



Carlsberg Brewery Malaysia Berhad

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

Interim Financial Report
31 December 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 year ended 31 December 2023.

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

	Quarter Ended		Year Ended	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Revenue	580,533	612,754	2,260,899	2,412,465
Operating expenses	(490,511)	(528,950)	(1,864,156)	(1,989,400)
Other operating income	381	(329)	2,061	2,044
Profit from operations	90,403	83,475	398,804	425,109
Finance income	138	34	556	784
Finance costs	(1,609)	(892)	(5,764)	(3,007)
Share of profit of equity accounted associate, net of tax	7,787	6,497	26,764	21,519
Profit before taxation	96,719	89,114	420,360	444,405
Taxation	(10,963)	(26,670)	(79,518)	(119,544)
Profit for the financial period	85,756	62,444	340,842	324,861
Profit attributable to:				
Owners of the Company	84,018	60,121	333,240	317,046
Non-controlling interests	1,738	2,323	7,602	7,815
Profit for the financial period	85,756	62,444	340,842	324,861
Other comprehensive income/(expenses)				
Cash flow hedge	552	6,061	4,670	(7,041)
Foreign currency translation differences for foreign operations	(1,485)	(3,198)	14,969	(39,884)
Total comprehensive income for the period	84,823	65,307	360,481	277,936
Total comprehensive income attributable to:				
Owners of the Company	83,085	62,984	352,879	270,121
Non-controlling interests	1,738	2,323	7,602	7,815
Total comprehensive income for the period	84,823	65,307	360,481	277,936
Basic/Diluted earnings per ordinary share (sen)	27.48	19.66	108.99	103.70

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

CARLSBERG BREWERY MALAYSIA BERHAD
 (Company No.: 196901000792)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	322,214	306,730
Right-of-use assets	17,328	10,716
Other intangible assets	5,239	4,581
Investment in an associate	91,170	66,873
Deferred tax assets	6,071	6,170
Total non-current assets	442,022	395,070
Current assets		
Inventories	97,535	124,440
Receivables, deposits and prepayments	384,785	447,015
Tax recoverable	461	414
Cash and cash equivalents	95,036	91,251
Total current assets	577,817	663,120
Total assets	1,019,839	1,058,190
EQUITY		
Share capital	149,363	149,363
Reserves	85,571	(1,708)
Total equity attributable to owners of the Company	234,934	147,655
Non-controlling interests	5,498	6,462
Total equity	240,432	154,117
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	321	8,870
Provision	376	355
Lease liabilities	6,364	2,660
Loans and borrowings	2,331	4,046
Total non-current liabilities	9,392	15,931
Current liabilities		
Payables and accruals	605,610	721,433
Current tax liabilities	41,764	47,639
Lease liabilities	5,571	2,138
Loans and borrowings	117,070	116,932
Total current liabilities	770,015	888,142
Total liabilities	779,407	904,073
Total equity and liabilities	1,019,839	1,058,190
Net assets per share (RM)	0.79	0.50

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial 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	-	(39,884)	(7,041)	-	-	317,046	270,121	7,815	277,936
Dividends to owners of the Company	-	-	-	-	-	(333,265)	(333,265)	-	(333,265)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(5,809)	(5,809)
Effects of share-based payments	-	-	-	-	289	(616)	(327)	-	(327)
At 31 December 2022	149,363	(48,790)	(4,734)	3,931	2,420	45,465	147,655	6,462	154,117
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	-	14,969	4,670	-	-	333,240	352,879	7,602	360,481
Dividends to owners of the Company	-	-	-	-	-	(266,001)	(266,001)	-	(266,001)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(8,566)	(8,566)
Effects of share-based payments	-	(39)	-	-	820	(380)	401	-	401
At 31 December 2023	149,363	(33,860)	(64)	3,931	3,240	112,324	234,934	5,498	240,432

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

	Year Ended	
	31 December 2023 RM'000	31 December 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	420,360	444,405
Adjustments for:		
Non-cash items	68,919	65,520
Share of profit of equity accounted associate, net of tax	(26,764)	(21,519)
Finance costs	5,764	3,007
Finance income	(556)	(784)
Operating profit before working capital changes	467,723	490,629
Changes in working capital:		
Inventories	23,661	(53,459)
Receivables, deposits and prepayments	68,393	(134,691)
Payables and accruals	(137,766)	216,911
Cash generated from operations	422,011	519,390
Tax paid	(96,147)	(104,884)
Net cash generated from operating activities	325,864	414,506
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(54,374)	(147,752)
Acquisition of intangible assets	(1,127)	(504)
Interest received	556	784
Proceeds from disposal of property, plant and equipment	732	1,522
Dividend received from associate	15,170	7,550
Net cash used in investing activities	(39,043)	(138,400)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayment)/drawdown of loan and borrowings	(2,674)	82,062
Repayment of lease liabilities	(4,414)	(2,264)
Dividends paid to owners of the Company	(266,001)	(333,265)
Dividends paid to non-controlling interests of a subsidiary	(8,566)	(5,809)
Interest paid	(5,403)	(2,727)
Net cash used in financing activities	(287,058)	(262,003)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(237)	14,103
Effect of exchange rate fluctuations on cash held	4,022	1,562
CASH AND CASH EQUIVALENTS AT 1 JANUARY	91,251	75,586
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	95,036	91,251

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial 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 and MFRS Practice Statement 2 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 financial 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 year ended 31 December 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
Second interim 2023	22.0	67,265	13 October 2023
Third interim 2023	19.0	58,092	29 December 2023
Total		266,001	

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

31 December 2023	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:				
Total external revenue	407,012	173,521	-	580,533
Inter segment revenue	24,755	-	(24,755)	-
Total revenue	431,767	173,521	(24,755)	580,533
Profit from operations	66,946	24,017	(560)	90,403

31 December 2022	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:				
Total external revenue	427,702	185,052	-	612,754
Inter segment revenue	16,470	-	(16,470)	-
Total revenue	444,172	185,052	(16,470)	612,754
Profit from operations	60,203	23,779	(507)	83,475

Year Ended

31 December 2023	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:				
Total external revenue	1,610,028	650,871	-	2,260,899
Inter segment revenue	71,011	-	(71,011)	-
Total revenue	1,681,039	650,871	(71,011)	2,260,899
Profit from operations	311,705	87,081	18	398,804

31 December 2022	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:				
Total external revenue	1,732,561	679,904	-	2,412,465
Inter segment revenue	48,546	-	(48,546)	-
Total revenue	1,781,107	679,904	(48,546)	2,412,465
Profit from operations	332,490	89,859	2,760	425,109

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 December 2023 are as follows:

	RM'000
Approved and contracted for	47,354

15. Financial Instruments

Derivatives

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

Hedging Contract	Contract Value RM'000	Fair Value RM'000	(Loss) RM'000
Less than one year	37,626	37,542	(84)

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

	Year Ended 31 December 2023 RM'000
<u>Holding companies</u>	
Purchases of services	8,717
Royalties payable	42,241
Net settlements paid in respect of loss from hedging contracts	7,786
<u>Related companies</u>	
Management fees payable	15,212
Purchases of materials and products	14,336
Purchases of services	7,432
Sales of kegs	(215)
Sales of goods	(6,207)

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	Quarter Ended 31 December 2023 RM'000	Quarter Ended 31 December 2022 RM'000	% Change
Revenue	580,533	612,754	-5.3%
Profit from operations	90,403	83,475	8.3%
Share of profit in an associate	7,787	6,497	19.9%
Profit attributable to Owners of the Company ("Net profit")	84,018	60,121	39.7%

The Group recorded lower sales in the current quarter due to the later timing of the Chinese New Year in 2024 and soft market sentiment. The Group, however, registered higher profit from operations with the absence of one-off loss on disposal of the old bottling line incurred in the previous year's corresponding quarter.

The Group's share of profit in its associated company, Lion Brewery (Ceylon) PLC ("LBCP") increased by RM1.3 million to RM7.8 million for the quarter compared to the previous year's corresponding quarter arising from improved business performance and strengthening of the Sri Lanka Rupee.

The Group's net profit for the quarter increased by 39.7% with the absence of the Prosperity Tax 2022 of RM6.8 million in the current quarter and recognition of deferred tax income of RM11.3 million relating to reinvestment allowance for the new bottling line.

18. Review of Performance (continued)

Year-to-date Performance

Key Financials	Year Ended 31 December 2023 RM'000	Year Ended 31 December 2022 RM'000	% Change
Revenue	2,260,899	2,412,465	-6.3%
Profit from operations	398,804	425,109	-6.2%
Share of profit in an associate	26,764	21,519	24.4%
Profit attributable to Owners of the Company ("Net profit")	333,240	317,046	5.1%

The Group's revenue declined by 6.3% to RM2,260.9 million compared to last year as the soft market sentiment resulted in lower sales in both Malaysia and Singapore.

The Group's profit from operations decreased by 6.2% to RM398.8 million primarily as a result of the overall lower sales.

The Malaysia operations reported lower revenue by 7.1% to RM1,610.0 million and lower profit from operations by 7.0% to RM311.7 million compared to last year.

Similarly for the Singapore operations, total revenue declined by 4.3% to RM650.9 million whilst its profit from operations reduced by 3.1% to RM87.1 million.

The Group's share of profit in its associated company, LBCP grew by 24.4% to RM26.8 million compared to last year of RM21.5 million. LBCP's profit was lower in 2022 after taking into account a share of surcharge tax expense amounting to approximately Rs.298.5 million, equivalent to RM3.7 million.

The Group's net profit grew by 5.1% or RM16.2 million to RM333.2 million compared to the last year, driven by a higher share of profit in LBCP and lower tax, with the absence of Prosperity Tax 2022 in the current year of RM21.6 million and recognition of deferred tax income of RM11.3 million relating to reinvestment allowance of the new bottling line installed last year.

19. Review of Performance against the Preceding Quarter

Key Financials	Quarter Ended 31 December 2023 RM'000	Quarter Ended 30 September 2023 RM'000	% Change
Revenue	580,533	513,435	13.1%
Profit from operations	90,403	90,211	0.2%
Share of profit in an associate	7,787	9,042	-13.9%
Profit attributable to Owners of the Company ("Net profit")	84,018	75,944	10.6%

The Group's revenue increased by RM67.1 million or 13.1% against the preceding quarter as a result of higher sales in Malaysia and Singapore boosted by the year-end festive season.

The Group's profit from operations is relatively flat against the preceding quarter, with higher marketing costs incurred to gear up for the year-end festive season and the upcoming Chinese New Year.

The Group's net profit increased by 10.6% with lower tax for the current quarter, due to recognition of deferred tax income relating to reinvestment allowance of the bottling line installed last year.

20. Prospects

The Group's overall revenue and profit before tax have been affected by weak consumer sentiments, higher inflationary pressures and rising interest rates since Q2 2023. However, the end of Prosperity Tax 2022 in Malaysia has positively impacted net profit and earnings per share.

For the financial year 2024, the Group has planned RM92 million capital expenditure for a new canning line and filtration system which aims to deliver higher production automation, flexibility and capacity. This initiative will reduce energy and water consumption, in line with the Group's Together Towards Zero and Beyond (TTZAB) agenda.

The Chinese New Year (CNY) 2024 has commenced on a positive note with marketing activations behind the CNY limited edition can in full swing. On 1 Jan 2024, the Group launched Sapporo Premium Beer, brewed locally and is now available in the market, as previously announced.

Looking ahead, the Group remains mindful of the uncertain economic outlook but is hopeful of an economic recovery.

21. Profit Forecast

The Group did not issue any profit forecast.

22. Taxation

	Year Ended 31 December 2023 RM'000	Year Ended 31 December 2022 RM'000
<u>Taxation</u>		
- Malaysia	70,625	104,972
- Outside Malaysia	18,736	17,440
	89,361	122,412
<u>Deferred tax</u>		
- Malaysia	(8,181)	(1,331)
- Outside Malaysia	(1,662)	(1,537)
	(9,843)	(2,868)
Tax expense	79,518	119,544
Profit before taxation	420,360	444,405
Share of profit of equity accounted associate, net of tax	(26,764)	(21,519)
Profit before taxation excluding share of profit of equity accounted associate, net of tax	393,596	422,886
Effective tax rate	20.20%	28.27%

The Group's effective tax rate was lower as compared to last year with the absence of Malaysia's Prosperity Tax and recognition of deferred tax income relating to reinvestment allowance of the bottling line installed last year.

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 31 December 2023 RM'000	As at 31 December 2022 RM'000
Unsecured loans		
Long term – Term loans	2,331	4,046
Short term – Term loans	1,955	1,810
Short term - Revolving credits	115,115	115,122
Total	119,401	120,978
Denominated in RM	115,115	115,122
Denominated in SGD	4,286	5,856
Total	119,401	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 year by the weighted average number of ordinary shares outstanding during the year:

	Year Ended 31 December 2023	Year Ended 31 December 2022
Profit attributable to owners of the Company (RM'000)	333,240	317,046
Weighted average number of ordinary shares in issue ('000)	305,748	305,748
Basic earnings per share (sen)	108.99	103.70

Diluted earnings per share

Not applicable.

27. Dividends

The Board of Directors has recommended on this date for shareholders' approval at the forthcoming Annual General meeting a FINAL single-tier dividend of 31.0 sen per share for the financial year ended 31 December 2023 (2022: 25.0 sen). The total amount payable for the proposed final single-tier dividend of 31.0 sen per share is RM94.8 million.

Accordingly, the total declared and proposed single-tier dividends for the financial year ended 31 December 2023 is 93.0 sen per share (2022: 88.0 sen per share).

28. Notes to the Statement of Comprehensive Income

	Year Ended 31 December 2023 RM'000	Year Ended 31 December 2022 RM'000
Finished goods written off	(5,661)	(3,658)
Reversal/(Allowance) for inventories written down	2,417	(4,314)
Depreciation and amortisation	(62,456)	(46,355)
Gain on disposal of property, plant and equipment	388	1,037
Net foreign exchange loss	(2,113)	(1,387)
Written off of property, plant and equipment	(1,260)	(7,020)
Impairment of property, plant and equipment (Impairment)/reversal of impairment loss on receivables	(85)	(2,445)
	(269)	153

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 7 February 2024.