9%
Share of profit in an associate	9,042	6,819	32.6%
Profit attributable to Owners of the Company ("Net profit")	75,944	76,391	-0.6%

The Group registered lower sales in the current quarter due to the soft market sentiment and affordability pressure caused by rising cost of living. This resulted in lower revenue and lower profit from operations.

The Group's share of profit in its associated company, Lion Brewery (Ceylon) PLC ("LBCP") increased by RM2.2 million to RM9.0 million for the quarter compared to the previous year's corresponding quarter arising from improved business performance and strengthening of the Sri Lanka Rupee.

Despite the 11.9% decline in profit from operations, the Group's net profit for the quarter decreased only by 0.6% due to the absence of the Prosperity Tax in the current year.

18. Review of Performance (continued)

Year-to-date Performance

Key Financials	Financial Period Ended 30 September 2023 RM'000	Financial Period Ended 30 September 2022 RM'000	% Change
Revenue	1,680,366	1,799,711	-6.6%
Profit from operations	308,401	341,634	-9.7%
Share of profit in an associate	18,977	15,022	26.3%
Profit attributable to Owners of the Company ("Net profit")	249,222	256,925	-3.0%

Year-to-date, the Group's revenue declined by 6.6% to RM1,680.4 million compared to the same period last year as the soft market sentiment resulted in lower sales in both Malaysia and Singapore, coupled with a higher base of the same period last year driven by post-COVID recovery.

The Group's profit from operations decreased by 9.7% to RM308.4 million primarily as a result of the overall lower sales.

Our Malaysia operations registered lower revenue by 7.8% to RM1,203.0 million and lower profit from operations by 11.0% to RM245.3 million compared to the same period last year. In general, Malaysia's higher base in 2022 was attributed to the higher on-trade consumption as Malaysia transitioned into the endemic phase of COVID-19 with effect from 1 April 2022.

Similarly in Singapore, total revenue declined by 3.5% to RM477.4 million whilst its profit from operations reduced by 4.6% to RM63.1 million.

19. Review of Performance against the Preceding Quarter

Key Financials	Third Quarter Ended 30 September 2023 RM'000	Second Quarter Ended 30 June 2023 RM'000	% Change
Revenue	513,435	506,727	1.3%
Profit from operations	90,211	109,173	-17.4%
Share of profit in an associate	9,042	6,719	34.6%
Profit attributable to Owners of the Company ("Net profit")	75,944	88,236	-13.9%

The Group's revenue increased by RM6.7 million or 1.3% against the preceding quarter as a result of higher sales in Singapore, offsetting the lower sales in Malaysia.

The Group, however, registered lower profit from operations by RM19.0 million or 17.4% against the preceding quarter as a result of lower profit from both Malaysia and Singapore due to higher costs arising from the impact of inflation.

The Group's net profit decreased by 13.9% due to lower Group's profit from operations partially offset by higher share of profit in LBCP.

20. Prospects

The Group observes a cautious outlook as the anticipated higher inflationary pressures coupled with rising interest rates may have an impact on consumer spending. On the other hand, the festivity at year-end may spur better consumer sentiments. The end of Prosperity Tax 2022 in Malaysia will also 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.

With regards to the announcement on 19 June 2023 to Bursa Malaysia on non-renewal of the Exclusive Distribution Agreements of Asahi, it is not expected to have any material effect on the earnings per share, net assets per share and gearing of the Company for the financial year ending 31 December 2023.

On 1 November 2023, the Group has entered into a Memorandum of Understanding ("MoU") with Sapporo Breweries Ltd. for the exclusive manufacturing and distribution of Sapporo Premium Beer in Malaysia commencing from 2024. Similarly, the Group's Singaporean operations shall have joint-distribution rights to sell and distribute both Sapporo Premium Beer and Yebisu. The annual Net Profit impact of the non-renewal of Asahi to the Group (approximately RM30m) will be progressively mitigated by the introduction of Sapporo with effect from 2024.

21. Profit Forecast

The Group did not issue any profit forecast.

22. Taxation

	Financial Period Ended 30 September 2023 RM'000	Financial Period Ended 30 September 2022 RM'000
<u>Taxation</u>		
- Malaysia	53,458	80,114
- Outside Malaysia	10,789	12,402
	64,247	92,516
<u>Deferred tax</u>		
- Malaysia	4,286	1,759
- Outside Malaysia	22	(1,401)
	4,308	358
Tax expense	68,555	92,874
Profit before taxation	323,641	355,291
Share of profit of equity accounted associate, net of tax	(18,977)	(15,022)
Profit before taxation excluding share of profit of equity accounted associate, net of tax	304,644	340,269
Effective tax rate	22.50%	27.29%

The Group's effective tax rate was lower as compared to the same period in the preceding year with the absence of Malaysia's Prosperity Tax.

23. Corporate Proposals

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

24. Borrowings

The Group borrowings are as follows:

	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
<u>Unsecured loans</u>		
Long term – Term loans	2,795	4,046
Short term – Term loans	1,925	1,810
Short term - Revolving credits	125,095	115,122
Total	129,815	120,978
Denominated in RM	125,095	115,122
Denominated in SGD	4,720	5,856
Total	129,815	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 September 2023	Financial Period Ended 30 September 2022
Profit attributable to owners of the Company (RM'000)	249,222	256,925
Weighted average number of ordinary shares in issue ('000)	305,748	305,748
Basic earnings per share (sen)	81.51	84.03

Diluted earnings per share

Not applicable.

27. Dividends

The Board of Directors has declared on this date the third interim single-tier dividend of 19.0 sen per share for the year ending 31 December 2023, in respect of the third quarter profits to 30 September 2023 (2022: 19.0 sen). The total amount payable is RM58.1 million (2022: RM58.1 million).

Accordingly, the total interim single-tier dividends declared for the financial period ended 30 September 2023 is 62.0 sen per share (2022: 63.0 sen per share).

28. Notes to the Statement of Comprehensive Income

	Financial Period Ended 30 September 2023 RM'000	Financial Period Ended 30 September 2022 RM'000
Finished goods written off	(3,903)	(1,650)
Reversal/(Allowance) for inventories written down	4,117	(1,286)
Depreciation and amortisation	(44,344)	(33,379)
Gain on disposal of property, plant and equipment	368	407
Net foreign exchange loss	(2,933)	(1,060)
Written off of property, plant and equipment	(2)	(6)
Reversal of impairment loss on receivables	-	220
Write-down of disused plant and equipment	-	(1,042)
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 1 November 2023.