



## HEINEKEN MALAYSIA BERHAD

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

### CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2023

The Board of Directors of Heineken Malaysia Berhad (“the Company”) wishes to announce the unaudited results of the Group for the second quarter and six months ended 30 June 2023.

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD 3 MONTHS ENDED			CUMULATIVE PERIOD 6 MONTHS ENDED		
	30/06/2023	30/06/2022	% Change +/(-)	30/06/2023	30/06/2022	% Change +/(-)
	RM'000	RM'000		RM'000	RM'000	
1. Revenue	569,243	644,577	-12%	1,309,461	1,342,911	-2%
2. Operating expenses	(450,502)	(516,908)		(1,044,298)	(1,059,540)	
3. Operating profit	<b>118,741</b>	<b>127,669</b>	-7%	<b>265,163</b>	<b>283,371</b>	-6%
4. Interest income/ (expense)	175	115		(1,650)	(520)	
5. Profit before tax	118,916	127,784	-7%	263,513	282,851	-7%
6. Taxation	(28,443)	(41,712)		(63,111)	(83,396)	
7. Net profit for the period	<u>90,473</u>	<u>86,072</u>	5%	<u>200,402</u>	<u>199,455</u>	1%
8. Profit attributable to owners of the Company	<u>90,473</u>	<u>86,072</u>		<u>200,402</u>	<u>199,455</u>	
9. Total comprehensive income attributable to owners of the Company	<u>90,473</u>	<u>86,072</u>		<u>200,402</u>	<u>199,455</u>	
10. Earnings per share:						
(a) Basic (based on 302,098,000 stock units) (sen)	29.95	28.49		66.34	66.02	
(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 2022.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	UNAUDITED AS AT 30 June 2023 RM'000	AUDITED AS AT 31 December 2022 RM'000
<b>Non-current assets</b>		
Property, plant and equipment	522,059	505,309
Intangible assets	20,266	20,530
Right-of-use asset	14,920	16,091
Deferred tax assets	2,202	2,147
Other receivables	3,106	889
	<u>562,553</u>	<u>544,966</u>
<b>Current assets</b>		
Inventories	146,158	190,684
Trade and other receivables	470,083	602,035
Current tax assets	21,204	17,982
Cash and cash equivalents	60,714	52,554
	<u>698,159</u>	<u>863,255</u>
<b>Current liabilities</b>		
Trade and other payables	472,696	693,675
Dividend payable	296,056	-
Current tax liabilities	8,331	15,936
Lease liabilities	2,867	2,857
Borrowings	50,000	170,000
	<u>829,950</u>	<u>882,468</u>
<b>Net current liabilities</b>	<u>(131,791)</u>	<u>(19,213)</u>
	<u>430,762</u>	<u>525,753</u>
<b>Financed by:</b>		
<b>Capital and reserves</b>		
Share capital	151,049	151,049
Reserves	242,064	337,404
<b>Shareholders' funds</b>	<u>393,113</u>	<u>488,453</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	35,425	34,208
Lease liabilities	2,224	3,092
	<u>37,649</u>	<u>37,300</u>
	<u>430,762</u>	<u>525,753</u>
Net Assets per share attributable to owners of the Company (RM)	1.30	1.62

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 2022.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	<b>6 MONTHS ENDED 30 JUNE 2023 RM'000</b>	<b>6 MONTHS ENDED 30 JUNE 2022 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	263,513	282,851
Adjustments for:		
Amortisation of intangible assets	2,578	2,330
Depreciation of property, plant and equipment	34,485	33,916
Loss on disposal of property, plant and equipment	561	685
Gain on disposal of right-of-use asset	-	(1)
Amortisation of prepaid contractual promotion expenses	4,108	2,704
Interest expense	2,151	1,027
Interest income	(501)	(507)
Unrealised foreign exchange differences	648	(29)
<b>Operating profit before changes in working capital</b>	<b>307,543</b>	<b>322,976</b>
<b>Movements in working capital</b>		
Inventories	44,526	8,674
Receivables, deposits and prepayment	125,627	(111,491)
Payables and accruals	(221,312)	4,505
<b>Cash generated from operations</b>	<b>256,384</b>	<b>224,664</b>
Tax paid	(72,776)	(49,889)
Interest paid	(2,151)	(1,027)
<b>Net cash from operating activities</b>	<b>181,457</b>	<b>173,748</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(49,732)	(34,480)
Acquisition of intangible assets	(2,314)	(188)
Interest received	501	507
Proceeds from disposal of property, plant and equipment	91	59
<b>Net cash used in investing activities</b>	<b>(51,454)</b>	<b>(34,102)</b>
<b>Cash flows from financing activity</b>		
Lease commitment paid	(1,843)	(2,029)
Repayment of borrowings	(120,000)	(160,131)
<b>Net cash used in financing activity</b>	<b>(121,843)</b>	<b>(162,160)</b>
<b>Net change in cash and cash equivalents</b>	<b>8,160</b>	<b>(22,514)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>52,554</b>	<b>76,479</b>
<b>Cash and cash equivalents at end of period</b>	<b>60,714</b>	<b>53,965</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 2022.

**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>6 months ended</b>				
<b><u>30 June 2023</u></b>				
Balance at 1 January 2023	151,049	647	336,757	488,453
Total comprehensive income for the period	-	-	200,402	200,402
Effects of share-based payments		314	-	314
Dividends paid/ payable	-	-	(296,056)	(296,056)
<b>Balance at 30 June 2023</b>	<b>151,049</b>	<b>961</b>	<b>241,103</b>	<b>393,113</b>
<b>6 months ended</b>				
<b><u>30 June 2022</u></b>				
Balance at 1 January 2022	151,049	470	244,157	395,676
Total comprehensive income for the period	-	-	199,455	199,455
Effects of share-based payments	-	178	-	178
Dividends paid / payable	-	-	(199,385)	(199,385)
<b>Balance at 30 June 2022</b>	<b>151,049</b>	<b>648</b>	<b>244,227</b>	<b>395,924</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 2022.

## 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 2022.

#### 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 2022 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 17 Insurance Contracts, MFRS 101 Classification of Liabilities as Current or Non-current, MFRS 101 Disclosure of Accounting Policies, MFRS 108 Disclosure of Accounting Estimates, MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction, MFRS 17 Initial Application of MFRS 9 and MFRS 17 – Comparative Information	1 January 2023

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 2022 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

There were no exceptional items for the current financial quarter under review.

#### 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

Between the end of the financial quarter under review and the date of this announcement, there has not been any item, transaction or event of a material and unusual nature which, in the opinion of the Directors is likely to affect substantially the results of the operations of the Group for the quarter ended 30 June 2023.

### 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 30 June 2023 are as follows:

	<b>RM'000</b>
Property, plant and equipment Authorised and contracted for	<u>37,038</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 RM'000</b>
Sales of beverage products	<u>97</u>
Purchase of beverage products, manufacturing and marketing materials	9,176
Royalties paid/payable	27,715
Fees paid/payable for professional services relating to technical, marketing and other advisory support	<u>19,218</u>

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 12 May 2023.

## 16. Review of Performance

### Quarter ended 30 June 2023 versus quarter ended 30 June 2022

	<b>3 months ended 30 June 2023 RM'000</b>	<b>3 months ended 30 June 2022 RM'000</b>	<b>% Change + / (-)</b>
Revenue	569,243	644,577	-12%
Profit before tax	118,916	127,784	-7%

Group revenue decreased by 12% as compared to the same quarter in 2022, mainly due to lower sales attributed to weak consumer sentiment driven by rising cost of living and currency volatility.

The Group had a strong base in the second quarter of 2022 as the market had an upsurge in sales (Revenue +84% versus the second quarter of 2021) following the re-opening of the economy and international borders at the start of the endemic phase. The Group views this quarter's performance as a form of market correction.

Group profit before tax ("PBT") decreased by 7% alongside with lower revenue, mitigated by efficiency gains through cost and value initiatives.

### Six months ended 30 June 2023 versus the same period in 2022

	<b>6 months ended 30 June 2023 RM'000</b>	<b>6 months ended 30 June 2022 RM'000</b>	<b>% Change + / (-)</b>
Revenue	1,309,461	1,342,911	-2%
Profit before tax	263,513	282,851	-7%

Group revenue was 2% lower, mainly due to the market correction as mentioned above, buffered by higher sales in the first quarter due to early Chinese New Year ("CNY") festive period in January 2023. In the period under review, persistent soft market sentiment has impacted the sales performance of the Group.

Group PBT declined by 7% due to lower revenue and relatively higher promotional and marketing expenses as the Group continued to invest behind its brands.

### Quarter ended 30 June 2023 versus 31 March 2023

	<b>3 months ended 30 June 2023 RM'000</b>	<b>3 months ended 31 March 2023 RM'000</b>	<b>% Change + / (-)</b>
Revenue	569,243	740,218	-23%
Profit before tax	118,916	144,597	-18%

Group revenue declined by 23% against the preceding quarter, mainly due to higher sales in the first quarter which was driven by the CNY festive sales.

Correspondingly, Group PBT declined by 18% against the preceding quarter.

## 17. Prospects

In light of cautious consumer spending due to macro economic concerns, the Group anticipates the market to remain challenging.

## 17. Prospects (Continued)

The Group will remain agile to the volatile business environment and will continue to focus on its EverGreen strategy to future-proof its business. The Group will also continue to drive efficiency through cost optimization across the organisation whilst investing into our brands and innovations. In the absence of one-off Prosperity Tax, we look forward to a positive impact on the Group's net profit this year.

Illicit alcohol remains a key concern for the beer industry. The Group will continue to monitor and support the authorities in addressing this issue through comprehensive efforts, which encompass bolstering enforcement measures and promoting greater awareness within the market.

## 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 30 June 2023 RM'000</b>	<b>6 months ended 30 June 2023 RM'000</b>
Taxation		
Malaysian – Current	28,532	63,243
Deferred taxation		
Malaysian – Current	(89)	(132)
	<u>28,443</u>	<u>63,111</u>

The Group's effective tax rate for the 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 30 June 2023 are as follow:

	<b>As at 30 June 2023 RM'000</b>
<u>Current – Unsecured</u>	
Trade Financing	<u>50,000</u>

The tenure for the above borrowing is about 2 months.



## 22. Financial Instruments

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

	Notional value RM'000	Fair Value RM'000	Loss arising from fair value changes RM'000
Forward foreign exchange contracts – Less than one year	436	435	1

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.

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 (Malaysia) Bhd 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

	6 months ended 30 June 2023 RM'000
Depreciation and amortization	37,063
Provision for and write off of inventories	4,727
Gain on derivatives	(2)

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 30 Jun 2023.

## 24. Material Litigation

For consistency purposes, definitions referred hereto shall have the same meanings as those previously defined in the Company's announcements dated 16 April 2021, 10 December 2021 and 11 January 2022.

Reference is made to the material litigation as reported in previous announcements made by the Company and the Group's Annual Audited Financial Statements for the financial year 2022, there is no change to the trial dates for the second suit whilst the court has fixed a trial date for the first suit to be the same as the second suit i.e 18 to 20 November 2024.

The Company will make the necessary announcement on any material developments relating to this matter.

The Directors, based on legal advice, maintain its view that the Companies have a strong defence against the case and hence, no provision has been made in these financial statements.

## **25. Material Litigation (Continued)**

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

## **26. Dividend**

The Board has declared a single tier interim dividend of 40 sen per stock unit for the financial year ending 31 December 2023 (Six months ended 30 June 2022: 40 sen) to be paid on 10 November 2023. The entitlement date for the dividend payment is 20 October 2023. Total dividend declared for the six months ended 30 June 2023 is 40 sen per stock unit (six months ended 30 June 2022: 40 sen).

A Depositor shall qualify for entitlement only in respect of:

- (a) Shares deposited into the Depositor's securities account before 12.30 p.m. on 18 October 2023 (in respect of shares which are exempted from mandatory deposit);
- (b) Shares transferred into the Depositor's securities account before 4.30 p.m. on 20 October 2023 in respect of ordinary transfers; and
- (c) Shares bought on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

## **27. Earnings Per Share**

### **(a) Basic Earnings Per Share**

Basic earnings per share for the period ended 30 June 2023 is calculated by dividing the net profit attributable to the shareholders by the weighted average number of ordinary stock units outstanding as at 30 June 2023 of 302,098,000.

### **(b) Diluted Earnings Per Share**

Not Applicable.

For and on Behalf of the Board

**Roland Bala**

Managing Director

15 August 2023