



## HEINEKEN MALAYSIA BERHAD

Company No. 196401000020 (5350-X)  
(Incorporated in Malaysia)]

### CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

The Board of Directors of Heineken Malaysia Berhad (“the Company”) wishes to announce the unaudited results of the Group for the quarter ended 31 March 2021.

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD 3 MONTHS ENDED			CUMULATIVE PERIOD 3 MONTHS ENDED		
	31/03/2021	31/03/2020	% Change +/(–)	31/03/2021	31/03/2020	% Change +/(–)
	RM'000	RM'000		RM'000	RM'000	
1. Revenue	547,738	515,887	6.2%	547,738	515,887	6.2%
2. Operating expenses	(450,167)	(440,177)		(450,167)	(440,177)	
3. Operating profit	<b>97,571</b>	<b>75,710</b>	28.9%	<b>97,571</b>	<b>75,710</b>	28.9%
4. Interest expense	(914)	(857)		(914)	(857)	
5. Profit before tax	96,657	74,853	29.1%	96,657	74,853	29.1%
6. Taxation	(23,118)	(17,889)		(23,118)	(17,889)	
7. Net profit for the period	<u>73,539</u>	<u>56,964</u>	29.1%	<u>73,539</u>	<u>56,964</u>	29.1%
8. Profit attributable to owners of the Company	<u>73,539</u>	<u>56,964</u>		<u>73,539</u>	<u>56,964</u>	
9. Total comprehensive income attributable to owners of the Company	<u>73,539</u>	<u>56,964</u>		<u>73,539</u>	<u>56,964</u>	
10. Earnings per share :						
(a) Basic (based on 302,098,000 stock units) (sen)	24.34	18.86		24.34	18.86	
(b) Fully diluted	N/A	N/A		N/A	N/A	

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group’s Annual Audited Financial Statements for year ended 31 December 2020.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	UNAUDITED AS AT 31 March 2021 RM'000	AUDITED AS AT 31 December 2020 RM'000
<b>Non-current assets</b>		
Property, plant and equipment	333,751	341,916
Intangible assets	14,808	16,526
Right-of-use asset	20,565	21,897
Deferred tax assets	-	4,956
Other receivables	2,585	3,878
	<u>371,709</u>	<u>389,173</u>
<b>Current assets</b>		
Inventories	122,676	188,262
Trade and other receivables	350,570	326,649
Current tax assets	11,176	10,722
Cash and cash equivalents	44,870	131,902
	<u>529,292</u>	<u>657,535</u>
<b>Current liabilities</b>		
Trade and other payables	352,886	399,980
Current tax liabilities	7,146	5,155
Lease liabilities	3,920	4,485
Borrowings	80,000	249,208
	<u>443,952</u>	<u>658,828</u>
<b>Net current assets</b>	<u>85,340</u>	<u>(1,293)</u>
	<u>457,049</u>	<u>387,880</u>
<b>Financed by:</b>		
<b>Capital and reserves</b>		
Share capital	151,049	151,049
Reserves	271,873	198,334
<b>Shareholders' funds</b>	<u>422,922</u>	<u>349,383</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	28,093	31,774
Lease liabilities	6,034	6,723
	<u>34,127</u>	<u>38,497</u>
	<u>457,049</u>	<u>387,880</u>
Net Assets per share attributable to owners of the Company (RM)	1.40	1.16

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's Annual Audited Financial Statements for the year ended 31 December 2020.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	<b>3 MONTHS ENDED</b> <b>31 March 2021</b> <b>RM'000</b>	<b>3 MONTHS ENDED</b> <b>31 March 2020</b> <b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	96,657	74,853
Adjustments for:		
Amortisation of intangible assets	2,000	2,021
Depreciation of property, plant and equipment	15,761	14,184
Loss on disposal of property, plant and equipment	358	1,303
Amortisation of prepaid contractual promotion expenses	8,040	12,698
Interest expense	1,258	1,255
Interest Income	(344)	(398)
Unrealised foreign exchange differences	1,048	645
<b>Operating profit before changes in working capital</b>	<b>124,778</b>	<b>106,561</b>
<b>Movements in working capital</b>		
Inventories	65,586	(69,211)
Receivables, deposits and prepayment	(30,668)	147,650
Payables and accruals	(48,143)	(123,046)
<b>Cash generated from operations</b>	<b>111,553</b>	<b>61,954</b>
Tax paid	(20,306)	(7,771)
Interest paid	(1,258)	(1,255)
<b>Net cash from operating activities</b>	<b>89,989</b>	<b>52,928</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(7,025)	(14,515)
Acquisition of intangible assets	(104)	(51)
Interest received	344	398
Proceeds from disposal of property, plant and equipment	245	170
<b>Net cash used in investing activities</b>	<b>(6,540)</b>	<b>(13,998)</b>
<b>Cash flows from financing activity</b>		
Dividend paid	-	-
Lease commitment paid	(1,273)	(1,356)
(Repayment of)/Increase of borrowings	(169,208)	240,000
<b>Net cash used in/(from) financing activity</b>	<b>(170,481)</b>	<b>238,644</b>
<b>Net change in cash and cash equivalents</b>	<b>(87,032)</b>	<b>277,574</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>131,902</b>	<b>15,068</b>
<b>Cash and cash equivalents at end of period</b>	<b>44,870</b>	<b>292,642</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's Annual Audited Financial Statements for the year ended 31 December 2020.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company			
	<i>Non-Distributable</i> Share Capital RM'000	<i>Capital</i> Reserve RM'000	<i>Distributable</i> Retained Earnings RM'000	Total RM'000
<b>3 months ended</b>				
<b><u>31 March 2021</u></b>				
Balance at 1 January 2021	151,049	470	197,864	349,383
Total comprehensive income for the period	-	-	73,539	73,539
Dividends paid/ payable	-	-	-	-
<b>Balance at 31 March 2021</b>	<b>151,049</b>	<b>470</b>	<b>271,403</b>	<b>422,922</b>
<b>3 months ended</b>				
<b><u>31 March 2020</u></b>				
Balance at 1 January 2020	151,049	-	243,052	394,101
Total comprehensive income for the period	-	-	56,964	56,964
Dividends paid / payable	-	-	-	-
<b>Balance at 31 March 2020</b>	<b>151,049</b>	<b>-</b>	<b>300,016</b>	<b>451,065</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's Annual Audited Financial Statements for the year ended 31 December 2020.

## HEINEKEN MALAYSIA BERHAD

Company No. 196401000020 (5350-X)

### Notes:

#### 1. Basis of Preparation

The interim financial report has been prepared in accordance with the requirements of Financial Reporting Standards (“FRS”) 134 “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Annual Audited Financial Statements of the Company and its subsidiaries (“the Group”) as at and for the year ended 31 December 2020.

#### 2. Significant Accounting Policies

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2020 save for the adoption of the following new Malaysian Financial Reporting Standards (“MFRS”) and Interpretations, and amendments to certain MFRSs and Interpretations:

	<b>Effective Date</b>
Amendments to MFRS 7 Financial Instruments: Disclosures, MFRS 9 Financial Instruments and MFRS 139 Financial Instruments: Recognition and Measurement. MFRS 4 Insurance Contracts and MFRS 16 Leases – Interest Rate Benchmark Reform– Phase 2	1 January 2021

The adoption of the above amendments is not expected to have any material effect on the financial statements of the Group.

#### 3. Audit Report on Preceding Annual Financial Statements

The Group’s Annual Audited Financial Statements for the year ended 31 December 2020 were not qualified.

#### 4. Seasonal or Cyclical Factors

The business operations of the Group are generally affected by festive seasons.

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

The re-implementation and subsequent extension of the Movement Control Order (“MCO”) to contain the spread of the Covid-19 infection in several key states across Malaysia during the quarter has resulted in subdued social and economic activities. Despite the easing of the MCO and the reopening of more economic sectors in March 2021, the trend of rising Covid-19 cases continued to impact the momentum of the market recovery especially the on-trade business.

#### 6. Changes in Estimates

There were no changes in estimates that have had any material effect on current financial quarter under review.

#### 7. Debt and Equity Securities

There was no issuance, repayment of debt and equity securities for the current financial quarter under review, except for those as disclosed under Note 21.

#### 8. Dividends Paid

No dividends were paid during the financial quarter under review.

## HEINEKEN MALAYSIA BERHAD

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### 9. Segmental Reporting

No segmental analysis is prepared as the Group's business is primarily engaged in malt liquor brewing including production, packaging, marketing and distribution of its products principally in Malaysia. The Management Team of the Company reviews the financial information as a whole for decision making.

### 10. Property, Plant and Equipment Valuation

There were no changes in the valuation of property, plant and equipment for the current financial quarter under review.

### 11. Events Subsequent to the End of the Period

- (i) Given the continued spike in Covid-19 cases, the Government extended the movement restrictions throughout the month of April 2021 and subsequently expanded the MCO to all states nationwide in May 2021. Whilst most economic sectors have been allowed to operate during MCO, dine-ins and social gatherings have been strictly prohibited. This is expected to impact the on-trade business again. The Group will continue to closely monitor the market situation and take all necessary steps to mitigate the impact to the Group business.
- (ii) On 13 April 2021, the Company and its wholly-owned subsidiary, Heineken Marketing Malaysia Sdn Bhd received a Writ dated 2 April 2021 and Statement of Claim dated 29 March 2021 as disclosed under Note 24.

### 12. Changes in the Composition of the Group

There was no change to the composition of the Group during the financial period under review including business combination, acquisition or disposal of subsidiaries and long-term investments.

### 13. Changes in Contingent Liabilities or Contingent Assets

Other than the material litigation disclosed under Note 24 of this report, there are no other contingent liabilities for the quarter under review.

### 14. Capital Commitments

Capital commitments not provided for in the financial statements as at 31 March 2021 are as follows:

	<u>RM'000</u>
Property, plant and equipment Authorised and contracted for	<u>35,022</u>

### 15. Significant Related Party Transactions

As at the end of the quarter under review, the Group has entered into/or completed the following significant Related Party Transactions:

	<b>Heineken N.V. and its related corporations</b> <u>RM'000</u>
Sales of beverage products	-
Purchase of beverage products, manufacturing and marketing materials	2,341
Royalties paid/payable	8,786
Fees paid/payable for professional services relating to technical, marketing and other advisory support	4,584
	<u>                    </u>

## 15. Significant Related Party Transactions (Continued)

All Related Party Transactions had been entered into in the ordinary course of business on normal commercial terms. These transactions are within the ambit of the general mandate approved by the shareholders of the Company on 14 August 2020.

## 16. Review of Performance

### Quarter ended 31 March 2021 ("Q1 2021") versus quarter ended 31 March 2020 ("Q1 2020")

	3 months ended 31 March 2021 RM'000	3 months ended 31 March 2020 RM'000	% Change + / (-)
Revenue	547,738	515,887	6%
Profit before tax	96,657	74,853	29%

Group revenue grew by 6% versus last year mainly due to the gradual adaptation by businesses and consumers to the new normal, easing of restrictions in March 2021 and effective execution of various campaigns. In comparison, the improved performance in Q1 2021 versus Q1 2020 is also attributed to the first MCO which required the Group to fully suspend operations from 18 March 2020.

Group profit before tax ("PBT") rose 29%, mainly driven by revenue growth, as well as effective revenue and cost management including deferment of commercial cost. Restrictions on social activities and compliance to Government Standard Operating Procedures ("SOPs") had also resulted in subdued commercial activations thus resulting in further cost savings.

### Quarter ended 31 March 2021 versus 31 December 2020 ("Q4 2020")

	3 months ended 31 March 2021 RM'000	3 months ended 31 December 2020 RM'000	% Change + / (-)
Revenue	547,738	519,015	6%
Profit before tax	96,657	67,393	43%

Group revenue increased by 6% against the preceding quarter mainly driven by Chinese New Year sales and easing of restriction in March 2021.

PBT increased by 43% against the preceding quarter mainly due to higher revenue growth, effective cost management and absence of the one-off restructuring cost which was provided in Q4 2020.

## 17. Prospects

The Group remains cautious as the Covid-19 pandemic persists, with the imposition of another nationwide MCO from May 2021 and continued restrictions on social activities expected to impact businesses. While the Group is hopeful that the National Immunisation Programme would foster gradual market recovery, the intermittent lockdowns and restrictive measures in the medium term is expected to dampen our recovery momentum.

Overall, the business environment will remain challenging for the rest of 2021. The Group remains committed in delivering its priorities for 2021 with increased focus on safety of its people, right sizing the organisation and cost base, accelerate its digital agenda and leverage its strong business fundamentals.

## 18. Variance from Profit Forecast

No profit forecast was issued during the financial quarter under review.

## 19. Taxation

Taxation in respect of the current financial quarter comprises the following:

	<b>3 months ended 31 March 2021 RM'000</b>
Taxation	
Malaysian – current	23,197
Deferred taxation	
Malaysian – current	(79)
	<u>23,118</u>

The Group's effective tax rate for the current quarter under review is broadly in line with the statutory tax rate.

## 20. Status of Corporate Proposals

There were no corporate proposals which have not been completed at the date of this report.

## 21. Group Borrowings and Debt Securities

Total group borrowing as at 31 March 2021 are as follow:

	<b>As at 31 March 2021 RM'000</b>
<u>Current – Unsecured</u>	
Revolving credit	80,000
	<u>80,000</u>

The tenure for the above borrowings is about 4 weeks.

## 22. Financial Instruments

The outstanding derivatives at the end of the reporting period are as follows:

	<b>Notional value RM'000</b>	<b>Fair Value RM'000</b>	<b>Loss arising from fair value changes RM'000</b>
Forward foreign exchange contracts			
– Less than one year	1,024	1,016	8

The above forward foreign exchange contracts were entered into by the Group to minimise its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities; in accordance with the Group's foreign currency hedging policy.



**22. Financial Instruments (Continued)**

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Foreign currency differences arising from retranslation are recognised in comprehensive income, except for differences arising from the retranslation of a financial instrument designated as a hedge of currency risk, which is recognised in other comprehensive income.

There is minimal credit and market risk as the forward contracts are executed with the Group's relationship financial institutions, namely Citibank Berhad, BNP Paribas Berhad, United Overseas Bank and HSBC Bank Malaysia Berhad. The Group is of the view that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

**23. Notes to the Statement of Comprehensive Income**

	<b>3 months ended 31 March 2021 RM'000</b>
Depreciation and amortization	17,761
Provision for and write off of inventories	830
Loss on derivatives	8

Other than the items highlighted above which have been included in the Consolidated Statement of Comprehensive Income, there were no impairment of assets nor profits/losses on any other items and sale of quoted securities, investments and properties included in the results for the quarter ended 31 March 2021.

**24. Material Litigation**

The following material litigation was announced by the Company on 16 April 2021:

Kuala Lumpur High Court Civil Suit No.WA-22NCVC-221-04/2021

On 13 April 2021, the Company and its wholly-owned subsidiary, Heineken Marketing Malaysia Sdn Bhd ("the Companies") received a Writ dated 2 April 2021 and Statement of Claim dated 29 March 2021 filed by Thirteen Wings Sdn Bhd, Ashwin Kumar Kandiah (trading under Sivam Kandiah Enterprise, Ashwin Kandiah Enterprise and Skan Ventures), Astrike Sdn Bhd, Axcend Sdn Bhd, Turbo Booze Sdn Bhd and Hops Sdn Bhd ("Plaintiffs").

In the Statement of Claim, the Plaintiffs claim that the Group have failed to honour an alleged contract and are seeking for, amongst others, the following reliefs against the Group

- (a) specific performance of the alleged contract;
- (b) in the alternative, damages for breach of contract in the liquidated sum of RM26,520,000; and
- (c) various consequential orders and declarations relating to various contract terms.

On 20 May 2021, the Company and HMMSB filed their Statement of Defence and Counterclaim dated 20 May 2021 against the Plaintiffs at the Kuala Lumpur High Court.

Based on legal advice, the Directors are of the view that the Companies have a strong defence against the claim and hence, no provision is required in these financial statements.

Apart from the above, the Directors are not aware of any other proceedings pending against the Company and/or its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the financial position or business of the Group.

**HEINEKEN MALAYSIA BERHAD**

Company No. 196401000020 (5350-X)

**25. Dividend**

The Board of Directors does not recommend any dividend in respect of the quarter ended 31 March 2021.

**26. Earnings Per Share**

**(a) Basic Earnings Per Share**

Basic earnings per share for the year ended 31 March 2021 is calculated by dividing the net profit attributable to the shareholders of RM73,539,000 by the weighted average number of ordinary stock units outstanding as at 31 March 2021 of 302,098,000.

**(b) Diluted Earnings Per Share**

Not Applicable.

For and on Behalf of the Board

**Roland Bala**

Managing Director

20 May 2021