



## HEINEKEN MALAYSIA BERHAD

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

### CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2021

The Board of Directors of Heineken Malaysia Berhad (“the Company”) wishes to announce the unaudited results of the Group for the third quarter and nine months ended 30 September 2021.

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD 3 MONTHS ENDED			CUMULATIVE PERIOD 9 MONTHS ENDED		% Change +/(–)
	30/09/2021	30/09/2020	% Change +/(–)	30/09/2021	30/09/2020	
	RM'000	RM'000		RM'000	RM'000	
1. Revenue	389,848	473,752	-18%	1,287,009	1,243,381	4%
2. Operating expenses	(322,255)	(391,893)		(1,088,471)	(1,108,381)	
3. Operating profit	<b>67,593</b>	<b>81,859</b>	-17%	<b>198,538</b>	<b>135,000</b>	47%
4. Interest expense	(377)	(1,384)		(1,510)	(3,677)	
5. Profit before tax	67,216	80,475	-16%	197,028	131,323	50%
6. Taxation	(16,199)	(19,222)		(47,198)	(31,299)	
7. Net profit for the period	<u>51,017</u>	<u>61,253</u>	-17%	<u>149,830</u>	<u>100,024</u>	50%
8. Profit attributable to owners of the Company	<u>51,017</u>	<u>61,253</u>		<u>149,830</u>	<u>100,024</u>	
9. Total comprehensive income attributable to owners of the Company	<u>51,017</u>	<u>61,253</u>		<u>149,830</u>	<u>100,024</u>	
10. Earnings per share:						
(a) Basic (based on 302,098,000 stock units) (sen)	16.89	20.28		49.60	33.11	
(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 30 September 2021 RM'000	AUDITED AS AT 31 December 2020 RM'000
<b>Non-current assets</b>		
Property, plant and equipment	332,527	341,916
Intangible assets	12,985	16,526
Right-of-use asset	19,288	21,897
Deferred tax assets	-	4,956
Other receivables	1,604	3,878
	<u>366,404</u>	<u>389,173</u>
<b>Current assets</b>		
Inventories	137,272	188,262
Trade and other receivables	366,516	326,649
Current tax assets	17,725	10,722
Cash and cash equivalents	102,114	131,902
	<u>623,627</u>	<u>657,535</u>
<b>Current liabilities</b>		
Trade and other payables	335,466	399,980
Current tax liabilities	-	5,155
Lease liabilities	3,420	4,485
Borrowings	318,000	249,208
	<u>656,886</u>	<u>658,828</u>
<b>Net current assets</b>	<u>(33,259)</u>	<u>(1,293)</u>
	<u>333,145</u>	<u>387,880</u>
<b>Financed by:</b>		
<b>Capital and reserves</b>		
Share capital	151,049	151,049
Reserves	148,779	198,334
<b>Shareholders' funds</b>	<u>299,828</u>	<u>349,383</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	27,941	31,774
Lease liabilities	5,376	6,723
	<u>33,317</u>	<u>38,497</u>
	<u>333,145</u>	<u>387,880</u>
Net Assets per share attributable to owners of the Company (RM)	0.99	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 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

	<b>9 MONTHS ENDED 30 September 2021</b>	<b>9 MONTHS ENDED 30 September 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	197,028	131,323
Adjustments for:		
Amortisation of intangible assets	5,007	6,035
Depreciation of property, plant and equipment	47,485	43,568
Loss on disposal of property, plant and equipment	467	2,600
Gain on disposal of right-of-use asset	(8)	-
Amortisation of prepaid contractual promotion expenses	15,219	34,662
Interest expense	2,692	7,066
Interest Income	(1,182)	(3,389)
Unrealised foreign exchange differences	226	306
<b>Operating profit before changes in working capital</b>	<b>266,934</b>	<b>222,171</b>
<b>Movements in working capital</b>		
Inventories	50,990	(74,898)
Receivables, deposits and prepayment	(52,812)	172,648
Payables and accruals	(110,054)	(194,052)
<b>Cash generated from operations</b>	<b>155,058</b>	<b>125,869</b>
Tax paid	(58,233)	(22,036)
Interest paid	(2,692)	(7,066)
<b>Net cash from operating activities</b>	<b>94,133</b>	<b>96,767</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(35,339)	(37,681)
Acquisition of intangible assets	(1,465)	(1,889)
Interest received	1,182	3,389
Proceeds from disposal of property, plant and equipment	780	192
<b>Net cash used in investing activities</b>	<b>(34,842)</b>	<b>(35,989)</b>
<b>Cash flows from financing activity</b>		
Lease commitment paid	(3,801)	(3,722)
Increase of borrowings	68,792	172,000
Dividend paid	(154,070)	-
<b>Net cash used in/(from) financing activity</b>	<b>(89,079)</b>	<b>168,278</b>
<b>Net change in cash and cash equivalents</b>	<b>(29,788)</b>	<b>229,056</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>102,114</b>	<b>244,124</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 FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2021

	Attributable to equity holders of the Company			Total RM'000
	<i>Non-Distributable</i> Share Capital RM'000	<i>Distributable</i> Capital Reserve RM'000	<i>Distributable</i> Retained Earnings RM'000	
<b>9 months ended 30 September 2021</b>				
Balance at 1 January 2021	151,049	470	197,864	349,383
Total comprehensive income for the period	-	-	149,830	149,830
Dividends paid/ payable	-	-	(199,385)	(199,385)
<b>Balance at 30 September 2021</b>	<b>151,049</b>	<b>470</b>	<b>148,309</b>	<b>299,828</b>
<b>9 months ended 30 September 2020</b>				
Balance at 1 January 2020	151,049	-	243,052	394,101
Total comprehensive income for the period	-	-	100,024	100,024
Effects of share-based payments		813	-	813
Dividends paid / payable	-	-	(199,385)	(199,385)
<b>Balance at 30 September 2020</b>	<b>151,049</b>	<b>813</b>	<b>143,691</b>	<b>295,553</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 Sungei Way Brewery temporarily suspended its operations as a result of the full lockdown imposed by the Government from 1 June 2021 to 15 August 2021. Whilst the brewery has resumed its operations from 16 August 2021 amid the ease of restrictions, the operations of some of our main customers from the on-trade channel were still closed and affected by operating restrictions. This has continued to impact the momentum of the market recovery.

#### 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

The following dividend was paid during the financial quarter under review.

	<b>9 months ended 30 September 2021 RM'000</b>
<u>First and Final Dividend for year ended 31 December 2020</u>	
51 sen per stock unit tax exempt paid on 28 July 2021	154,070

On 25 August 2021, the Company declared a single tier Interim Dividend of 15 sen per stock unit, amounting to RM45,314,700 in respect of the financial year ending 31 December 2021. The said dividend will be paid on 18 November 2021.

## 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

As the country has achieved the target of inoculating 90% of its adult population in October 2021, the Government has gradually moved most states into Phase 4 of the National Recovery Plan ("NRP") with the aim to reopen all economic and social activities. Despite this, on-trade outlets with liquor licence such as clubs and entertainment centres are still not allowed to reopen under Phase 4 of the NRP. This will continue to have a significant impact on the on-trade business. The Group will closely monitor the market situation and take all necessary steps to mitigate the impact to the Group business.

## 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 September 2021 are as follows:

	<b>RM'000</b>
Property, plant and equipment Authorised and contracted for	66,500

## 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	-
Purchase of beverage products, manufacturing and marketing materials	9,993
Royalties paid/payable	23,507
Fees paid/payable for professional services relating to technical, marketing and other advisory support	17,497

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 21 May 2021.

## 16. Review of Performance

### Quarter ended 30 September 2021 versus quarter ended 30 September 2020

	<b>3 months ended 30 September 2021 RM'000</b>	<b>3 months ended 30 September 2020 RM'000</b>	<b>% Change + / (-)</b>
Revenue	389,848	473,752	-18%
Profit before tax	67,216	80,475	-16%

Comparing to the same quarter in 2020 when the brewery operated at its normal capacity, Group revenue declined by 18% as sales were adversely affected by the continued brewery suspension which lasted until 15 August 2021 in line with the full lockdown imposed by the Government on 1 June 2021.

Group profit before tax ("PBT") dropped 16% along with lower revenue, mitigated by effective cost management and on-going cost saving initiatives.

### Nine months ended 30 September 2021 versus the same period in 2020

	<b>9 months ended 30 September 2021 RM'000</b>	<b>9 months ended 30 September 2020 RM'000</b>	<b>% Change + / (-)</b>
Revenue	1,287,009	1,243,381	4%
Profit before tax	197,028	131,323	50%

Group revenue grew 4%, mainly due to better revenue management and higher in-home consumption as business and economic activities started to recover. Consumers have gradually adapted to the new normal despite the intermittent lockdown as compared to 2020 when the unprecedented first nationwide lockdown was imposed.

Group PBT increased by 50% to RM197 million, principally due to revenue growth, effective allocation of marketing investment, right-sizing of our organisation and cost base, faster adoption of digitalisation and the absence of the one-off settlement of the Customs' Bills of Demand of RM7.2 million incurred in June 2020.

Whilst the Group has delivered an improved performance for the nine months ended 30 September 2021 versus the same period of 2020, compared to pre-covid period of 2019, the Group PBT was 33% lower.

**16. Review of Performance (Continued)**Quarter ended 30 September 2021 versus 30 June 2021

	3 months ended 30 September 2021 RM'000	3 months ended 30 June 2021 RM'000	% Change + / (-)
Revenue	389,848	349,423	12%
Profit before tax	67,216	33,155	103%

Group revenue increased by 12% against the preceding quarter, mainly attributed to higher sales volume as business in F&B outlets has started to recover in September 2021 with the easing of dine-in restrictions for the fully vaccinated.

Correspondingly, Group PBT increased by 103% against the preceding quarter principally driven by revenue growth from effective commercial execution, optimisation of marketing spend, initiatives from right-sizing of the organisation and effective cost management.

**17. Prospects**

As the Covid situation continues to stabilise, the Group is hopeful that further relaxation of the restrictions and opening of the tourism sector will accelerate the recovery of the F&B sector. This will accordingly improve the Group's performance in the fourth quarter.

The Group will continue to navigate this challenging external environment by adapting to the new market reality, ensuring the safety of our people, keeping a tight rein on cost and staying focused on our strategy to accelerate our business recovery.

As health and safety of our employees is our first priority, the Company participated in the Government's vaccination programme to enable 100% of our brewery's essential workforce are vaccinated.

The Group welcomes the stance taken by the Government to not increase excise duties on beer in the recent tabling of Budget 2022, as any hike in excise rates will further fuel illicit alcohol demand. As it is, Malaysia's excise rate for beer and stout ranks second highest in the world. Illegal trade and smuggling have caused the Government to incur huge tax revenue losses, disrupted legitimate businesses and risked exposing more consumers to cheaper, unregulated illicit alcohol. HEINEKEN Malaysia remains committed to support the Government to stamp out illicit trade.

**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:

	3 months ended 30 September 2021 RM'000	9 months ended 30 September 2021 RM'000
Taxation		
Malaysian – current	16,274	47,428
Deferred taxation		
Malaysian – current	(75)	(230)
	16,199	47,198

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 borrowings as of 30 September 2021 are as follow:

	As at 30 September 2021 RM'000
<u>Current – Unsecured</u>	
Trade Financing	180,000
Revolving Credit	138,000
	318,000

The tenure for the above borrowings ranges from one to three 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	48,241	47,648	593

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.

## HEINEKEN MALAYSIA BERHAD

Company No. 196401000020 (5350-X)

### 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 (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

	<b>9 months ended 30 September 2021 RM'000</b>
Depreciation and amortization	52,492
Provision for and write-off of inventories	1,496
Loss on derivatives	593

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 September 2021.

### 24. Material Litigation

With regard to the material litigation disclosed in the Financial Report for the first quarter ended 31 March 2021, the Board maintains its view that the Companies have a strong defence against the claim and hence, no provision has been made in these financial statements. The Company will make the necessary announcement on any material developments relating to the case, as and when appropriate.

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.

### 25. Dividend

The Board of Directors does not recommend any dividend in respect of the quarter ended 30 September 2021.

### 26. Earnings Per Share

#### (a) Basic Earnings Per Share

Basic earnings per share for the year ended 30 September 2021 is calculated by dividing the net profit attributable to the shareholders of RM149,830,000 by the weighted average number of ordinary stock units outstanding as at 30 September 2021 of 302,098,000.

**HEINEKEN MALAYSIA BERHAD**  
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**26. Earnings Per Share (Continued)**

**(b) Diluted Earnings Per Share**

Not Applicable.

For and on Behalf of the Board

**Roland Bala**  
Managing Director

11 November 2021