



## HEINEKEN MALAYSIA BERHAD

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

### CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2021

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

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD 3 MONTHS ENDED		% Change +/(–)	CUMULATIVE PERIOD 12 MONTHS ENDED		% Change +/(–)
	31/12/2021	31/12/2020		31/12/2021	31/12/2020	
	RM'000	RM'000		RM'000	RM'000	
1. Revenue	692,339	519,015	33%	1,979,348	1,762,396	12%
2. Operating expenses	(566,952)	(450,363)		(1,655,423)	(1,558,744)	
3. Operating profit	<b>125,387</b>	<b>68,652</b>	83%	<b>323,925</b>	<b>203,652</b>	59%
4. Interest expense	(988)	(1,259)		(2,498)	(4,936)	
5. Profit before tax	124,399	67,393	85%	321,427	198,716	62%
6. Taxation	(28,551)	(13,220)		(75,749)	(44,519)	
7. Net profit for the period	<u>95,848</u>	<u>54,173</u>	77%	<u>245,678</u>	<u>154,197</u>	59%
8. Profit attributable to owners of the Company	<u>95,848</u>	<u>54,173</u>		<u>245,678</u>	<u>154,197</u>	
9. Total comprehensive income attributable to owners of the Company	<u>95,848</u>	<u>54,173</u>		<u>245,678</u>	<u>154,197</u>	
10. Earnings per share:						
(a) Basic (based on 302,098,000 stock units) (sen)	31.73	17.93		81.32	51.04	
(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 December 2021 RM'000	AUDITED AS AT 31 December 2020 RM'000
<b>Non-current assets</b>		
Property, plant and equipment	388,404	341,916
Intangible assets	15,658	16,526
Right-of-use asset	18,719	21,897
Deferred tax assets	5,782	4,956
Other receivables	1,545	3,878
	430,108	389,173
<b>Current assets</b>		
Inventories	151,010	188,262
Trade and other receivables	418,708	326,649
Current tax assets	15,155	10,722
Cash and cash equivalents	76,348	131,902
	661,221	657,535
<b>Current liabilities</b>		
Trade and other payables	484,988	399,980
Current tax liabilities	10,162	5,155
Lease liabilities	3,282	4,485
Borrowings	160,000	249,208
	658,432	658,828
<b>Net current assets</b>	2,789	(1,293)
	432,897	387,880
<b>Financed by:</b>		
<b>Capital and reserves</b>		
Share capital	151,049	151,049
Reserves	244,627	198,334
<b>Shareholders' funds</b>	395,676	349,383
<b>Non-current liabilities</b>		
Deferred tax liabilities	32,207	31,774
Lease liabilities	5,014	6,723
	37,221	38,497
	432,897	387,880
Net Assets per share attributable to owners of the Company (RM)	1.31	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 YEAR ENDED 31 DECEMBER 2021**

	YEAR ENDED 31 December 2021 RM'000	YEAR ENDED 31 December 2020 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	321,427	198,716
Adjustments for:		
Amortisation of intangible assets	6,214	8,002
Depreciation of property, plant and equipment	64,490	60,845
Loss on disposal of property, plant and equipment	897	3,237
Gain on disposal of right-of-use asset	(8)	(45)
Amortisation of prepaid contractual promotion expenses	27,299	38,807
Interest expense	4,057	9,122
Interest Income	(1,559)	(4,186)
Unrealised foreign exchange differences	729	(604)
<b>Operating profit before changes in working capital</b>	<b>423,546</b>	<b>313,894</b>
<b>Movements in working capital</b>		
Inventories	37,252	(114,417)
Receivables, deposits and prepayment	(117,025)	246,648
Payables and accruals	84,279	(133,120)
<b>Cash generated from operations</b>	<b>428,052</b>	<b>313,005</b>
Tax paid	(75,568)	(77,582)
Interest paid	(4,057)	(9,122)
<b>Net cash from operating activities</b>	<b>348,427</b>	<b>226,301</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(107,520)	(57,475)
Acquisition of intangible assets	(5,345)	(3,935)
Interest received	1,559	4,186
Proceeds from disposal of property, plant and equipment	825	211
<b>Net cash used in investing activities</b>	<b>(110,481)</b>	<b>(57,013)</b>
<b>Cash flows from financing activity</b>		
Lease commitment paid	(4,907)	(5,069)
(Repayment of) /Increase of borrowings	(89,208)	152,000
Dividend paid	(199,385)	(199,385)
<b>Net cash used in financing activity</b>	<b>(293,500)</b>	<b>(52,454)</b>
<b>Net change in cash and cash equivalents</b>	<b>(55,554)</b>	<b>116,834</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>76,348</b>	<b>131,902</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 YEAR ENDED 31 DECEMBER 2021

	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>Year ended</b>				
<b><u>31 December 2021</u></b>				
Balance at 1 January 2021	151,049	470	197,864	349,383
Total comprehensive income for the period	-	-	245,678	245,678
Dividends paid/ payable	-	-	(199,385)	(199,385)
<b>Balance at 31 December 2021</b>	<b>151,049</b>	<b>470</b>	<b>244,157</b>	<b>395,676</b>
<b>Year ended</b>				
<b><u>31 December 2020</u></b>				
Balance at 1 January 2020	151,049	-	243,052	394,101
Total comprehensive income for the period	-	-	154,197	154,197
Effects of share-based payments		470	-	470
Dividends paid / payable	-	-	(199,385)	(199,385)
<b>Balance at 31 December 2020</b>	<b>151,049</b>	<b>470</b>	<b>197,864</b>	<b>349,383</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

Save for the temporary suspension of the brewery operations as disclosed in the previous Financial Report for the period ended 30 September 2021, there were no exceptional items for the current period 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

The following dividends were paid during the current and previous year ended:

	<b>31 December 2021 RM'000</b>	<b>31 December 2020 RM'000</b>
For year ended 31 December 2019 Single tier final dividend of 66 sen per stock unit paid on 12 November 2020	-	199,385
For year ended 31 December 2020 Single tier first and final dividend of 51 sen per stock unit paid on 28 July 2021	154,070	-
For year ended 31 December 2021 Single tier interim dividend of 15 sen per stock unit paid on 18 November 2021	45,315	-
	<u>199,385</u>	<u>199,385</u>

## 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

There was no material event subsequent to the end of the reporting period that has not been reflected in the financial statements for the current period under review.

## 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 December 2021 are as follows:

	<u>RM'000</u>
Property, plant and equipment Authorised and contracted for	<u>9,011</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	–
Purchase of beverage products, manufacturing and marketing materials	14,269
Royalties paid/payable	34,900
Fees paid/payable for professional services relating to technical, marketing and other advisory support	<u>26,291</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 21 May 2021.

## 16. Review of Performance

### Quarter ended 31 December 2021 versus quarter ended 31 December 2020

	<b>3 months ended 31 December 2021 RM'000</b>	<b>3 months ended 31 December 2020 RM'000</b>	<b>% Change + / (-)</b>
Revenue	692,339	519,015	33%
Profit before tax	124,399	67,393	85%

Group revenue grew 33% as compared to the same quarter in 2020. The significant growth was mainly due to higher sales volume, driven by the easing of Covid-19 restrictions and earlier festive sell-in for Chinese New Year 2022. During the fourth quarter ended 31 December 2021, price adjustment has been taken for certain products to compensate for rising input costs.

Group profit before tax ("PBT") grew 85% principally due to improved sales performance across all brand portfolio, effective cost management and the absence of a one-off provision of RM14 million in December 2020 for costs associated with the organisational restructuring exercise implemented in 2021.

### Twelve months ended 31 December 2021 ("FY2021") versus the same period in 2020

	<b>12 months ended 31 December 2021 RM'000</b>	<b>12 months ended 31 December 2020 RM'000</b>	<b>% Change + / (-)</b>
Revenue	1,979,348	1,762,396	12%
Profit before tax	321,427	198,716	62%

Despite a longer lockdown period of 11 weeks in 2021 versus 7 weeks in 2020, Group revenue rose 12%, mainly due to improved revenue management and PBT grew 62%. Excluding the one-off settlement and provision in 2020, Group PBT would have grown by 46%.

The Group undertook bold moves to right-size the organisation and cost base, whilst driving revenue growth through effective commercial and marketing executions.

However, compared with pre-pandemic levels, the Group Revenue and PBT performance was still below the 2019 levels where Revenue was at RM2.32 billion and PBT was RM412 million, an indication that its business is still under the recovery phase.

## 16. Review of Performance (Continued)

Quarter ended 31 December 2021 ("Q4") versus 30 September 2021 ("Q3")

	3 months ended 31 December 2021 RM'000	3 months ended 30 September 2021 RM'000	% Change + / (-)
Revenue	692,339	389,848	78%
Profit before tax	124,399	67,216	85%

Group revenue increased significantly by 78% against the preceding quarter, mainly attributed to higher sales driven by festive seasons and the early sell-in for Chinese New Year 2022. In comparison, the improved performance in Q4 vs Q3 was also attributed to the 11 weeks of brewery suspension in Q3 in line with the lockdown imposed by the Government.

Correspondingly, Group PBT increased by 85% versus the preceding quarter driven by revenue growth and effective cost management.

## 17. Prospects

The Group saw encouraging business recovery in the last quarter of 2021 as most states moved to Phase 4 of the National Recovery Plan following the reopening of the food & beverage and local tourism sectors. However, the Group remains cautious given the recent spike in new Covid-19 cases amidst high vaccination rate, continued closure of international borders resulting in lower arrivals of tourists, escalating input costs and various logistics challenges posed by the pandemic.

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

As health and safety of our employees remained our top priority, the Company participated in the Government's vaccination programme to enable 100% of our brewery's essential workforce vaccinated. The Company continues to accelerate booster dose amongst its employees.

The Group welcomes the stance taken by the Government not to increase excise duties on beers and stouts in its Budget 2022, as any hike in excise rates will further fuel illicit alcohol demand. As it is, Malaysia's excise rate for beers and stouts 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 consumers to cheaper and 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 and period ended 31 December 2021 comprises the following:

	3 months ended 31 December 2021 RM'000	12 months ended 31 December 2021 RM'000
Taxation		
Malaysian – Current	29,929	77,357
Malaysian – Prior	(949)	(949)
Deferred taxation		
Malaysian – Current	(740)	(970)
Malaysian – Prior	311	311
	28,551	75,749

The Finance Act 2021 gazetted on 31 December 2021 enacts the Prosperity Tax on companies that generate high income during the Year of Assessment 2022 i.e. chargeable income up to the first RM100 million will be taxed at 24% and the remaining chargeable income will be taxed at a one-off rate of 33%. Accordingly, the computation of deferred tax assets and deferred tax liabilities has been adjusted to reflect such changes.

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 31 December 2021 are as follow:

	As at 31 December 2021 RM'000	As at 31 December 2020 RM'000
<u>Current – Unsecured</u>		
Trade financing	160,000	150,000
Revolving credit	–	99,208
	160,000	249,208

The tenure for the above borrowings ranges from one to two 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	50,492	50,249	243

**22. Financial Instruments (Continued)**

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**

	<b>3 months ended 31 December 2021</b>	<b>12 months ended 31 December 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Depreciation and amortization	18,212	70,704
Provision for and write off of inventories	3,990	5,486
Loss/(gain) on derivatives	(350)	243
Reversal of impairment loss on trade receivables	(332)	(332)

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 December 2021.

**24. Material Litigation**

Reference is made to the material litigation ("Suit") disclosed in the Financial Report for the first quarter ended 31 March 2021 and the Company's announcement dated 16 April 2021.

On 10 December 2021, the Company announced that:

- (i) Heineken Marketing Malaysia Sdn Bhd ("HMMSB") had, in November 2021, terminated the contract with the Plaintiffs given that the latter were in breach of the contract and had failed, refused and neglected to remedy the breaches; and
- (ii) On 6 December 2021, the Company and HMMSB ("Companies") received another Writ of Summons and Statement of Claim, both dated 2 December 2021 filed by the Plaintiffs who claimed that the Companies have instead breached the contract and they are seeking for among others, a liquidated damages of RM58,225,544.80 ("Claim").

On 10 January 2022, the Companies have filed their defence and counterclaim against the Plaintiffs in respect of Plaintiffs' breaches of the contract and are claiming, among others, a sum of RM36,984,9143.66. The Claim has been fixed for case management on 25 April 2022.

The Board maintains its view that the Companies have a strong defence against the Suit and 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.

## HEINEKEN MALAYSIA BERHAD

Company No. 196401000020 (5350-X)

### 24. 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 facts likely to give rise to any proceedings which might materially affect the financial position or business of the Group.

### 25. Dividend

The Board has proposed a single tier final dividend of 66 sen per stock unit for the year ended 31 December 2021 (31 December 2020: 51 sen per stock unit, single tier). Total dividend for the year ended 31 December 2021 is 81 sen per stock unit comprising:

- (i) a single tier interim dividend of 15 sen per stock unit which was paid on 18 November 2021; and
- (ii) a proposed single tier final dividend of 66 sen per stock unit.

Subject to approval of the shareholders at the forthcoming Annual General Meeting, the date of which will be announced later, the said dividend will be paid on 28 July 2022. The entitlement date for the dividend payment is 30 June 2022.

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 28 June 2022 (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 30 June 2022 in respect of ordinary transfers; and
- (c) Shares bought on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

Pursuant to FRS 110, the proposed single tier final dividend totaling RM199,384,680 has not been accounted for in the financial statements as at 31 December 2021.

### 26. Earnings Per Share

#### (a) Basic Earnings Per Share

Basic earnings per share for the year ended 31 December 2021 is calculated by dividing the net profit attributable to the shareholders of RM245,678,000 by the weighted average number of ordinary stock units outstanding as at 31 December 2021 of 302,098,000.

#### (b) Diluted Earnings Per Share

Not Applicable.

For and on Behalf of the Board

**Roland Bala**

Managing Director

16 February 2022