



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 2024

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 2024.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD 3 MONTHS ENDED			CUMULATIVE PERIOD 9 MONTHS ENDED		
	30/09/2024	30/09/2023	% Change +/(−)	30/09/2024	30/09/2023	% Change +/(−)
	RM'000	RM'000		RM'000	RM'000	
1. Revenue	618,994	599,657	3%	1,973,656	1,909,118	3%
2. Operating expenses	(488,929)	(482,147)		(1,556,685)	(1,526,445)	
3. Operating profit	130,065	117,510	11%	416,971	382,673	9%
4. Interest expense	(1,240)	(2,177)		(6,871)	(3,827)	
5. Profit before tax	128,825	115,333	12%	410,100	378,846	8%
6. Taxation	(16,540)	(28,007)		(84,204)	(91,118)	
7. Net profit for the period	<u>112,285</u>	<u>87,326</u>	29%	<u>325,896</u>	<u>287,728</u>	13%
8. Profit attributable to owners of the Company	<u>112,285</u>	<u>87,326</u>		<u>325,896</u>	<u>287,728</u>	
9. Total comprehensive income attributable to owners of the Company	<u>112,285</u>	<u>87,326</u>		<u>325,896</u>	<u>287,728</u>	
10. Earnings per share:						
(a) Basic (based on 302,098,000 stock units) (sen)	37.17	28.91		107.88	95.24	
(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.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT 30 SEPTEMBER 2024 RM'000	AUDITED AS AT 31 DECEMBER 2023 RM'000
Non-current assets		
Property, plant and equipment	574,270	576,464
Intangible assets	17,031	20,357
Right-of-use asset	17,637	18,848
Deferred tax assets	1,518	1,742
Other receivables	1,688	2,663
	<u>612,144</u>	<u>620,074</u>
Current assets		
Inventories	122,623	120,564
Trade and other receivables	362,907	433,561
Current tax assets	35,686	29,912
Cash and cash equivalents	7,316	43,318
	<u>528,532</u>	<u>627,355</u>
Current liabilities		
Trade and other payables	467,752	610,263
Dividend payable	120,839	-
Lease liabilities	3,718	3,906
Borrowings	125,000	135,000
	<u>717,309</u>	<u>749,169</u>
Net current liabilities	<u>(188,777)</u>	<u>(121,814)</u>
	<u>423,367</u>	<u>498,260</u>
Financed by:		
Capital and reserves		
Share capital	151,049	151,049
Reserves	247,436	307,623
Shareholders' funds	<u>398,485</u>	<u>458,672</u>
Non-current liabilities		
Deferred tax liabilities	20,705	34,567
Lease liabilities	4,177	5,021
	<u>24,882</u>	<u>39,588</u>
	<u>423,367</u>	<u>498,260</u>
Net Assets per share attributable to owners of the Company (RM)	<u>1.32</u>	<u>1.52</u>

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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

	9 MONTHS ENDED 30 SEPTEMBER 2024 RM'000	9 MONTHS ENDED 30 SEPTEMBER 2023 RM'000
Cash flows from operating activities		
Profit before tax	410,100	378,846
Adjustments for:		
Amortisation of intangible assets	4,611	4,027
Depreciation of property, plant and equipment	61,575	52,727
(Gain)/Loss on disposal of property, plant and equipment	(1)	489
Loss on disposal of right-of-use asset	-	-
Amortisation of prepaid contractual promotion expenses	3,507	5,342
Interest expense	7,795	4,639
Interest income	(924)	(812)
Unrealised foreign exchange differences	42	268
Operating profit before changes in working capital	486,705	445,526
Movements in working capital		
Inventories	(2,059)	56,889
Receivables, deposits and prepayment	68,122	106,687
Payables and accruals	(141,951)	(254,195)
Cash generated from operations	410,817	354,907
Tax paid	(103,616)	(124,442)
Interest paid	(7,795)	(4,639)
Net cash from operating activities	299,406	225,826
Cash flows from investing activities		
Acquisition of property, plant and equipment	(56,109)	(76,221)
Acquisition of intangible assets	(1,134)	(4,415)
Interest received	924	812
Proceeds from disposal of property, plant and equipment	128	250
Net cash used in investing activities	(56,191)	(79,574)
Cash flows from financing activity		
Lease commitment paid	(3,371)	(2,665)
(Repayment)/Increase of borrowings	(10,000)	145,000
Dividend paid	(265,846)	(296,056)
Net cash used in financing activity	(279,217)	(153,721)
Net change in cash and cash equivalents	(36,002)	(7,469)
Cash and cash equivalents at beginning of year	43,318	52,554
Cash and cash equivalents at end of period	7,316	45,085

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 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

	Attributable to equity holders of the Company			Total RM'000
	<i>Non-Distributable</i> Share Capital RM'000	<i>Capital</i> Reserve RM'000	<i>Distributable</i> Retained Earnings RM'000	
9 months ended				
<u>30 September 2024</u>				
Balance at 1 January 2024	151,049	961	306,662	458,672
Total comprehensive income for the period	-	-	325,896	325,896
Effects of share-based payments	-	602	-	602
Dividends paid/ payable	-	-	(386,685)	(386,685)
Balance at 30 September 2024	151,049	1,563	245,873	398,485
9 months ended				
<u>30 September 2023</u>				
Balance at 1 January 2023	151,049	647	336,757	488,453
Total comprehensive income for the period	-	-	287,728	287,728
Effects of share-based payments	-	314	-	314
Dividends paid / payable	-	-	(416,895)	(416,895)
Balance at 30 September 2023	151,049	961	207,590	359,600

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.

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 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 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.

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8. Dividends Paid

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

	9 months ended 30 September	
	2024	2023
	RM'000	RM'000
<u>Final Dividend paid</u>		
For year ended 31 December 2023		
88 sen per stock unit tax exempt paid on 25 July 2024	265,846	-
For year ended 31 December 2022		
98 sen per stock unit tax exempt paid on 20 July 2023	-	296,056
	<u>265,846</u>	<u>296,056</u>

On 7 August 2024, the Company declared a single tier Interim Dividend of 40 sen per stock unit, amounting to RM120,839,200 in respect of the financial year ending 31 December 2024. The said dividend was paid on 30 October 2024.

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 September 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 September 2024 are as follows:

	RM'000
Property, plant and equipment	
Authorised and contracted for	<u>14,925</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	3,521
Purchase of beverage products, manufacturing and marketing materials	20,642
Royalties paid/payable	42,062
Fees paid/payable for professional services relating to technical, marketing and other advisory support	<u>28,803</u>

All Related Party Transactions had been entered into in the ordinary course of business on normal commercial terms and are within the scope of the general mandate approved by the shareholders of the Company on 16 May 2024.

16. Review of Performance

Quarter ended 30 September 2024 versus quarter ended 30 September 2023

	3 months ended 30 September 2024 RM'000	3 months ended 30 September 2023 RM'000	% Change + /(-)
Revenue	618,994	599,657	3.2%
Profit before tax	<u>128,825</u>	<u>115,333</u>	11.7%

Group revenue increased by 3.2% compared to the same quarter in 2023, driven by sales growth and effective revenue management.

Group profit before tax ("PBT") increased by 11.7%, reflecting the revenue increase, alongside effective cost and value management.

Nine months ended 30 September 2024 versus the same period in 2023

	9 months ended 30 September 2024 RM'000	9 months ended 30 September 2023 RM'000	% Change + /(-)
Revenue	1,973,656	1,909,118	3.4%
Profit before tax	<u>410,100</u>	<u>378,846</u>	8.2%

Group revenue increased by 3.4% versus the same period in 2023, primarily driven by effective execution of Chinese New Year ("CNY") campaign in the first quarter and other strategic commercial initiatives.

Group PBT increased by 8.2% year-on-year, mainly due to higher revenue and effective cost management.

16. Review of Performance (continued)

Quarter ended 30 September 2024 versus quarter ended 30 June 2024

	3 months ended 30 September 2024 RM'000	3 months ended 30 June 2024 RM'000	% Change + / (-)
Revenue	618,994	565,497	9.5%
Profit before tax	128,825	119,990	7.4%

Group revenue increased by 9.5% compared to the preceding quarter, driven by enhanced distribution efforts and improved sales execution.

Group PBT increased by 7.4% quarter-on-quarter, due to the higher revenue mentioned above, offset by an increase in input costs.

17. Prospects

The Group delivered positive overall performance year-to-date 2024, with growth in both revenue and profit before tax. Recent macroeconomic developments are encouraging and indicate signs of stability, fostering the Group's optimism for a gradual improvement in consumer confidence. However, the Group remains cautious in its outlook, recognizing the persistent economic volatility and a challenging consumer environment.

Looking towards year-end, the Group will focus on sustaining its growth momentum by sharpening commercial executions in preparation for CNY in January 2025. Guided by the EverGreen strategy to future-proof the business, the Group will remain agile in navigating the evolving environment and continue driving efficiency through cost optimisation across the organisation.

The Group welcomes the stance taken by the Government not to increase excise duties on beer in its latest Budget 2025, as any hike in excise rates will drive greater demand for illicit alcohol. The Group will continue to monitor and support the authorities in addressing this issue through comprehensive efforts and promoting greater market awareness.

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 2024 RM'000	9 months ended 30 September 2024 RM'000
Taxation		
Malaysian – Current	30,918	98,424
Deferred taxation		
Malaysian – Current	(14,378)	(14,220)
	16,540	84,204

The Group's effective tax rate for the quarter and nine months ended 30 September 2024 was 13% and 21% respectively, as there was a reduction in deferred tax liabilities as a result of reinvestment allowance tax credits.

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 September 2024 are as follow:

	As at 30 September 2024 RM'000
<u>Current - Unsecured</u>	
Trade Financing	-
Revolving credit	125,000
	<u>125,000</u>

The tenure for the above borrowings is between 4 to 8 weeks.

22. Financial Instruments

There is no outstanding derivatives for the current financial quarter under review.

23. Notes to the Statement of Comprehensive Income

	9 months ended 30 September 2024 RM'000
Depreciation and amortization	66,186
Provision for and write off of inventories	488
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 September 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 of Directors does not recommend any dividend in respect of the quarter ended 30 September 2024.

26. Earnings Per Share

(a) Basic Earnings Per Share

Basic earnings per share for the period ended 30 September 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 September 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

12 November 2024