



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 2024

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 2024.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD 3 MONTHS ENDED			CUMULATIVE PERIOD 6 MONTHS ENDED		% Change +/(-)
	30/06/2024	30/06/2023	% Change +/(-)	30/06/2024	30/06/2023	
	RM'000	RM'000		RM'000	RM'000	
1. Revenue	565,497	569,243	-1%	1,354,662	1,309,461	4%
2. Operating expenses	(444,121)	(450,502)		(1,067,756)	(1,044,298)	
3. Operating profit	121,376	118,741	2%	286,906	265,163	8%
4. Interest (expense) / income	(1,386)	175		(5,631)	(1,650)	
5. Profit before tax	119,990	118,916	1%	281,275	263,513	7%
6. Taxation	(28,862)	(28,443)		(67,664)	(63,111)	
7. Net profit for the period	<u>91,128</u>	<u>90,473</u>	1%	<u>213,611</u>	<u>200,402</u>	7%
8. Profit attributable to owners of the Company	<u>91,128</u>	<u>90,473</u>		<u>213,611</u>	<u>200,402</u>	
9. Total comprehensive income attributable to owners of the Company	<u>91,128</u>	<u>90,473</u>		<u>213,611</u>	<u>200,402</u>	
10. Earnings per share:						
(a) Basic (based on 302,098,000 stock units) (sen)	30.17	29.95		70.71	66.34	
(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 2023.

HEINEKEN MALAYSIA BERHAD

Company No. 196401000020 (5350-X)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT 30 June 2024 RM'000	AUDITED AS AT 31 December 2023 RM'000
Non-current assets		
Property, plant and equipment	574,573	576,464
Intangible assets	17,450	20,357
Right-of-use asset	17,552	18,848
Deferred tax assets	1,605	1,742
Other receivables	1,836	2,663
	<u>613,016</u>	<u>620,074</u>
Current assets		
Inventories	116,780	120,564
Trade and other receivables	307,017	433,561
Current tax assets	24,513	29,912
Cash and cash equivalents	134,794	43,318
	<u>583,104</u>	<u>627,355</u>
Current liabilities		
Trade and other payables	746,149	610,263
Lease Liabilities	3,598	3,906
Borrowings	-	135,000
	<u>749,747</u>	<u>749,169</u>
Net current assets/(liabilities)	<u>(166,643)</u>	<u>(121,814)</u>
	<u>446,373</u>	<u>498,260</u>
Financed by:		
Capital and reserves		
Share capital	151,049	151,049
Reserves	255,988	307,623
Shareholders' funds	<u>407,037</u>	<u>458,672</u>
Non-current liabilities		
Deferred tax liabilities	35,170	34,567
Lease liabilities	4,166	5,021
	<u>39,336</u>	<u>39,588</u>
	<u>446,373</u>	<u>498,260</u>
Net Assets per share attributable to owners of the Company (RM)	1.35	1.52

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 2023.

HEINEKEN MALAYSIA BERHAD

Company No. 196401000020 (5350-X)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	6 MONTHS ENDED 30 JUNE 2024 RM'000	6 MONTHS ENDED 30 JUNE 2023 RM'000
Cash flows from operating activities		
Profit before tax	281,275	263,513
Adjustments for:		
Amortisation of intangible assets	3,168	2,578
Depreciation of property, plant and equipment	40,529	34,485
(Gain)/Loss on disposal of property, plant and equipment	(43)	561
Gain on disposal of right-of-use asset	-	-
Amortisation of prepaid contractual promotion expenses	1,775	4,108
Interest expense	6,186	2,151
Interest income	(236)	(501)
Unrealised foreign exchange differences	429	648
Operating profit before changes in working capital	333,083	307,543
Movements in working capital		
Inventories	3,784	44,526
Receivables, deposits and prepayment	125,596	125,627
Payables and accruals	(129,789)	(221,312)
Cash generated from operations	332,674	256,384
Tax paid	(61,525)	(72,776)
Interest paid	(6,186)	(2,151)
Net cash from operating activities	264,963	181,457
Cash flows from investing activities		
Acquisition of property, plant and equipment	(36,338)	(49,732)
Acquisition of intangible assets	(262)	(2,314)
Interest received	236	501
Proceeds from disposal of property, plant and equipment	70	91
Net cash used in investing activities	(36,294)	(51,454)
Cash flows from financing activity		
Lease commitment paid	(2,192)	(1,843)
Repayment of borrowings	(135,000)	(120,000)
Net cash used in financing activity	(137,192)	(121,843)
Net change in cash and cash equivalents	91,477	8,160
Cash and cash equivalents at beginning of year	43,318	52,554
Cash and cash equivalents at end of period	134,795	60,714

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 2023.

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
6 months ended				
<u>30 June 2024</u>				
Balance at 1 January 2024	151,049	961	306,662	458,672
Total comprehensive income for the period	-	-	213,611	213,611
Effects of share-based payments	-	601	-	601
Dividends paid/ payable	-	-	(265,846)	(265,846)
Balance at 30 June 2024	151,049	1,563	254,427	407,039
6 months ended				
<u>30 June 2023</u>				
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)
Balance at 30 June 2023	151,049	961	241,103	393,113

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 2023.

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 2023.

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 2023 save for the adoption of the following new Malaysian Financial Reporting Standards (“MFRS”) and Interpretations, and amendments to certain MFRSs and Interpretations:

	Effective Date
Amendments to MFRS 16 Lease Liability in a Sale and Leaseback, MFRS 101 Classification of Liabilities as Current or Non-current, MFRS 101 Non-current Liabilities with Covenants, MFRS 7 and MFRS 107 Supplier Finance Arrangement	1 January 2024

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 2023 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

Company No. 196401000020 (5350-X)

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 2024.

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 2024 are as follows:

	RM'000
Property, plant and equipment Authorised and contracted for	<u>31,714</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:

	Heineken N.V. and its related corporations RM'000
Sales of beverage products	46
Purchase of beverage products, manufacturing and marketing materials	14,486
Royalties paid/payable	28,516
Fees paid/payable for professional services relating to technical, marketing and other advisory support	<u>19,514</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 16 May 2024.

16. Review of Performance

Quarter ended 30 June 2024 versus quarter ended 30 June 2023

	3 months ended 30 June 2024 RM'000	3 months ended 30 June 2023 RM'000	% Change + / (-)
Revenue	565,497	569,243	-1%
Profit before tax	119,990	118,916	1%

In the second quarter of 2024, Group revenue remains steady, with a slight decrease of 1% as compared to the same quarter in 2023 despite consumer sentiments influenced by the rising cost of living and on-going macro-economic uncertainties.

Regardless, the Group's profit before tax ("PBT") increased by 1% as a result of effective cost and value management.

Six months ended 30 June 2024 versus the same period in 2023

	6 months ended 30 June 2024 RM'000	6 months ended 30 June 2023 RM'000	% Change + / (-)
Revenue	1,354,662	1,309,461	4%
Profit before tax	281,275	263,513	7%

For the first half of 2024, Group revenue increased by 4% versus the same period in 2023 primarily due to the effective implementation of strategic commercial initiatives such as the Chinese New Year ("CNY") campaign in the first quarter.

Group PBT increased by 7% as compared to the same period last year mainly due to higher revenue and effective cost management.

Quarter ended 30 June 2024 versus quarter ended 31 March 2024

	3 months ended 30 June 2024 RM'000	3 months ended 31 March 2024 RM'000	% Change + / (-)
Revenue	565,497	789,165	-28%
Profit before tax	119,990	161,285	-26%

Group revenue declined by 28% against the preceding quarter, mainly due to higher sales in the first quarter which was driven by the CNY festive period.

Similarly, Group PBT declined by 26% against the preceding quarter.

HEINEKEN MALAYSIA BERHAD

Company No. 196401000020 (5350-X)

17. Prospects

The Group had a strong start to 2024 leading to a positive performance in the first half of 2024. In light of the volatile trading environment and on-going macro-economic concerns, we continue to remain cautious.

The Group will stay committed on the EverGreen strategy (<https://www.heinekenmalaysia.com/our-strategy/>), focusing on driving premiumisation, consumer-centricity, cost efficiency, sustainability, digitalisation and reinforcing a high performance culture. Looking ahead, the Group will continue to stay agile in navigating the external challenges to deliver a commendable performance for year 2024.

Illicit alcohol remains a key concern for the Group and the beer industry. The Group commends Customs enforcement efforts on this issue as any potential increase on excise duty could potentially fuel demand for illicit alcohol. The Group will continue to collaborate closely with the relevant authorities to address illicit trade through comprehensive efforts by 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:

	3 months ended 30 June 2024 RM'000	6 months ended 30 June 2024 RM'000
Taxation		
Malaysian – Current	28,798	67,506
Deferred taxation		
Malaysian – Current	65	158
	<u>28,863</u>	<u>67,664</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

The Group fully repaid the borrowings amounted to RM135,000,000 during the period under review.

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	448	447	1

HEINEKEN MALAYSIA BERHAD

Company No. 196401000020 (5350-X)

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 2024 RM'000
Depreciation and amortization	43,697
Provision for and write off of inventories	730
Loss on derivatives	3

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 June 2024.

24. Material Litigation

There is no material development relating to the material litigation as reported in the Group's Annual Audited Financial Statements for the financial year 2023 dated 27 February 2024.

25. Dividend

The Board has declared a single tier interim dividend of 40 sen per stock unit for the financial year ending 31 December 2024 to be paid on 30 October 2024. The entitlement date for the dividend payment is 9 October 2024. Total dividend declared for the six months ended 30 June 2024 is 40 sen per stock unit (six months ended 30 June 2023: 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 7 October 2024 (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 9 October 2024 in respect of ordinary transfers; and
- (c) Shares bought on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

HEINEKEN MALAYSIA BERHAD

Company No. 196401000020 (5350-X)

26. Earnings Per Share

(a) Basic Earnings Per Share

Basic earnings per share for the period ended 30 June 2024 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 2024 of 302,098,000.

(b) Diluted Earnings Per Share

Not Applicable.

For and on Behalf of the Board

Martijn Rene van Keulen
Managing Director

7 August 2024