Carlsberg Malaysia

175 YEARS OF BREWING EXCELLENCE AND SUSTAINABILITY

INTEGRATED ANNUAL REPORT 2022


PILSNER

175 YEARS OF BREWING EXCELLENCE AND SUSTAINABILITY

This report continues to tell the story of how Carlsberg Malaysia Group has been creating value for its stakeholders for over five decades. We have consistently maintained our commitment to pursuing perfection by brewing iconic brands. As we progressed and adapted, we have continued to focus on quality and innovation in all that we do. We are guided by our ambition to be successful in our financial and non-financial performance, professional in our conduct and attractive in creating value for each and every one of our stakeholders.

As we embark on our 176th year globally, we celebrate how our purpose of Brewing for a Better Today and Tomorrow has been brought to life with the support of our stakeholders. Here's to many more years of brewing excellence and sustainability! Cheers!

ABOUT THIS REPORT

Reporting Framework

Carlsberg Malaysia Group commenced its journey in integrated reporting with the publication of 2021's Integrated Annual Report. Guided by the Value Reporting Foundation's integrated reporting framework, this report marks the second year of our journey in publishing a full-fledged Integrated Annual Report for the financial year 2022. The report covers our activities from 1 January 2022 to 31 December 2022 and strives to present balanced and comprehensive information to our stakeholders regarding our strategic priorities and financial performance.

This report also details our non-financial performance in 2022, comprising our economic, environmental, social and governance (ESG) performance, details of which are embedded throughout the report and framed by our Together towards ZERO and Beyond (TTZAB) ESG programme.

Scope and Boundaries

Carlsberg Malaysia Group is a public company listed on the Main Market of Bursa Malaysia Securities Berhad. Besides reporting on our activities in Malaysia, this report covers the business activities of our subsidiary companies in Singapore and top-line results of our associate company, Lion Brewery (Ceylon) PLC in Sri Lanka.

In the context of sustainability, this report covers only the key sustainability initiatives and updates within our Malaysia and Singapore operations, as we do not have management control of our associate company in Sri Lanka.

Guidelines and Standards

Throughout the preparation of this report, we have been guided by relevant rules, regulations, guidelines and best practices, which include:

- Bursa Malaysia's Corporate Governance Guide 4th Edition
- the Companies Act 2016
- Bursa Malaysia's Management Discussion and Analysis Guidelines
- Bursa Malaysia Securities Berhad's (Bursa Malaysia) Main Market Listing Requirements (MMLR)
- the International Financial Reporting Standards and other regulatory requirements, as applicable
- the Malaysian Code on Corporate Governance 2021 (MCCG 2021)
- the Malaysian Financial Reporting Standards
- the International Integrated Reporting Framework

In the area of sustainability, we have developed our reporting in line with Bursa Malaysia's Sustainability Reporting Guide 3rd Edition. This report is also guided by the United Nations Sustainable Development Goals (UN SDGs), UN Global Compact Index, Task Force on Climate-Related Financial Disclosures (TCFD) and Global Reporting Initiative (GRI) Standards.

All information presented is as at 31 December 2022 unless otherwise stated.

Board Approval

The Board acknowledges its responsibility for the integrity of this Integrated Annual Report, achieved through good governance practices and internal reporting procedures. The Board has oversight in this matter and approved the Integrated Annual Report on 2 March 2023.

Forward-Looking Statements

This report contains certain forward-looking statements with respect to our business and financial performance that, by their nature, involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Some of the factors that could cause actual results to differ from those mentioned in the forward-looking statements are global, national and regional economic conditions and changes to regulatory or tax regimes.

COMPLEMENTARY RESOURCES

Carlsberg Malaysia Group Reports

- Annual Report 2021
- Annual Report 2020

Carlsberg Group Reports

- Annual Report 2022
- ESG Report 2022
- Remuneration Report 2022

Carlsberg Group Policies

- Anti-Bribery and Corruption Policy
- Brand Promoter Manual
- Environmental Policy
- Code of Ethics and Conduct
- Data Ethics Policy
- Diversity, Equity and Inclusion Policy
- Health and Safety Policy
- Human Rights Policy
- Investor Relations Policy
- Marketing Communications Policy
- Supplier and Licensee Code of Conduct
- Tax Policy

STAKEHOLDER VIEWS

EVERY EMPLOYEE ENGAGED

We are a global organisation powered by high-performing individuals who bring forth innovative ideas, contribute to the development of our strategies and work together to help our business reach its ambition to be the most successful, professional and attractive brewer.

We are proud of our 619 people-strong workforce, hailing from all walks of life. Together, Carlsberg Malaysia Group not only respects, but also embraces a multidisciplinary and multicultural team. As Ms Vera Maria Tibok, our Packaging Process Engineer, aptly shared, "having people from different backgrounds in a workplace enhances perspectives and creativity and boosts innovation".

Every employee brings something unique and valuable to the table, and in return, we are committed to growing with them throughout their career with us. This is championed by our managers, who "always ensure that no one is left out in voicing their concerns" and have "created a level playing field for everyone to have equal opportunities to advance in their career," according to Mr Thomas Cowie, our Regulatory Affairs Executive.

We believe that we are indeed making progress. Ms Eevon Ngo, our Sales Executive, recently shared with us that it is very evident how far we have come, as we rethink our historically male-dominated workforce and welcome more female newcomers from different races and age groups.

But it is not just about the people we hire. More than that, it is about fostering a culture that celebrates differences. "The freedom of expression without fear empowers everyone in our Carlsberg family to actively embrace diverse viewpoints," added Ms Sam Zhi Qian, Marketing Graduate Trainee, who joined us recently.

We also wanted to hear from someone who had been with us for a long time and turned to our Facilities Manager, Mr Nesamurthi Krishnasamy, for his views. Mr Krishnasamy has served Carlsberg Malaysia for 27 years and in his words, we are "moving in the right direction" in terms of our efforts towards a more diverse, equitable and inclusive workplace.

Mr Jackson Chua, our Key Account Manager based in Singapore, added that he too feels that way, noting our efforts at continually collecting "genuine feedback from employees on their sense of belonging in the Company."

It means so much to see our employees acknowledging how far we have come, and going forward, we want to do even more.

Mr Jackson Chua (far right), together with his team during Chinese New Year celebration. Celebrating together creates a festive environment and instils a sense of belonging among colleagues.

Pictured from left to right: Mr Nesamurthi Krishnasamy, Ms Sam Zhi Qian, Mr Thomas Cowie, Ms Vera Maria Tibok and Ms Eevon Ngo.

EVERY PARTNER TAKES US FURTHER

"Carlsberg Malaysia has been actively engaging with us at various events and programmes since February 2022. Its commitment is a testament of its purpose of Brewing for a Better Today and Tomorrow. We are proud to present Carlsberg Malaysia with the Partnership for the Goals and the Pioneer Sustainable Development Action recognitions under our UNGCMYB Sustainability Performance Awards 2022 for its great work".

Shanta Helena Dwarkasing,
Director of Programmes and SME Centre of Excellence,
UN Global Compact Network Malaysia and Brunei (UNGCMYB)

"Carlsberg is well on track in its ESG practices, especially with the six priority areas of ZERO Carbon Footprint, ZERO Farming Footprint, ZERO Packaging Waste, ZERO Water Waste, ZERO Irresponsible Drinking and ZERO Accidents Culture showcased during the launch of Together towards ZERO and Beyond. Climate Governance Malaysia will be following the brewery's progress in ESG with great interest."

Dr Kalanithi Nesaretnam,
Co-Founder of Climate Governance Malaysia

Carlsberg Malaysia renews its commitment to Climate Governance Malaysia (represented by Dr Kalanithi Nesaretnam - second from left) and UNGCMYB (represented by Ms Shanta Dwarkasing - second from right).

We can go further when we go together. As we work towards our ESG aspirations, we acknowledge the organisations that have partnered with us in our journey and offered their encouragement and invaluable expertise, motivating us to brew better for our society.

Carlsberg Malaysia's Managing Director Stefano Clini and Ripple Sabah's Chairperson Tressie Yap pouring pulverised Carlsberg glass bottles into the lightbox signage to signify the launch of Project CarlsBot.

"We are honoured to be witnessing Carlsberg Malaysia's progress and advances in providing quality products and services to customers. Carlsberg is committed to innovation and sustainability and is a responsible steward of resources. It brings forth timeless products, celebrates local culture and, most importantly, it embodies both relevance and excellence. We are indeed excited to partner with Carlsberg for Project CarlsBot and we know that our mutual efforts will translate into tangible contributions to Malaysia's growth and success."

Ms Tressie Yap, Chairperson of Sabah Recycling Association (Ripple)

EVERY SHARED MISSION COUNTS

We cannot achieve our sustainability ambitions without having our suppliers join us in the journey. We are thankful that they share our mission and the impact that we want to create. As we constantly refine our ESG strategies, our suppliers have worked closely with us to explore solutions and innovate for a better today and tomorrow.

In a recent exchange with our sustainability team, Mr Fabrice Latchoumanin, General Manager of Veolia Bioconversion Malaysia Sdn Bhd, noted that Veolia's partnership with us has been strengthened by shared ambitions of tackling climate change, water scarcity and water inequality issues, as well as a common inclination towards innovation. As quality ingredients are at the heart of our products, we work closely with Veolia for the collection and processing of spent grain, liquid yeast and kieselguhr.

Mr Latchoumanin added that Veolia contributes to our TTZAB efforts by "actively supporting Carlsberg Malaysia's 'zero to landfill' initiatives and valorising its co-products into animal feed ingredients and organic fertilisers", noting that "this technique has a direct impact on carbon emissions reduction, thus enabling Carlsberg Malaysia to realise its environmental goals through this partnership". Without Veolia's efforts, we would be less able to boast of our strides in reducing carbon footprint.

Another supplier of ours is O-IBJC Glass Malaysia, a fervent advocate and partner in providing sustainable glass packaging solutions. Mr Jeffrey Newton, General Manager of O-IBJC Glass Malaysia, shared that they are "glad to join in Carlsberg Malaysia's cause". A partner for more than four decades, O-IBJC Glass Malaysia has been with us from the get-go, growing with us and celebrating with us – motivating us towards greater ambitions in providing sustainable packaging solutions.

The protein powder and oil product produced for animal consumption through the bioconversion process from brewery waste with the help of black soldier flies.

O-IBJC Glass Malaysia supported Carlsberg's new glass bottle design launched back in 2019 as part of our green initiative, Ny Dawn, available in 640 ml and 330 ml.

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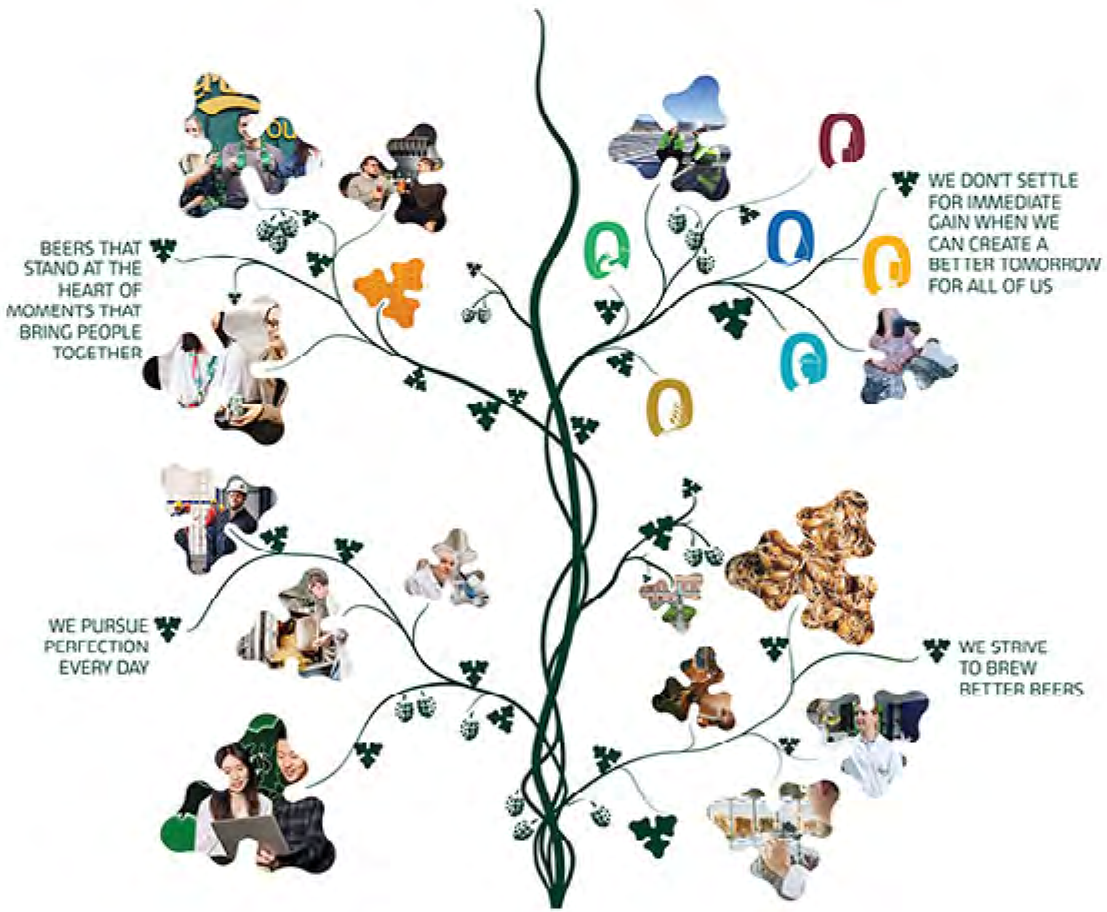
Who We Are

Rich in heritage, but with an ever-progressive mindset, we are committed to creating value and driving impact through quality and innovation in every aspect of our business. Every day, we take pride in our purpose, Brewing for a Better Today and Tomorrow.

PURPOSE AND AMBITION



Our Purpose

We pursue perfection every day. We strive to brew better beers that are at the heart of moments that bring people together. We do not settle for immediate gains when we can create a better tomorrow for all of us.

Our purpose, Brewing for a Better Today and Tomorrow, is rooted in our heritage and in the minds of our founders, who left a rich legacy that continues to guide how we run our business today. Their pioneering spirit, passion for brewing and proactive contribution to society are what make us who we are.

We live our purpose every day by focusing on our brands and the art of brewing, exciting our consumers with innovative and quality brews that strengthen our identity and pride as brewers, and by continuously aiming to do better.

Our business is propelled by a highly engaged and diversified team who champion quality and innovation, and who ensure that these priorities stay at the top of our strategic priorities, as we elevate our commitment to excellence and sustainability for better financial, environmental and societal performance.

Our Ambition

Staying true to our purpose in our day-to-day operations and in implementing our strategy is the cornerstone to achieving our ambition of being the most *successful, professional* and *attractive* brewer in our markets.

SUCCESSFUL	in achieving a sustainable balance of our top and bottom lines.
PROFESSIONAL	in being the preferred supplier for our customers.
ATTRACTIVE	in creating value for our shareholders, facilitating a great working environment and high-performance culture for our employees and being a responsible and sustainable corporate citizen for society at large.

Year 2022 marks the final year of SAIL'22, the Carlsberg Group's seven-year corporate strategy which has been both the bedrock and enabler of our operations and its overall success. With this journey completed, and a vast majority of our ambitions met, we look forward to charting our future path with the next instalment of our corporate strategy, SAIL'27, from year 2023 onwards.

SAIL'27 represents the Carlsberg Group's next exciting step in our evolution which will optimise our portfolios, geographical priorities and execution, all while driving a winning culture. SAIL'27 outlines clear choices for our brands, categories, markets and capabilities and will lead us towards our ambitions for top and bottom line growth.

CELEBRATING 175 YEARS

1847

In 1847, Jacob Christian Jacobsen (J.C. Jacobsen) created the first Carlsberg beer in his small brewery located just outside Copenhagen, Denmark. Today, the Carlsberg Group has evolved into the third-largest brewing company in the world as we continue delivering on our founder's passion for pursuing perfection in beer and science.

In 1883, the Carlsberg Research Laboratory made a groundbreaking discovery that revolutionised the brewing industry with a method of propagating yeast to address 'beer sickness'. The cultured pure yeast, *Saccharomyces carlsbergensis*, was given away for free to other brewers, as J.C. Jacobsen understood the importance of knowledge-sharing and sustainability. Today, the original Carlsberg yeast is used in the creation of most of the world's single lagers.

1883

1903

In 1903, the first Carlsberg beer was imported into Malaysia and 66 years later, Carlsberg Brewery Malaysia Berhad was incorporated and our brewery was the first brewery built outside Denmark. In 1972, we commenced the commercial production of Carlsberg beer at our Shah Alam brewery and 2022 marked the 50th anniversary of the first locally brewed Carlsberg beer in Malaysia.

Carlsberg Malaysia pioneered the use of a wax emulsion coating on our refillable glass bottles to reduce scuffing, thereby reducing the need for bottles to be taken out of circulation for recycling. We also made the switch to Cradle to Cradle Certified™ environmentally friendly ink on our bottle labels, which is produced using renewable energy and helps improve packaging recyclability.

In J.C. Jacobsen's 'Golden Words', Carlsberg should strive for the highest possible quality and never focus solely on immediate gain. Today, the Carlsberg Group operates across over 140 markets keeping in mind the impact it has on environmental, social and governance (ESG) matters and its contribution towards the United Nations Sustainable Development Goals (UN SDGs) via our Together towards ZERO and Beyond ESG programme.

None of these achievements would have been possible without our talented, passionate and resilient Crew Behind the Brew all over the world. We are also committed to our talents and talent development, while championing Diversity, Equity and Inclusion (DE&I) in our efforts to build a diverse and inclusive culture.

VALUE CREATION MODEL

INPUTS

FINANCIAL (as of 31 December 2022)

- Market capitalisation: RM7.0 billion
- Shareholder equity: RM147.7 million
- Share capital: RM149.4 million
- Total assets: RM1,058.2 million

INTELLECTUAL

- Brand equity
- Industry experience and knowledge
- Industry best practices such as extensive and effective route-to-market strategy

MANUFACTURED

- 1 Brewery in Malaysia
- 16 offices across Malaysia and Singapore

HUMAN

- 619 driven and future-ready employees
- Diverse, equitable and inclusive team

NATURAL

- Water for beverages production and brewing facilities
- Trees for product packaging and point-of-sales materials
- Energy for production and logistics
- 29.63 acres of land for premises and facilities

SOCIAL AND RELATIONSHIP

- Strong long-term relationships with all stakeholders
- Partnerships with institutional stakeholders to benefit the wider community

KEY ACTIVITIES

BUSINESS OPERATIONS

MANUFACTURING our beverages

DISTRIBUTING our products in Malaysia, Singapore and other markets in Asia

SALES to online and offline retailers

MARKETING to consumers to #CELEBRATERESPONSIBLY

KEY DIFFERENTIATORS

- High quality
- Wide variety
- Global footprint
- Sustainability-driven
- Dedicated team
- Innovative solutions

MARKET CONTEXT

- Growing expectations in sustainability
- Evolving consumption trends
- Supply chain disruptions
- Sensitivities towards alcohol
- Industry 4.0

OUR STRATEGY

SAIL'22 made us a stronger, more resilient and more sustainable brewer. We achieved record profits and revenue in 2022 following a seven-year strategy implementation amid the unprecedented challenges of the COVID-19 pandemic.

SAIL'27 builds on the foundations laid by SAIL'22 and is the exciting next step in the evolution of Carlsberg.

REFERENCES

- Read more about SAIL'22 and SAIL'27 in our Management Discussion and Analysis on page 55.
- To understand who our stakeholders are and their primary concerns, see pages 69 to 73.

OUTPUTS

FINANCIAL (as of 31 December 2022)

- Net profit: RM317.0 million
- Revenue: RM2.4 billion
- Earnings per share: 103.70 sen
- Total dividend declared and proposed: 88 sen per share
- Winner of The Edge Billion Ringgit Club Award for Highest Return-on-Equity for three consecutive years in 2019, 2020 and 2021

INTELLECTUAL

- Developed a wide range of brands including alcohol-free options such as Carlsberg Alcohol Free Pilsner and Alcohol Free Wheat, together with Somersby Apple 0.0, suited for domestic markets
- Launched 1664 Rosé and Connor's in cans (Singapore), Somersby Passion Fruit & Orange and Somersby Apple 0.0 (Malaysia)

MANUFACTURED

- Recently upgraded state-of-the-art production facilities
- 18 electric forklifts to replace LPG units, resulting in reduction of carbon emissions

HUMAN

- Strong female representation in team and leadership
- Healthy succession pipeline
- A well-trained team with low turnover rates
- Won awards in Employee Experience, being the Employer of Choice and among the Most Preferred Graduate Employers to work for in 2022

NATURAL

- 6.8% reduction in energy consumption compared to 2021
- Zero use of coal
- Zero waste to landfill
- 32% reduction in water usage and 13% reduction in water loss through production process compared to 2021

SOCIAL AND RELATIONSHIP

- Engaged with over 10,000 Malaysian consumers who pledged to **#CELEBRATE**RESPONSIBLY since 2016
- Winner of the Company of the Year Award for Community Impact at the CSR Malaysia Awards 2022

OUTCOMES

STAKEHOLDER GROUPS

- **Investors**
  Attractive investment proposition, with consistent total shareholder returns, and long-term sustainable growth
- **Consumers**
  Wide range of beverage choices that meet the highest safety and quality standards
- **Customers**
  Undisrupted supply and excellent service for traditional, modern and e-commerce channels
- **Employees**
  Safe and inclusive work environment that prioritises the team's well-being, including professional development
- **Suppliers and Vendors**
  Knowledge-sharing on improving ESG capabilities and cooperative efforts to enhance the sustainability of the value chain
- **NGOs, Industry Groups and Local Communities**
  Partnerships established to support local communities via awareness on ZERO Irresponsible Drinking, provision of employment opportunities, and initiatives focused on capacity building
- **Government Agencies and Regulators**
  Strong relationships built on trust that will enable business continuity and empower economic growth

• Find out more about the awards and recognitions that we received in 2022 on pages 26 to 28.

OPERATIONS

Established in 1969, we are Carlsberg Brewery Malaysia Berhad (Carlsberg Malaysia Group, the Group), part of Carlsberg Breweries A/S (the Carlsberg Group), the world's third-largest brewing company, with a strong market presence across Asia and Europe.

We are a dynamic brewer with operations in Malaysia and Singapore, with a 25% stake in Lion Brewery (Ceylon) PLC in Sri Lanka. We also have a regional presence via exports and intercompany sales to regional markets such as Hong Kong, Cambodia and Laos.

Our brewery in Shah Alam is the first brewery to be built outside Copenhagen, Denmark, back in 1972. The year 2022 marked the 50th anniversary of the first Carlsberg beer brewed locally. Our beer portfolio includes our mainstream brands, premium, craft and alcohol-free brews. This combination of brand categories has been an important driver in our business growth and product innovation.

In 2022, the Carlsberg Malaysia Group posted a satisfactory result with net profit up 57.7% from RM201.0 million to RM317.0 million year-on-year, on the back of record revenue of RM2.4 billion. The performance of our respective operations and associated companies is shown on the diagram on the right.

CARLSBERG MALAYSIA GROUP

REVENUE
RM2.4 billion
in 2022 vs 2021: RM1.8 billion

NET PROFIT
RM317.0 million
in 2022 vs 2021: RM201.0 million

EARNINGS PER SHARE
103.70 sen
in 2022 vs 2021: 65.74 sen

MALAYSIA

Ownership
100% Carlsberg Marketing Sdn Bhd

Revenue
2022
RM1.7 billion
2021
RM1.2 billion

Profit from Operations
2022
RM335.3 million
2021
RM188.8 million

SINGAPORE

Ownership
100% Carlsberg Singapore Pte. Ltd.
51% MayBev Pte. Ltd.

Revenue
2022
RM679.9 million
2021
RM561.1 million

Profit from Operations
2022
RM89.9 million
2021
RM58.0 million

SRI LANKA

Ownership
25% Lion Brewery (Ceylon) PLC

Share of Profits
2022
RM21.5 million
2021
RM15.2 million

* Net profit refers to the Group's profit attributable to Owners of the Company.
** Profit from operations refers to the results from operating activities.

BRAND PORTFOLIO

Our flagship brand, Carlsberg Danish Pilsner, is complemented by other innovative brews such as Carlsberg Smooth Draught, Carlsberg Special Brew and Carlsberg Alcohol Free Pilsner and Wheat variant. Our range of premium speciality and craft brands features 1664, Asahi, Somersby Cider, Connor's Stout Porter, Brooklyn and Jing-A, while our value power brands include Royal Stout and SKOL. In 2022, we also introduced the new Somersby Apple 0.0, our first alcohol-free brew (AFB) in Malaysia, to complement the availability of our current AFB offerings in Singapore.

With 175 years of heritage, we are now experts in brewing excellence.

Scan for the full portfolio of Brews We Love.

When consumed in moderation, our quality brews are at the heart of moments that bring people together.

#CELEBRATERESPONSIBLY

Asahi
Japanese Premium Beer

Jing-A
Day Day Up

Brooklyn
Award-winning Brooklyn Lager

Tuborg Strong
Open to More Since 1880

Carlsberg Alcohol Free Wheat
Enjoy Great Taste. Wherever. Whenever.

Carlsberg Smooth Draught
Now You Can POP a Draught Anytime, Anywhere

Carlsberg Danish Pilsner
Probably the Best Beer in the World

1664
Good Taste with a Twist

Connor's Stout Porter
Taste the Good Times

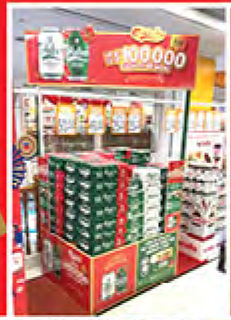
Somersby
No. 1 Cider in Malaysia and Singapore

Somersby Apple 0.0
Refreshingly Non-Alcoholic

SKOL
You've Earned It

Royal Stout
King of Stouts

To deliver smoothness and longevity, we ushered in the grand festival with limited-edition cans.

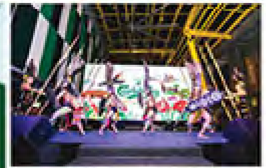


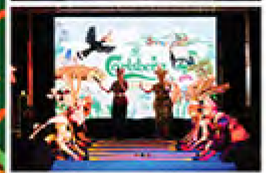
Other than an abundance of rewards including ang pau (cash), consumers could experience firsthand an interactive digital wishing lantern area to input their own Chinese New Year greetings or wishes, as well as an interactive Zodiac Wall displaying zodiac forecasts by the world's No.1 expert in Feng Shui and Chinese Metaphysics, Dato' Joey Yap.

Apart from sharing the festive joy together with everyone, our immersive CNY celebration promoted local F&B and tourism in Chinatown by bringing a vibrant interactive experience to Kuala Lumpur's cultural hub at RexKL, Petaling Street.

Scan the QR code to check out our limited-edition CNY 2022 cans.

Building on last year's success, we presented special-edition cans and bottles that were artistically designed in appreciation of the beautiful heritage, traditions and natural wonders of Borneo Island.





We brought the campaign to life through localised interactions such as the Tapai and Tuak Bomb Challenge at the iconic atap bar setup, tasty local delicacies, native dance performances and a special Dinding Kebanggaan depicting the artistic icons in conjunction with the Kaamatan and Gawai festivals, at Kota Kinabalu and Kuching, respectively.

Scan the QR code to watch the video introducing our beautiful limited-edition cans.

Consumers were treated to a gastronomic exBEERience of a lavish four-course meal showcasing creative combinations of spicy Indian cuisine complemented and infused with Carlsberg Smooth Draught, and had the opportunity to tap their very own pint too!

100 lucky consumers and their partners toasting to the ultimate dining exBEERience where accommodation was provided and they were chauffeur-driven to a gastronomic indulgence session with Malaysian Michelin-starred Chef Mano Thevar.

Scan the QR code to watch our Real Spicy, Real Smooth Dining ExBEERience video.

In conjunction with the 30th anniversary of the Carlsberg x Liverpool FC partnership, the coveted Carlsberg Liverpool FC Legends Edition Cans depicting jersey designs of six Liverpool FC legends were released, much to the excitement of its fans.

Our Carlsberg x LFC LEGENDary Experience held at Plaza Arkadia that featured the special appearances of football legends Sami Hyypiä and John Barnes proved to be impactful as we were able to reach 200,000 consumers throughout the campaign period.

Scan the QR code to watch our LEGENDary celebration with Liverpool FC.

More than 20,000 samplings were carried out nationwide to encourage Singaporeans to try our Alcohol Free Pilsner and Wheat.

Scan the QR code to watch our Alcohol Free Beer video.

A captivating and immersive Parisian-inspired showcase at Pavilion Bukit Bintang, Kuala Lumpur that attracted more than 12,000 visitors who experienced Good Taste with a Twist.

Bon Appétit-lah

Constantly elevating the #GoodTasteWithATwist experience, the second-year of Bon Appétit-lah! campaign treated contest winners to luxury staycations and exclusive prizes such as a limited-edition 1664 Blanc fridge.

1664 Rosé was launched in April 2022 as the third variant of Kronenbourg 1664 in Singapore, complementing the premium portfolios of Kronenbourg 1664 lager and 1664 Blanc.

Charmingly designed 1664 Blanc and 1664 Rosé cans by French artist Michaël Cailloux as an elegant interpretation of Art with a Twist that adds aesthetic pleasure to simple occasions to elevate the French lifestyle.

Embracing the spirit of *joie de vivre* via French-Malaysian and Singaporean gastronomy with a twist

GOOD TASTE WITH A TWIST

Scan the QR code to watch our Rue 1664 video.

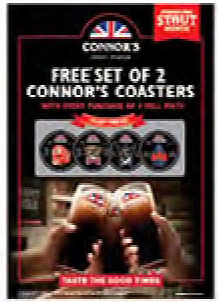
Somersby Passion Fruit & Orange, an exotic new flavour that's refreshingly zesty and fruity. If there's anything that's getting our taste buds tingling, it's this match made in paradise.

Building on the positive reviews in Malaysia, Somersby Watermelon Cider was also launched in Singapore, adding variant offerings for cider consumers.

Enjoy the all-new refreshingly fruity Somersby Apple 0.0. Brewed without any alcohol, the same classic apple taste will definitely keep you wanting more.

Scan the QR code to watch our Somersby Apple 0.0 video.

Connor's celebrated International Stout Month in November by amplifying everything Blackish and British with prizes from famous British brands and collectible merchandise.

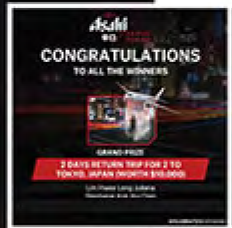


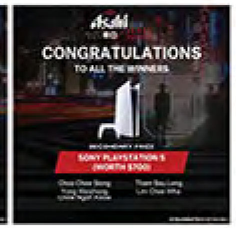
Building on the successful launch of Connor's Draught in a Can, Connor's Shake Challenge was introduced at over 70 hot spots across Malaysia, where consumers could experience the Shake ritual and stood a chance to win exclusive merchandise.

Scan the QR code to watch our Bring the Pub Home video.

The first Chinese New Year limited-edition can inspired by Japanese kaleidoscope art to usher in the new year with new possibilities.

Limited-edition colour-changing glasses were up for grabs with the purchase of an eight-can cluster pack (320 ml) of Asahi at participating outlets and e-commerce platforms.





Aside from the irresistible grand prize of a trip for two to Tokyo, the Asahi Sense Tokyo campaign offered the Sony Playstation 5 to lucky contest winners.

Scan the QR code to watch our Beyond Expected video.

ASIAN CRAFT BEER PIONEER JING-A DEBUTED IN SINGAPORE AS 1ST OVERSEAS MARKET OUTSIDE ITS COUNTRY OF ORIGIN

More than 70 modern on-trade outlets, topped e-commerce chart in craft beer category

The mechanics of a dice game were used to encourage consumer purchases, resulting in higher actual sales achieved vs target across all activation sessions.

Scan the QR code to visit our website.

AWARDS AND RECOGNITIONS

HR Asia Best Companies to Work for in Asia 2022 Awards: We received the 'Employers of Choice' recognition via an independent employee engagement survey that recognises companies with exemplary HR practices, employee engagement and workplace culture.

Graduates' Choice Award 2022: Voted for by Malaysian undergraduates from more than 100 private and public universities nationwide, we were named the Most Preferred Graduate Employers to Work for in 2022 under the Liquor category, making it our third consecutive win since 2020.

Employee Experience Awards (ExA) 2022: Through our innovative learning initiatives to effectively empower our workforce, we bagged a total of seven accolades in Crisis Management and Leadership, Soft Skills Training Programme, Response to COVID-19, Organisational Upskilling and Reskilling Strategy, Remote Learning Initiative and Diversity and Inclusion Strategy, together with the special 'Overall Learning Award'.

CSR Malaysia Awards 2022: Our COVID-19 relief programme, 'Safer Schools', was recognised as an exemplary project in providing a meaningful intervention and solution for the communities involved, earning us the 'Company of the Year' Award under the Community Impact category.

AWARDS AND RECOGNITIONS

2021 ASEAN Corporate Governance Scorecard (ACGS): We bagged the ASEAN Asset Class Award (Malaysia), given to ASEAN public listed companies that attained a final score of 97.5 and above based on the 2021 ACGS assessment.

The Edge Billion Ringgit Club (BRC) Awards 2022: We clinched the top spot for 'Highest Return-On-Equity', marking our third consecutive win over three years (2019-2021) within the Consumer Products & Services category.

National Annual Corporate Report Awards (NACRA) 2022: We won Silver in the Excellence Awards in the Companies with RM2-10 Billion in Market Capitalisation category, where we were the only brewer awarded this year.

UN Global Compact Network Malaysia & Brunei's (UNGCMYB) Sustainability Performance Awards: We received recognition for 'Partnership for the Goals', for our collaboration with e-hailing and chauffeur-on-call service providers to curb drink-driving under our **#CELEBRATE**RESPONSIBLY campaign, and also for 'Pioneer Sustainable Development Action', for our iconic Carlsberg glass bottles that are designed to minimise environmental impact.

Scan the QR code to read our press release.

MARKETING AWARDS

Putra Brand Awards: Our flagship brand Carlsberg received a Platinum Award for the second consecutive year. Our premium brands Somersby Cider and 1664 won Silver, while Connor's Stout Porter and Asahi won a Bronze Award each under the Beverage - Alcoholic category.

Asahi achieved its maiden victory at this year's edition of the Awards with a Bronze recognition.

Connor's Stout Porter secured a Bronze award this year, making it a second-time winner at the Awards.

Repeating last year's victory, **Carlsberg** took home the Platinum Award for the second year, also marking its 13th consecutive win.

Joining our list of winners for the year, **1664** bagged the Silver award in its very first year at the Awards.

Being the only cider winner, **Somersby** Cider won Silver for the sixth consecutive year.

More information in the Chairman's Address on on pages 34 to 36.

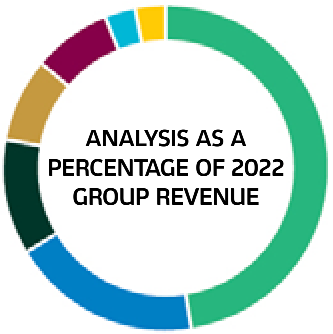
Scan the QR code to read our press release.

Overview of Financial Performance 30
Overview of Non-Financial Performance 32
Economic Contribution 33
Chairman's Address 34
Q&A with Our Managing Director 37
Market Landscape and Outlook 43

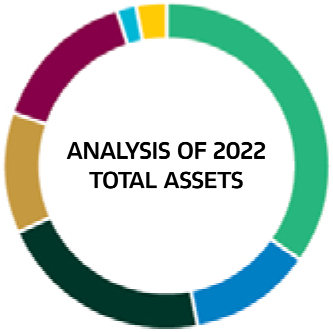
Sailing Forward

As we commemorate 175 years, we also celebrate the strategies that have led us towards excellence and sustainability. Going forward, and as we welcome SAIL'27, we remain focused on fulfilling our ambition to be the most successful, professional and attractive brewer in our markets.

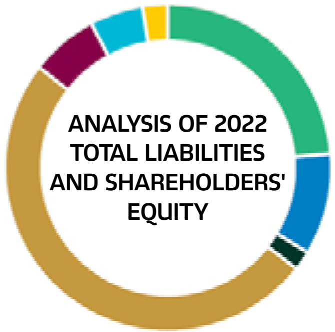
OVERVIEW OF FINANCIAL PERFORMANCE



	2022	2021
EXCISE AND CUSTOMS DUTIES	44.7%	47.6%
SALES, DISTRIBUTION, ADMINISTRATION AND OTHERS	19.9%	18.6%
PROFIT AFTER TAXATION	13.5%	11.5%
RAW & PACKAGING MATERIALS COSTS	8.3%	8.3%
STAFF COSTS	6.6%	7.7%
TAXATION	5.0%	3.1%
DEPRECIATION	2.0%	3.2%



	2022	2021
PROPERTY, PLANT & EQUIPMENT AND RIGHT-OF-USE ASSETS	30.0%	27.4%
INVENTORIES	11.8%	9.8%
RECEIVABLES, DEPOSITS AND PREPAYMENTS	42.3%	39.8%
CASH AND CASH EQUIVALENTS	8.6%	9.4%
INVESTMENTS	6.3%	11.7%
INTANGIBLE ASSETS	0.4%	0.7%
OTHER ASSETS	0.6%	1.2%



	2022	2021
SHARE CAPITAL	14.1%	18.5%
RESERVES	-0.1%	7.6%
MINORITY INTEREST	0.6%	0.6%
PAYABLES AND ACCRUALS	68.2%	62.2%
LOANS AND BORROWINGS AND LEASE LIABILITIES	11.9%	5.3%
CURRENT TAX LIABILITIES	4.5%	4.0%
DEFERRED TAX LIABILITIES	0.8%	1.8%

STATEMENTS OF COMPREHENSIVE INCOME (RM MILLION)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenue	**2,412.5**	1,772.8	1,785.0	2,256.6	1,982.3	1,730.0*	1,679.5	1,659.9	1,635.1	1,555.1
Profit Before Taxation	**444.4**	259.6	209.8	382.2	361.3	294.8	283.8	283.6	274.2	236.4
Taxation	**119.5**	55.2	43.6	81.8	74.5	62.4	73.2	63.4	57.3	49.8
Profit for the Financial Year	**324.9**	204.4	166.2	300.4	286.8	232.4	210.6	220.2	216.9	186.6

* *Adjusted 2017 Revenue had the Group applied MFRS 15.*

STATEMENTS OF FINANCIAL POSITION (RM MILLION)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Issued and Paid-up Share Capital	**149.4**	149.4	149.4	149.4	149.4	149.4	142.0	142.0	142.0	142.0
Retained Earnings	**45.5**	62.3	17.2	(6.2)	17.3	133.7	148.8	163.9	165.1	140.0
Call and Put Option Reserve	**-**	-	-	-	-	-	-	-	(10.6)	(20.1)
Non-Distributable Reserves	**(47.2)**	(0.5)	1.3	5.3	2.4	15.9	30.9	29.7	15.7	11.8
Shareholders' Fund	**147.7**	211.1	167.9	148.5	169.1	299.0	321.7	335.6	312.2	273.7
Deferred Taxation	**2.6**	7.9	15.8	24.9	12.4	16.6	12.1	10.2	13.5	17.1
Net Non-Current Liabilities	**7.1**	8.4	4.1	6.2	0.3	0.3	1.7	-	-	-
Minority Interest	**6.5**	4.5	6.8	8.2	11.9	13.4	8.4	7.0	19.0	10.5
	163.9	231.9	194.6	187.8	193.7	329.3	343.9	352.8	344.7	301.3
Property, Plant and Equipment, Right-of-use Assets and Intangible Assets (Net Book Value)	**322.0**	226.8	227.6	229.2	196.2	181.2	176.6	167.5	164.4	174.3
Investment in an Associate	**66.9**	94.7	92.5	84.7	73.0	64.3	73.1	80.2	58.2	40.9
Net Current (Liabilities) / Assets	**(225.0)**	(89.6)	(125.5)	(126.1)	(75.5)	83.8	94.2	105.1	122.1	86.1
	163.9	231.9	194.6	187.8	193.7	329.3	343.9	352.8	344.7	301.3

FINANCIAL RATIO

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Earnings per Ordinary Share (Sen)*	**103.70**	65.74	53.04	95.18	90.65	72.34	67.04	70.62	69.20	60.16
Net Assets Backing per Ordinary Share (RM)*	**0.48**	0.69	0.55	0.49	0.55	0.98	1.05	1.10	1.02	0.90
Return on Shareholders' Fund (%)+	**181.1**	107.9	105.1	189.2	122.5	74.9	64.1	68.0	74.0	65.2
Current Ratio	**0.7**	0.8	0.7	0.7	0.8	1.3	1.3	1.3	1.4	1.3
Bursa Securities Price at 31 December (RM)	**22.88**	20.08	23.24	29.40	19.68	15.30	13.92	11.70	11.74	12.18
Net Dividend Yield (%)^	**4.8**	2.5	2.0	3.5	6.5	5.0	5.2	6.1	5.2	5.2

* *Computed based on total number of shares net of Treasury shares. Treasury shares were cancelled on 17 May 2017.*
\+ *Return on Shareholders' Fund was computed based on Group's Profit for the Financial Year over average Group's Shareholders' Fund.*
^ *Net dividend yield was computed based on dividend paid out and declared during the year divided by the share price at year-end.*

FIVE-YEAR DIVIDEND

	2022	2021	2020	2019	2018
Group's Net Profit (RM Million)	**317.0**	201.0	162.2	291.0	277.2
Dividend Amount Declared and Proposed for the Year (RM Million)	**269.1**	171.2	122.3	305.7	305.7
Dividend as % of Net Profit	**85%**	85%	75%	105%	110%
Dividend per Ordinary Share (Sen)	**88**	56	40	100	100

OVERVIEW OF NON-FINANCIAL PERFORMANCE

ECONOMIC PRIORITIES

Creating **61,000** **jobs across the value chain** of the beer industry

RM1.1 billion
in **excise duties** paid on our products brewed and sold in Malaysia and Singapore

+28%
in 2022 vs 2021

0 product recalls
from consumers related to food safety and quality

0 production suspensions
amid the easing of COVID-19 restrictions in Malaysia

SOCIAL COMMITMENTS

ZERO Irresponsible Drinking

Directly engaged with more than **10,000 consumers** to **#CELEBRATE**RESPONSIBLY since 2016

Responsible Drinking messaging across all Point-of-Sales Materials and product packaging

ZERO Accidents Culture

1,452 days
ZERO LOST-TIME ACCIDENTS
since January 2019

ENVIRONMENTAL STEWARDSHIP

ZERO Carbon Footprint

100% use of **renewable electricity** with the purchase of I-REC

ZERO use of coal, as we use natural gas and biogas from our Wastewater Treatment Plant

ZERO waste to **landfill** since November 2022

ZERO Packaging Waste

92% of returnable Carlsberg bottles in Peninsular Malaysia were returned to the brewery

CORPORATE GOVERNANCE

100% COMPLETION RATE
of Anti-Bribery and Corruption e-learning

72% of procurement spend on local vendors

100% of new suppliers screened for environmental and social criteria

ECONOMIC CONTRIBUTION

The impact of our business goes beyond bringing enjoyment to consumers; it also delivers positive contributions to the economy and the community.

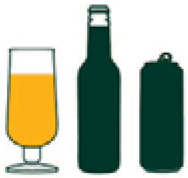
8.1, 8.7 & 8.8

8 DECENT WORK AND ECONOMIC GROWTH

The jobs we create in our own operations and in related sectors, as well as the taxes we pay, make a significant difference to the economy. Our operations in Malaysia and Singapore are committed to supporting the UN Sustainable Development Goals, specifically Goal 8 to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

In 2022, our total excise duties and tax contribution to the Malaysian and Singaporean economies was RM1.3 billion and the direct employment we offered to Malaysians and Singaporeans was 619 jobs in both markets.

In addition, we contribute to the communities through procurement spend on local small and medium-sized enterprises as well as partnerships with music festival organisers and non-governmental organisations.



Excise duties

RM1.1 billion

paid on our products brewed and sold in both Malaysia and Singapore

+28% in 2022 vs 2021

Corporate taxes

RM122.4 million

in the form of corporate taxes with RM105.0 million for Malaysia and RM17.4 million for Singapore

+93% in 2022 vs 2021

Indirect taxes

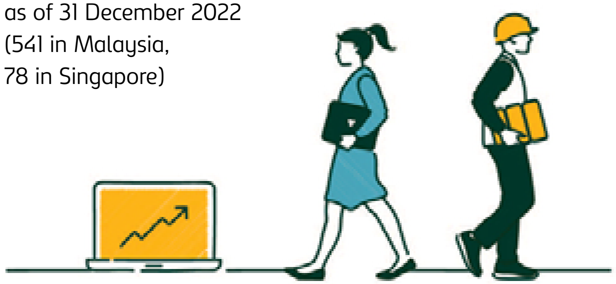
RM115.7 million

in SST and GST paid/collected on behalf of the Malaysia and Singapore governments

+46% in 2022 vs 2021

619 employees

as of 31 December 2022 (541 in Malaysia, 78 in Singapore)



61,000

jobs created across the value chain of the beer industry

CHAIRMAN'S ADDRESS

TAN SRI DATO' SERI CHOR CHEE HEUNG
Chairman

DEAR STAKEHOLDERS,

On behalf of the Board of Directors, I am pleased to present the Integrated Annual Report and audited financial statements of Carlsberg Brewery Malaysia Berhad (Carlsberg Malaysia Group/the Group) for the financial year ended 31 December 2022.

2022 was a significant year for Carlsberg Malaysia Group as we accelerated our business recovery plans and returned to pre-pandemic levels, demonstrated through solid growth in both top and bottom lines. The journey from surviving to thriving while emphasising brewing excellence and sustainability was made even more memorable with the Carlsberg brand turning 175 years young globally and Carlsberg Malaysia celebrating 50 years of brewing beers locally.

Carlsberg is widely known for its tagline of Probably the Best Beer in the World and we have over the years committed to pursuing better-quality brews and delivering more innovative drinking experiences. Staying true to our purpose of Brewing for a Better Today and Tomorrow, we live by our ambitions of being a successful brewer, upholding our professional integrity and maintaining our purpose-led and performance-driven identity in order to remain an attractive company, employer and corporate citizen.

On this note, I am deeply honoured to be appointed as the Chairman of Carlsberg Malaysia Group, a dynamic brewery in both Malaysia and Singapore that constantly strives for brewing excellence in our commercial and sustainability priorities.

ACCELERATED GROWTH AMID ECONOMIC RECOVERY

Last year, much of the world moved towards COVID-19 endemicity, marking the end of highly uncertain and disruptive times.

This enabled economies to recover, borders to reopen and societies to return to a semblance of normalcy. In Malaysia, economic growth rebounded strongly to record 8.7% GDP in 2022, while Singapore recorded steady annual GDP growth of 3.8%.

However, with the easing of almost all COVID-19 restrictions, the world also saw an increased demand for consumer goods that outpaced supply. This, alongside supply chain disruptions and surging food and commodity prices caused by the Russia-Ukraine war, resulted in rising inflationary pressures in 2022.

Yet, despite the substantial increase in input costs and uncertainties in supply chains, Carlsberg Malaysia Group was steadfast in delivering our SAIL'22 strategic priorities with a strong commitment to brewing excellence through operational efficiency while delivering sustainable shareholder value.

MAJOR MILESTONES OF THE YEAR

It thus gives me great satisfaction to recall three key strides we made in 2022.

Future-proofing Our Manufacturing Operations

Firstly, we installed a state-of-the-art glass bottle packaging line at our production facility in Shah Alam, the biggest capital expenditure (capex) in the last 30 years. The upgraded facilities, which cost RM108 million, are aimed at improving filling capacity and enabling greater flexibility in packaging capabilities to unlock growth for exports and innovation in our premium brands. With higher automation and efficiency in glass bottle filling and packaging, we are positive that this major upgrade will lower our energy, water and waste footprints.

Capitalising on the New Normal

Secondly, with the return to a new normal, the Group was able to execute unconstrained marketing campaigns and consumer promotion activities, especially with the food and beverage industry enjoying its first full year of business without lockdowns. Consumers also flocked to football viewing parties and outdoor festivals and resumed shopping at malls and at brick-and-mortar stores. This was further supported by booming tourism due to the reopening of international borders.

We continued to focus on the SAIL'22 strategy to turn around the lower growth rate of our mainstream Carlsberg brands, capitalising on the stable growth of our premium products while leveraging the alcohol-free brew category through Somersby Apple 0.0 in Malaysia and Carlsberg Alcohol Free Pilsner and Wheat in Singapore.

We saw a very significant increase in on-trade sales in 2022 as consumers returned to enjoy the dine-in experience. This was coupled with a marginal growth in our off-trade sales as some groups of consumers preferred home consumption for convenience and safety.

A New Chapter

Thirdly, 2022 marked the year when our SAIL'22 strategy and Together towards ZERO (TTZ) ESG programme came to an end, having successfully guided our journey since 2016 and 2017, respectively.

Carlsberg Group has set sail for the next five years with the launch of SAIL'27 in February and the Together towards ZERO and Beyond (TTZAB) ESG programme in August. As its name suggests, SAIL'27 builds on the very strong foundation of SAIL'22 by sharpening our focus in making distinct choices for our portfolio, execution and winning culture, and raising our financial ambitions.

As an integral part of SAIL'27, we enhanced our environmental, social and governance (ESG) priorities in conjunction with the launch of the TTZAB programme, with milestones set for 2030 and 2040.

With the refined TTZAB, we aspire to achieve net zero carbon emissions across the entire value chain by 2040, supported by new ambitions and targets within agriculture and packaging. There will also be greater emphasis on human rights and diversity, equity and inclusion (DE&I) and community engagement - all material matters that were prioritised by our stakeholders according to the materiality assessment the Group conducted at the end of 2022.

Read more about SAIL'27 on page 64, and TTZAB on pages 65 to 68. An analysis of the materiality assessment can be obtained on pages 74 and 75.

AN INTEGRATED BUSINESS: FINANCIAL AND SUSTAINABILITY PERFORMANCE

Our efforts this year enabled us to deliver a record performance, with the Group achieving revenue of RM2.4 billion in FY2022 (FY2021: RM1.8 billion) and net profit of RM317.0 million (FY2021: RM201.0 million).

Taking into consideration our performance and the impact of the one-off Prosperity Tax *(Cukai Makmur)*, the Board of Directors of the Group has proposed a final single-tier dividend of 25 sen per ordinary share for the financial year ended 31 December 2022, subject to the approval of the shareholders at the upcoming Annual General Meeting.

This proposal is equivalent to a RM76.4 million payment of the Group's FY2022 net profit. The total declared and proposed dividend for FY2022 amounts to 88 sen or equivalent to RM269.1 million, an increase of 57% compared to FY2021.

In terms of sustainability, we have recorded encouraging results in our priority areas of ZERO Carbon Footprint, ZERO Packaging Waste, ZERO Irresponsible Drinking and ZERO Accidents Culture, in line with our TTZ programme.

Read more about our sustainability performance on pages 81 to 103.

REVENUE
RM2.4 Billion
FY2021: RM1.8 billion

NET PROFIT
RM317.0 Million
FY2021: RM201.0 million

DIVIDEND PAYOUT RATIO
85%
FY2021: 85%

CHAIRMAN'S ADDRESS

AWARDS AND RECOGNITIONS

In addition, it brings me great pleasure to report that Carlsberg Malaysia was the proud recipient of several awards in 2022, testament to our efforts in delivering long-term sustainable value to our stakeholders.

In recognition of our commitment to upholding excellent corporate reporting practices, the Group won Silver at the National Annual Corporate Report Awards 2022 in the Excellence Awards in the Companies with RM2-10 billion in Market Capitalisation category.

Our robust governance practices were recognised through the ASEAN Corporate Governance Scorecard that saw us bagging the ASEAN Asset Class Award (Malaysia), which is given to ASEAN public listed companies that scored above 97.5 in 2021's assessment.

Our ability to continuously deliver shareholder value was also recognised for the third year running at The Edge Billion Ringgit Club Awards 2022, as we once again clinched the top spot for the 'Highest Return-on-Equity' within the Consumer Products and Services category.

On the human resources front, our learning initiatives and culture of empowering our people earned us seven accolades at the Employee Experience Awards 2022. Our commitment to serving and contributing to communities in need throughout the pandemic was recognised with the Company of the Year Award under the Community Impact category at the seventh edition of the Sustainability and CSR Malaysia Awards 2022.

Read more about our awards and recognitions on pages 26 to 28.

LOOKING AHEAD

The outlook for the Group is expected to remain challenging due to the impact of various global developments. With a global recession on the cards, economic growth in Asia is expected to slow down in 2023 given the ongoing Russia-Ukraine war, supply chain disruptions, rising inflation, policy tightening and the uncharacteristic slowdown of the Chinese economy. These challenges are expected to impact overall GDP growth due to waning consumer spending as the cost of living rises.

Despite these challenges, the Group will remain focused on brewing excellence and will exercise prudence in its business strategies going forward. The SAIL'27 strategy, which is an evolution from the successes of SAIL'22, is well positioned to support us in our endeavour to excel amid an uncertain environment.

SAIL'27 will optimise the allocation of resources to our strategic levers and its successful execution will set the stage for this decade and beyond. Key opportunities that lie ahead for us include innovating and building on the growth momentum of our brands while driving organic growth in our winning channels in both Malaysia and Singapore.

Read more about our market landscape and outlook on pages 43 and 44.

ACKNOWLEDGEMENTS

As the new Chairman of Carlsberg Malaysia Group, I would like to extend my gratitude to our customers, shareholders, suppliers, distributors, trade partners and employees for their unwavering trust and loyalty, which have seen us through the pandemic and helped us sail forward.

I also thank my predecessor, Datuk Toh Ah Wah, for his outstanding contributions to the Group. His exceptional leadership over the past five years has guided the organisation to where it is today. I hope to continue his good work and add value, utilising the experience I have gained throughout my career.

I would also like to welcome João Abecasis, our newly appointed Executive Vice President, Asia of Carlsberg Group to our Board.

On behalf of the Board of Directors, I sincerely thank Stefano Clini, Managing Director of the Group, and the Management Team behind him for steering and charting the success of Carlsberg Malaysia Group's voyage.

With the remarkable people behind the brand, it is truly a celebration to honour all who have been part of our 175 years of brewing excellence and sustainability!

TAN SRI DATO' SERI CHOR CHEE HEUNG
Chairman
Shah Alam
2 March 2023

Q&A WITH OUR MANAGING DIRECTOR

STEFANO CLINI
Managing Director

Q What does 175 years of Brewing Excellence and Sustainability mean to you?

2022 was marked by truly memorable milestones for the Carlsberg Group as it was Carlsberg's 175th anniversary globally. It also marked the 50th year since Carlsberg Brewery Malaysia Berhad (Carlsberg Malaysia Group / the Group) was set up in Shah Alam. Notably, Shah Alam is the first brewery set up by the Carlsberg Group outside of Denmark.

For the Group to have been around for this long is a testament not only to our resilience and commitment to business continuity, but also to our purpose of Brewing for a Better Today and Tomorrow for our consumers, customers, employees and shareholders. And so we celebrate these significant milestones with the theme Brewing Excellence and Sustainability to express our appreciation for our stakeholders, who have also been instrumental in our business recovery throughout the pandemic.

Personally, it gives me great honour to address you for the third consecutive year as we delivered record net profit of RM317.0 million, an increase of 57.7%, on the back of record revenue of RM2.4 billion, as our operations were uninterrupted in 2022.

I am particularly excited to be stepping into my fourth year in 2023, to lead and work with our dedicated people in taking our Malaysia and Singapore operations to the next level in line with our new corporate strategy - SAIL'27.

The fact that we have been able to achieve solid performance despite the uncertainty of the past three years speaks volumes about our commitment to driving long-term value creation. The three SAIL'22 strategic levers were crucial in this context, equipping us with the tools to respond effectively in an ever-evolving operating environment. This is further supported by our two enablers as we strive for excellence in our people and the sustainability agenda. This is why we continue to be ahead of the curve, and yet we continue to stay humble even as we excel and gain a range of accolades and recognitions.

More information on 'Celebrating 175 Years' can be found on pages 10 and 11.

Q Please give us an overview of how the Group has performed in 2022.

This year was certainly unique and challenging once again. With the pandemic retreating, the world was finally out of the woods and most of us returned to living life like we did three years ago. This in itself gave us plenty of reasons to celebrate.

Businesses like ours were also no longer held back and we could return to doing what we love best – brewing quality brews for our consumers and customers.

With the return to normalcy, our teams could finally go back to holding physical consumer-facing marketing events and promotional activities. The range of advertising and promotion initiatives we invested in and events and activities we hosted helped to drive footfall back to on-trade. This ensured that our mainstream brands returned to growth momentum while sustaining growth in off-trade as we continued to accelerate premiumisation.

With the F&B industry's revival, coupled with disciplined value management, our Malaysia operations was able to report a 43.0% increase in revenue to RM1.7 billion and profit from operations of RM335.3 million in FY2022, while our Singapore operations recorded RM679.9 million in revenue and profit from operations of RM89.9 million.

Q&A WITH OUR MANAGING DIRECTOR

Q Tell us more about the progress of and outcomes from the three strategic levers of SAIL'22 that have advanced Carlsberg Malaysia Group's value creation journey.

It was truly a fitting end for SAIL'22 as we progressed at top speed to implement our strategic priorities while timing our consumer engagement activities with precision to capitalise on the ongoing economic recovery. With the pandemic being less of a threat, we certainly saw a gradual and stable return in consumer off-take, particularly in brick-and-mortar outlets.

Thanks to efficiencies delivered from our hedging facilities and 'Funding the Journey' initiatives, we were able to partially mitigate the impact of global supply chain disruptions and escalating raw material prices, as well as making sensible price adjustments in both Malaysia and Singapore, which allowed us to protect our margins while ensuring our products remained attractive and affordable.

In **Strengthen the Core**, we built on our flagship brand's 'celebration' platform to deliver the strategic priority of Grow in Mainstream with the return of bigger-scale on-ground consumer-facing events to promote our mainstream brands of Carlsberg Danish Pilsner and Carlsberg Smooth Draught.

The 'Celebration'-themed marketing campaigns around Chinese New Year, the Kaamatan and Gawai Festivals, Carlsberg's 175th Birthday and the Carlsberg x Liverpool 30-year partnership, as well as the year-end football viewing parties we organised with scale and impact, enabled our mainstream brands to return to volume growth of 29% for 2022 compared to a 11% year-on-year decline in 2021.

As on-trade outlets reopened, we were even more disciplined in executing our Win in Each Store strategic priority, making improvements around product availability, pricing, promotion, placement and serving rituals in both Malaysia and Singapore. I am also pleased to share that through the Funding the Journey programme, we delivered cost efficiencies for reinvestment into our brands and people to cope with the ever-changing dynamics of the markets.

Building on our growth ambition, we also completed the installation of a RM108 million state-of-the-art glass bottling line at the end of 2022 to deliver greater production efficiencies and meet increased complexities in packaging innovations.

In **Position for Growth**, we continued accelerating the low double-digit growth momentum of our premium brands. Specifically, we ran more refined and targeted promotions and activations to re-engage with discerning consumers on our 1664, Somersby Cider, Connor's Stout Porter and Asahi brands.

In Malaysia, the annual Valentine's Day promotion boosted the brand equity of 1664 Rosé while the 1664 limited-edition packaging, launched in conjunction with the Art with a Twist campaign, was a resounding success as 1664 continued to be the leading wheat beer in the country.

In the cider category, Somersby continued to lead the market with variant launches in 2022 - Somersby Passion Fruit & Orange, the first combination flavour cider; as well as Somersby Apple 0.0, which marked our entry into the alcohol-free brew category in Malaysia. Both innovative variants received positive reviews and strengthened our leadership position as the Somersby brand marked its 10th anniversary in Malaysia.

Q&A WITH OUR MANAGING DIRECTOR

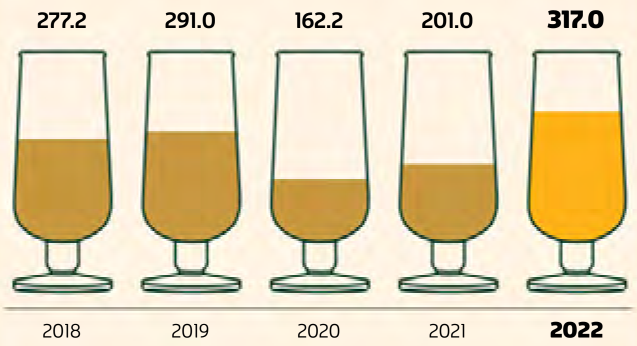
We continued to focus on e-commerce platforms where we leveraged ongoing collaborative efforts with key e-commerce platform players to drive organic sales for home consumption, albeit at a declining growth rate as consumers shifted back to on-trade consumption. Digital marketing, on the other hand, remained the cornerstone in driving effectiveness and efficiency in our advertising and promotions.

Given the stable operating environment and with no halt to production and operations in 2022, we continued to **Deliver Value for Shareholders** with a record net profit of RM317.0 million, which was 57.7% higher than in 2021 on the back of revenue growth of 36.1% to RM2.4 billion in 2022.

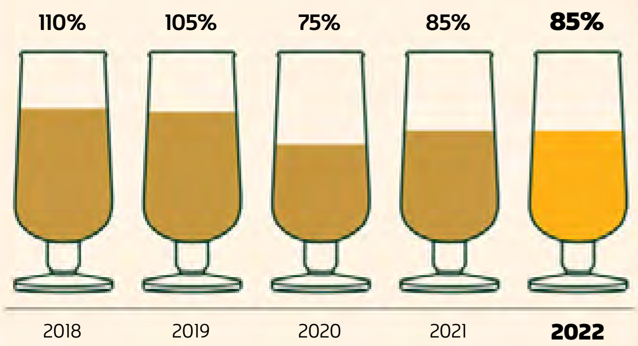
As a result of the strong financial performance, the Group has declared a final single-tier dividend of 25 sen, subject to shareholder approval at the upcoming Annual General Meeting. This is in addition to total interim dividends amounting to 63 sen per ordinary share that were declared over the past three quarters.

If approved, this would bring the total dividend payout to 88 sen, equivalent to a payout ratio of 85% of the Group's net profit for the year.

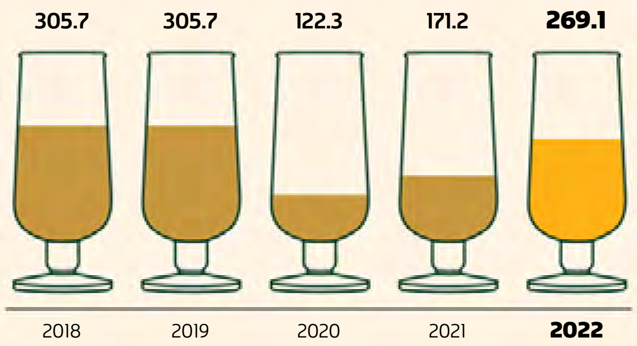
GROUP'S NET PROFIT (RM Million)



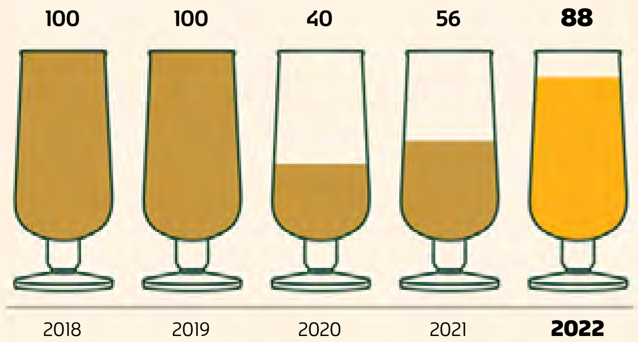
DIVIDEND AS % OF NET PROFIT



DIVIDEND AMOUNT DECLARED AND PROPOSED FOR THE YEAR (RM Million)



DIVIDEND PER ORDINARY SHARE (Sen)



Q&A WITH OUR MANAGING DIRECTOR

Q How successful has SAIL'22 been? What were some of the most meaningful achievements?

SAIL'22 has been a guiding light for us to deliver our strategic priorities over the last seven years, more so in the last few years as we faced the unprecedented challenges of the prolonged pandemic and production suspension in 2020 and 2021.

Our disciplined implementation of the three strategic levers enabled us to not only navigate the unchartered waters of COVID-19 endemicity in 2022, but also deliver solid financial results. In addition, we intensified the focus on defending our licence to operate and supporting our people, environment and communities.

Some of the more impactful outcomes from the SAIL'22 strategy that significantly moved our business forward were:

- **Funding the Journey:** We delivered greater efficiencies in operating expenses and value management that not only enabled us to set aside resources to reinvest in our product innovations as business recovered from the pandemic, but were also crucial in providing the buffer to help us weather the COVID-19 storm. A few of the notable highlights were:
  - The RM108 million capital expenditure on the upgrade of our production facility
  - Our ability to lead with care in the health, safety and wellness of our people as we recorded zero COVID-19 clusters or related fatalities
  - No pay cuts for our people throughout 2021 and up till 2022 amid 122 days of brewery suspension
  - Increased community investment programmes on education subsidies, food aid and recycling, as aligned with our pledge to the UN Sustainable Development Goals.
- **Premiumisation:** We expanded our premium brand portfolios with innovative variants, categories and packaging launches. We not only launched and sustained, but also accelerated the volume growth of our premium brands.

  We are most proud to have retained our market leadership positions in the cider and wheat beer category, as well as being the first to import craft beers as a super premium offering which has been able to generate much excitement in the beer industry. We also made our first foray into the non-alcoholic segment with Carlsberg Alcohol Free Pilsner and Carlsberg Alcohol Free Wheat in Singapore in 2020 and Somersby Apple 0.0 in Malaysia in 2022.

- **Defending the Sustainability of Our Business:** We maintained our proactive engagements with policymakers and fostered strategic partnerships with relevant stakeholders to raise the profile of the legitimate beer industry that contributes towards economic growth via responsible sales, marketing and consumption. As a result of the support we have received from the government in combatting illicit beer both through enforcement and a sustainable fiscal approach, we have been able to contribute excise duty payments amounting to RM8.3 billion over the past 10 years.
- **Delivering Value for Shareholders:** Our ability to deliver consistent returns to our shareholders has been clearly recognised as we have clinched the top award multiple times for the highest return-on-equity within the Consumer Products and Services category at The Edge Billion Ringgit Club Awards.

Q Could you please provide us with an update on the Group's ESG efforts?

The Carlsberg Group's ESG efforts are now driven by the Together towards ZERO and Beyond (TTZAB) programme that has an additional two priorities beyond what Together towards ZERO (TTZ) had, as well as revised targets that include a roadmap to achieve net zero carbon emissions across the entire value chain by 2040.

In our Malaysia operations, we have already made significant progress in reducing emissions through TTZ, achieving a 73% reduction in 2022 compared to 2015 levels. We have also achieved zero waste to landfill, zero use of coal, 100% renewable electricity at the brewery with the purchase of an international renewable energy certificate (I-REC) and recorded a 92% rate of return for our glass bottles in Peninsular Malaysia that are either reused or recycled.

On our commitment to delivering ZERO Water Waste, we have recorded a 32% reduction in water usage since 2015, which equates to 96 Olympic-sized swimming pools, and used 3.4 hectolitres of water for each hectolitre of packaged beer.

Last but not least, regarding ZERO Accidents Culture, we are very proud to have recorded over 1,452 days of ZERO Lost-Time Accidents between January 2019 and December 2022. However, we regret to report that one of our sales colleagues suffered an injury while carrying out work at height on 10 January 2023. This unfortunate incident reminded us of the utmost importance of workplace safety. Plans for retraining and refreshing health and safety standard operating procedures at the workplace will be carried out in 2023.

92% of returnable Carlsberg bottles in Peninsular Malaysia are returned to the brewery, where 98% of them are cleaned and reused, with the remaining recycled.

Read more about TTZAB on pages 65 to 68 and our sustainability efforts on pages 81 to 103.

Q&A WITH OUR MANAGING DIRECTOR

Q What are Carlsberg Malaysia Group's priorities in the year ahead? Could you share with us some of your insights on the business outlook and prospects.

2023 will certainly be another challenging year as a global recession looms following inflationary pressures. Both Malaysia and Singapore are expected to record more moderate growth rates as inflation persists amid escalating commodity prices.

Cognisant of evolving consumer tastes and preferences, we will continue to focus on product innovations around alcohol-free and premium brands. While these are currently emerging categories here, over time, we expect consumer behaviour to model the more mature European consumer markets that are more discerning regarding alternative choices to beer. These inflationary pressures are expected to adversely affect consumer sentiment and consumption habits.

We are also planning to launch new packaging for the SKOL beer brand in Malaysia and Singapore in the first half of 2023 in line with its 'New Look, Same Great Taste' tagline and 'You've Earned It' branding to cater to consumers who are more price-sensitive as a result of inflation.

This year was also significant as we transitioned from our successful implementation of the SAIL'22 strategy to our new five-year strategy, SAIL'27, which evolved from the seven-year-strong foundation built by SAIL'22. The new strategy will sharpen our focus across all our key strategic levers while raising our financial ambitions.

In tandem, we have stepped up our environmental, social and governance (ESG) efforts with the transition to the TTZAB programme, an enhanced version of the now-concluded TTZ programme.

Q Finally, any concluding remarks?

I would like to take this opportunity to thank the Board of Directors for their wisdom and guidance in helping us steer the business to brew a better today and tomorrow. To the Management Team, my heartfelt appreciation for standing by me in ensuring that we continue to perform in pursuit of better.

Our shareholders have been unwavering in their support and I am truly grateful for your trust. We are also fortunate to have the support of our stakeholders, including government agencies, distributors, suppliers and consumers. Thank you for playing an integral part in our ongoing growth and success.

I bid farewell to Datuk Toh Ah Wah as the Chairman of Carlsberg Malaysia Group, who stepped down on 1 June 2022. He has been instrumental in instilling resilience in our operations, especially during the pandemic, and elevating our internal talent development with the ambition for us in Malaysia and Singapore operations to be a net exporter of talents to the Carlsberg Group globally. On behalf of the Board and the Management, I thank Datuk Toh for his contributions over the last five years and wish him all the best in his future undertakings.

In his place, I welcome Tan Sri Dato' Seri Chor Chee Heung, whose stellar track record will undoubtedly take Carlsberg Malaysia Group to the next level of growth as 2023 marks the first year of the SAIL'27 strategy implementation.

Last but certainly not least, I want to recognise our employees who are our biggest assets. I sincerely thank you for your commitment to brewing excellence and sustainability as each one of you continues to inspire me in my leadership journey.

STEFANO CLINI
Managing Director
Shah Alam
2 March 2023

MARKET LANDSCAPE AND OUTLOOK

ECONOMIC RECOVERY TAKING CENTRE STAGE

2022 marked a significant change in pace as economic recovery took centre stage amid a retreating pandemic.

Both Malaysia and Singapore transitioned towards endemicity in late 2021 before fully reopening their borders in April last year. As a result, economic growth in Malaysia recorded a strong 8.7% in 2022, a better-than-expected performance driven by strong domestic demand and a low base from 2021. Singapore, meanwhile, recorded slower GDP growth of 3.8% in 2022 (2021: 7.6%).

The return to normalcy after prolonged lockdowns boosted economic activity worldwide, which was further aided by the reopening of international borders in most countries. However, as business resumed, this also meant a surge in demand for energy and goods, which led to the prices of commodities such as oil and gas experiencing significant increases.

Commodity prices stayed elevated throughout most of 2022 and were exacerbated by the onset of the Russia-Ukraine war. Faced with rising costs of inputs, we managed this risk by leveraging our global procurement capabilities and also hedging on our key commodities prices to ensure the stability of raw material prices in the short to mid-term.

The reopening of the economy, coupled with tight labour markets and supply chains still struggling to recover from the effects of lockdowns, took a toll on consumer sentiment as the cost of living increased significantly.

GDP GROWTH
in 2022 vs 2021
8.7%
MALAYSIA

GDP GROWTH
in 2022 vs 2021
3.8%
SINGAPORE

MARKET LANDSCAPE AND OUTLOOK

BOOSTED BY THE F&B INDUSTRY'S REVIVAL

The full reopening of the food and beverage (F&B) industry in 2022 benefited industry operators as consumers returned to enjoy the dine-in experience and large-scale events resumed. Accordingly, F&B sales in Malaysia and Singapore grew by 15.2% and 13.9% year-on-year, respectively.

The Group thus saw a strong rebound as the modern and traditional on-trade channel comprising bars, pubs, restaurants and coffee shops recovered on the back of strong consumer demand last year and promising trends to return to pre-pandemic levels this year. The return to dining in impacted the e-commerce channel that gained momentum at the peak of the pandemic but has since seen slower growth rates.

Interestingly, despite the option to dine in, we observed that a market trend that has carried over from the pandemic is the consumer preference to celebrate at home. This has been driven by factors such as convenience, safety with the absence of crowds and cost-consciousness. Consequently, we continue to see growth in our off-trade channel comprising supermarkets and convenience stores, albeit at a slower rate than during the pandemic.

GENERAL INDUSTRY TRENDS

The prevalence of illicit beer in Malaysia remains a challenge as it is estimated to make up about 60% of beer consumption in Sabah and Sarawak, and 20% in Peninsular Malaysia. This results in an estimated annual loss of RM1.5 billion in unpaid taxes for the Malaysian government.

Based on industry estimates, the illicit market grew by about 5% year-on-year since the pandemic began due to the rampant online sales of illicit alcohol. Contraband, counterfeit and unregulated beer flooded social media and e-commerce platforms as the sale of alcohol online was not within the scope of existing legislation.

Through engagements with authorities and e-retailers, e-commerce operators implemented conditions for vendors to sell alcohol on their platforms and effectively eliminated the unlicensed sale of alcohol on e-commerce sites, curbing the prevalence of illicit alcohol online.

The Confederation of Malaysian Brewers Berhad (CMBB), of which our Malaysia operations is a founding member, is committed to combatting the illicit beer market that negatively impacts the government, industry and consumers. The CMBB extended support to the government by contributing to the enforcement strategies of the various agencies under the Multi-Agency Task Force (MATF).

Other industry trends include the market's growing acceptance of premium products where consumers consider beer to be an affordable luxury, driven by the preference for quality over quantity when enjoying this occasional indulgence.

Health and wellness trends are also gaining momentum where consumers are making more deliberate lifestyle choices, which is likely to hasten the pace at which alcohol-free brews are introduced to the market.

2023 OUTLOOK

The overall operating environment in 2023 is expected to remain challenging. Malaysia's economic growth is expected to moderate to between 4% and 5% in 2023 while Singapore expects growth to slow further to 0.5% to 2.5%.

Sales are expected to be more modest in 2023 compared to 2022's full year of heightened sales arising from the pent-up demand in 2021. Demand is likely to be further moderated by dampened consumer sentiment due to inflationary pressures and a potential global recession.

While COVID-19 still lingers, the pandemic is unlikely to impede growth as countries will continue to embrace endemicity. With the return of tourists, we are expecting further recovery for our on-trade channels in the year ahead.

From an industry perspective, no excise increase for alcohol was announced during the re-tabling of the Malaysian and Singapore Government Budgets in February 2023. Malaysia and Singapore's tax rate on beer is the second-highest in the world and any further increase will tighten consumers' purchasing power for legitimate beer given the current high-inflation environment.

REVENUE GROWTH
in 2022 vs 2021

43.0%

MALAYSIA

REVENUE GROWTH
in 2022 vs 2021

21.2%

SINGAPORE

Board of Directors 46
Management Team 50

Leadership

Corporate governance is of utmost importance to our business given that accountable, astute and effective leadership is key to crafting our culture, inspiring our people and stewarding us towards the next level of growth.

BOARD OF DIRECTORS

TAN SRI DATO' SERI CHOR CHEE HEUNG

- *Independent Non-Executive Chairman*

Age
68

Nationality
Malaysian

Date of Appointment
1 June 2022

Length of Service
9 months 16 days
(as at 16 March 2023)

Date of Last Re-Election
N/A

Academic Qualifications

- Masters in Business Law, London Metropolitan University, United Kingdom
- Barrister-at-Law of the Honourable Society of Lincoln's Inn, London

Work Experience and Present Directorship(s)

Tan Sri Dato' Seri Chor Chee Heung was a Member of Parliament from 1990 to 2013 and served as Deputy Minister of Home Affairs, Deputy Finance Minister and Minister of Housing and Local Government.

He also served as the Commissioner of the Malaysian Aviation Commission (MAVCOM) from 2015 to 2017 and was a board member of Tenaga Nasional Berhad from 2015 to 2018. Tan Sri Dato' Seri Chor is currently the Independent and Non-Executive Chairman of Star Media Group Berhad.

STEFANO CLINI

- *Managing Director*
- *Member of Risk Management and Sustainability Committee*

Age
56

Nationality
Italian

Date of Appointment
26 October 2019

Length of Service
3 years 5 months
(as at 16 March 2023)

Date of Last Re-Election
9 July 2020

Academic Qualifications

- Bachelor of Business and Economics, Libera Università Internazionale degli Studi Sociali Guido Carli (LUISS), Italy

Work Experience and Present Directorship(s)

Mr Stefano Clini is responsible for Carlsberg's Southeast Asia subregion, comprising Malaysia and Singapore, and oversees the Group's investment in Sri Lanka.

Prior to his current appointment, Mr Clini was Managing Director of Carlsberg Vietnam Breweries Limited from 2017 to 2019, where he led a successful turnaround with record growth in both top and bottom lines. He was previously Managing Director of British American Tobacco (Malaysia) Berhad from 2013 to 2016, overseeing operations in Malaysia and Singapore.

He has 30 years of experience in the global consumer goods industry and has held various senior leadership and commercial roles within H. J. Heinz in Italy from 2005 to 2013 and Procter and Gamble (P&G) in Italy, Belgium, Switzerland and Turkey from 1990 to 2005.

Mr Clini is currently the Chairman of Carlsberg Singapore Pte. Ltd. He is also on the boards of Carlsberg Marketing Sdn Bhd, a wholly-owned subsidiary of the Group; Maybev Pte. Ltd., a 51%-owned subsidiary of Carlsberg Singapore Pte. Ltd.; Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC. He is also a member of the Governing Council of the Confederation of Malaysian Brewers Berhad.

BOARD OF DIRECTORS

CHEW HOY PING

- *Senior Independent Non-Executive Director*
- *Chairman of Audit Committee*
- *Chairman of Risk Management and Sustainability Committee*
- *Member of Nomination and Remuneration Committee*

Age
65

Nationality
Malaysian

Date of Appointment
23 May 2014

Length of Service
8 years 9 Months
(as at 16 March 2023)

Date of Last Re-Election
14 April 2022

Academic Qualifications

- Member of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants

Work Experience and Present Directorship(s)

Mr Chew Hoy Ping's professional career began in 1976 with PricewaterhouseCoopers (PwC), where he served in various capacities for 30 years, including 15 years as a partner.

His professional career with PwC encompassed a range of disciplines, from accounting and auditing to corporate finance and business restructuring. He also held leadership roles such as Chair of Financial Advisory Services for the Asia Pacific region, Risk Management Leader and Deputy Chair of the Governance Board. Mr Chew's work experience also included secondments to PwC Houston, Texas (1982-1984) and Bank Negara Malaysia (1986-1988).

Mr Chew is currently the Chairman of Ge-Shen Corporation Berhad and a member of its audit committee. In addition, he is the Senior Independent Non-Executive Director of Mulpha International Berhad and Mudajaya Group Berhad, where he is also the chair of their respective audit committees.

DATUK LEE OI KUAN

- *Independent Non-Executive Director*
- *Chairperson of Nomination and Remuneration Committee*
- *Member of Risk Management and Sustainability Committee*
- *Member of Audit Committee*

Age
64

Nationality
Malaysian

Date of Appointment
28 February 2022

Length of Service
1 year 17 days
(as at 16 March 2023)

Date of Last Re-Election
14 April 2022

Academic Qualifications

- Bachelor of Laws, University of Malaya

Work Experience and Present Directorship(s)

Datuk Lee Oi Kuan served in the Attorney-General's Chambers of Malaysia in the Prosecution, Advisory and Internal Law Divisions from 1983 to 1993. Thereafter, she worked at Hong Leong Industries Berhad and Malaysian Pacific Industries as Head of Legal and Company Secretary from 1993 to 2001.

In 2001, Datuk Lee joined British American Tobacco (Malaysia) Berhad and served as its Legal and External Affairs Director until her retirement in 2018. Datuk Lee is currently a Non-Independent and Non-Executive Director at British American Tobacco (Malaysia) Berhad.

BOARD OF DIRECTORS

JOÃO MIGUEL VENTURA REGO ABECASIS
- *Non-Independent Non-Executive Director*

Age
51

Nationality
Portuguese

Date of Appointment
1 October 2022

Length of Service
5 months 16 days
(as at 16 March 2023)

Date of Last Re-Election
N/A

Academic Qualifications
- Bachelor of Business Management, Universidade Católica Portuguesa, Portugal

Work Experience and Present Directorship(s)
Mr João Abecasis has over 25 years of experience in FMCG, having been with Unilever since 1995 in various positions. He joined Carlsberg Group in 2011 and has held several managerial positions in various markets, including Chief Commercial Officer and later CEO of Super Bock Portugal, VP Challenger Markets in the Western Europe region, (interim) Managing Director of Carlsberg Denmark and Managing Director of Kronenbourg, France.

Since 2019, Mr Abecasis has served on the Carlsberg Group Executive Committee and was appointed as Executive Vice President, Asia of Carlsberg Group effective 1 September 2022.

GAVIN STUART BROCKETT
- *Non-Independent Non-Executive Director*
- *Member of Audit Committee*

Age
61

Nationality
South African

Date of Appointment
17 February 2022

Length of Service
1 year 1 month
(as at 16 March 2023)

Date of Last Re-Election
14 April 2022

Academic Qualifications
- Bachelor of Accounting, University of Witwatersrand, South Africa
- Bachelor of Commerce, University of Witwatersrand, South Africa

Work Experience and Present Directorship(s)
Mr Gavin Brockett has many years of experience in the consumer beverage industry, having been initially employed by SABMiller PLC in South Africa in 1991 and thereafter by the SABMiller subsidiaries in the Czech Republic and Italy. He has also held various leadership positions in the Carlsberg Group between 2010 and 2013, and again from 2014 to 2016. Thereafter, he joined Levi Strauss & Co. as Senior Vice President and Global Controller.

Mr Brockett was appointed as Vice President Finance, Asia of Carlsberg Breweries A/S with effect from 1 January 2022.

BOARD OF DIRECTORS

CHAN PO KEI KAY
- *Non-Independent Non-Executive Director*
- *Member of Nomination and Remuneration Committee*

Age
57

Nationality
Hong Kong

Date of Appointment
16 December 2020

Length of Service
2 years 3 months
(as at 16 March 2023)

Date of Last Re-Election
14 April 2021

Academic Qualifications
- Masters in Training and Human Resources Management, University of Leicester, United Kingdom
- Bachelor of Business Administration, The Chinese University of Hong Kong, Hong Kong
- Diploma in Training Management, The Chinese University of Hong Kong, Hong Kong / Institute of Training and Development, United Kingdom

Work Experience and Present Directorship(s)

Ms Chan Po Kei Kay is a seasoned human resources practitioner with over 28 years of experience in Hong Kong and China. She is currently Vice President Human Resources, Asia of Carlsberg, leading the HR function of Carlsberg in Asia.

Prior to joining Carlsberg, Ms Chan was the VP HR Asia Pacific of Vertiv Asia Pacific for over 10 years, and before that, held country and regional HR coverage roles in other multinationals.

MANAGEMENT TEAM

From left to right:
Gary Tan Sim Huan, Olga Pulyaeva, Koh Poi San, Caroline Moreau, Stefano Clini, Pearl Lai Ming Choo, Vivian Gun Ling Ling, Peter Wachenschwanz and Pauline Lim Maan Heong

MANAGEMENT TEAM PROFILES

Our spirit of brewing excellence is reflected in the way we do business and in how we reach out to all our consumers and customers. It is our dedication to executional excellence and sustainability that sets us ahead of the curve, resonating with our employees and stakeholders and making them proud.

STEFANO CLINI
Managing Director

Age
56

Nationality
Italian

Date of Appointment
26 October 2019

Academic/Professional Qualification(s)

- Bachelor of Business and Economics, Libera Università Internazionale degli Studi Sociali Guido Carli (LUISS), Italy

Main Responsibilities and Work Experience

Mr Clini has overall responsibility for Carlsberg Malaysia Group, covering our operations in Malaysia and Singapore and overseeing the Group's investment in Sri Lanka.

He joined the Carlsberg Group in September 2017 as the Managing Director of Carlsberg Vietnam Breweries Ltd and was previously the Managing Director of British American Tobacco Malaysia from 2013 to 2016.

He has more than 30 years of experience in the global consumer goods industry with leadership and commercial roles in Italy, Belgium, Switzerland and Turkey.

Apart from our products, the significance of brewing excellence also extends to our actions and our people. We strongly uphold our duties through the mindset of "Better today than yesterday, better tomorrow than today". Our sustainability context is one that focuses on actions which will take care of our stakeholders today, tomorrow and in the future, so that we deliver sustainable value to our shareholders.

VIVIAN GUN LING LING
Chief Financial Officer

Age
46

Nationality
Malaysian

Date of Appointment
19 October 2020

Academic/Professional Qualification(s)

- Member of CPA Australia; Member of Malaysian Institute of Accountants (MIA); past member of the Chartered Institute of Management Accounting (CIMA)
- Bachelor of Commerce and Administration (Accounting) (Hons), Victoria University of Wellington, New Zealand
- Bachelor of Commerce and Management, Lincoln University, New Zealand, in collaboration with Universiti Tenaga Nasional (UNITEN)

Main Responsibilities and Work Experience

Ms Gun is responsible for finance and investor relations, and IT functions.

She joined the Carlsberg Group in 2018 as Chief Financial Officer at Myanmar Carlsberg Co. Ltd.

Prior to joining Carlsberg, she held senior finance roles with established Malaysian corporations, including GlaxoSmithKline, British American Tobacco, BMW and KPMG. Ms Gun has worked in Malaysia and other Southeast Asian countries, including Myanmar and Vietnam.

We have a strong corporate culture of excellence in everything we do – from brewing the best beers to all our outstanding colleagues who ably give their best for our operations. It is also commendable that our Board, Management and employees are committed to sustainability practices that will elevate us to better engage with our stakeholders.

KOH POI SAN
Legal & Compliance Director and Company Secretary

Age
47

Nationality
Malaysian

Date of Appointment
19 February 2020

Academic/Professional Qualification(s)

- Licensed Secretary under Section 20G of the Companies Commission of Malaysia Act 2001
- Certificate in Legal Practice
- Bachelor of Laws (Hons), University of London, United Kingdom
- Diploma in Investment Analysis, Research Institute of Investment Analysis Malaysia and Royal Melbourne Institute of Technology, Australia

Main Responsibilities and Work Experience

Ms Koh is responsible for legal and compliance matters in both Carlsberg Malaysia and Singapore, and for helming the debt recovery function in Malaysia. She is also the Company Secretary of Carlsberg Malaysia Group.

She has more than 20 years of experience as a partner of a law firm and was the Vice President, Legal Compliance and Land Management and Company Secretary of an established company in the cement industry in her last role.

MANAGEMENT TEAM PROFILES

PEARL
LAI MING CHOO
Corporate Affairs and Sustainability Director

Age
42

Nationality
Malaysian

Date of Appointment
1 July 2014

"True to our passion for beer and science, we constantly pursue brewing perfection while striving for environmental and social sustainability. Committed to achieving net zero carbon emissions by 2040, we will strive to deliver our sustainability priorities that enable our consumers to enjoy our quality brews while leaving the smallest carbon footprint possible."

Academic/Professional Qualification(s)

- Bachelor of Social Science (Hons) (Communication Studies), Universiti Malaysia Sarawak

Main Responsibilities and Work Experience

Ms Lai first joined Carlsberg Malaysia Group in September 2005 and was previously the Director, Corporate Communications and CSR prior to her current position effective 1 February 2022.

She is responsible for safeguarding the Carlsberg Malaysia Group's licence to operate while strengthening purpose-driven reputation and engagements on sustainability (ESG), external and regulatory affairs, communications, marketing activations and crisis management.

She represents the Group on the committee of the Confederation of Malaysian Brewers Berhad and the Carlsberg Hua Zong Education Fund. She also sits on the Board of the EUROCHAM Malaysia and the Danish Chamber of Commerce Malaysia.

GARY
TAN SIM HUAN
Sales Director

Age
52

Nationality
Malaysian

Date of Appointment
17 August 2009

"We have always adopted the most efficient ways to bring excellence to our stakeholders through effective brewing methods, quality brews and prioritising the needs of our customers above everything else. From manufacturing, distributing and serving our consumers and customers, Carlsberg Malaysia embodies sustainability, putting it at the heart of all that we do."

Academic/Professional Qualification(s)

- Bachelor of Economics (Hons), University of Malaya
- Leadership Course, London Business School, United Kingdom

Main Responsibilities and Work Experience

Mr Tan oversees the sales and distribution functions of the duty-paid, duty-free and exports businesses within the Malaysia operations.

He has 27 years of experience in the fast-moving consumer goods (FMCG) business.

Prior to joining the Group, he was the Customer Development Director of Unilever Malaysia.

OLGA PULYAEVA
Marketing Director

Age
39

Nationality
American

Date of Appointment
1 July 2022

"Our portfolio expansion through Somersby Apple 0.0 in 2022 satisfies the need of non-alcoholic consumers without compromising the taste experience. We have proven that responsible drinking does not mean settling for something less. By knowing what our customers want and exercising innovation, we are proud to lead the industry through this breakthrough product."

Academic/Professional Qualification(s)

- Masters in Business Administration, INSEAD
- Bachelor of Marketing and International Business, the Stern School of Business, New York University, United States

Main Responsibilities and Work Experience

Ms Pulyaeva oversees the brand, channel marketing and market research functions.

She has been with Carlsberg Group since 2012, where her last role was in Russia as Baltika Brand Development Director in 2020.

She joined Carlsberg as Programme Manager (Go-to-Market), covering multiple European markets (Switzerland, Portugal, Croatia, Bulgaria, Poland, UK and France). Since then, she has continued to progress her career by taking on roles with increasing responsibilities: Business Development Manager at Brasseries Kronenbourg (2013-2014) and Business Development Manager, Head of Business Development and Head of Craft & Specialties at Feldschlösschen Getränke AG in Switzerland (2014-2020).

MANAGEMENT TEAM PROFILES

"In driving sustainability, our operational improvement programmes and water treatment plant upgrade have reduced 35% of water waste in less than three years. As of November 2022, the majority of our waste or by-products are recycled or converted to energy. We have accomplished what many thought to be impossible – brewing excellence and sustainability."

PETER WACHENSCHWANZ
Supply Chain Director

Age
37

Nationality
German

Date of Appointment
1 February 2020

Academic/Professional Qualification(s)

- Master Brewer and State-certified Production Manager for Brewing and Beverage Technology, Doemens Akademie, Germany

Main Responsibilities and Work Experience

Mr Wachenschwanz is responsible for leading the Carlsberg Malaysia Group's integrated supply chain operations, including security, health and safety. He first joined Carlsberg in 2008 and subsequently held various supply chain roles in Europe and Asia.

Prior to joining the Group, he was Director, Global Manufacturing Process for the Carlsberg Group. He has 19 years of experience in the brewing industry, having been involved in initiatives in over 40 manufacturing sites across 15 countries.

"We are a purpose-led and performance-driven organisation. Our leaders Lead with Care and drive a winning culture by creating a diverse, equitable and inclusive work environment. Our talent development is focused on excellence as we grow our people by offering vast opportunities and experiences, thus providing an exciting and sustainable career path."

PAULINE LIM MAAN HEONG
Human Resources Director

Age
45

Nationality
Malaysian

Date of Appointment
25 November 2019

Academic/Professional Qualification(s)

- Masters in HR Management and Industrial Relations, University of Newcastle, Australia
- Bachelor of Human Resource Management and Marketing (Hons), Middlesex University, United Kingdom

Main Responsibilities and Work Experience

Ms Lim leads the people agenda of Carlsberg Malaysia Group, focusing on Diversity, Equity and Inclusion, talent management, organisational development and HR operations including the Leading with Care initiatives.

Ms Lim brings with her more than 20 years of experience in HR management in diverse industries, including locally listed and multinational organisations.

"Some have to dig deep to find their purpose. For us, it has always been there - *Brewing for a Better Today and Tomorrow*. Pursuit of better has always been in our culture, to produce a better tomorrow for all our stakeholders and the environment, guided by our Together towards ZERO and Beyond ESG strategy."

CAROLINE MOREAU
General Manager, Carlsberg Singapore Pte. Ltd.

Age
47

Nationality
French

Date of Appointment
1 July 2022

Academic/Professional Qualification(s)

- Masters in Marketing and Communication (ESCP-EAP), PSB Paris School of Business, France

Main Responsibilities and Work Experience

Ms Moreau was appointed in July 2022, overseeing the Singapore operations. She is the first female General Manager in the Asian region since 2013.

She has been with the Group since 2007 and was the Marketing Director of Carlsberg Malaysia in her last role. She has more than 20 years of marketing and commercial experience in the beverage and beer sector across Europe and Asia.

She is currently the Chairperson of MayBev Pte. Ltd., a 51%-owned subsidiary of Carlsberg Singapore Pte. Ltd., and represents the Singapore operations on the Board of the Singapore Beer Industry Association Ltd.

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Creating Sustainable Value

Our pursuit of perfection is guided by our purpose, our values and a strong understanding of the needs of our stakeholders. We have thus developed and implemented a holistic strategy, which includes our Together towards ZERO and Beyond (TTZAB) ESG programme that aims to deliver on our aspiration of shared value creation.

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE STRATEGY: SAIL'22

OUR THREE STRATEGIC LEVERS

OUR SEVEN STRATEGIC PRIORITIES

OUR TWO ENABLERS

Strategic lever	Strategic priorities	
STRENGTHEN THE CORE	**'Grow in Mainstream'** with Carlsberg Danish Pilsner and Carlsberg Smooth Draught; **'Win in Each Store'** with better in-store execution	**'Fund the Journey'** by delivering efficiencies and building growth capabilities
POSITION FOR GROWTH	**'Go Big in Premium'** with 1664, Somersby Cider, Connor's Stout Porter and Asahi	**'Build New Revenue Streams'** with Alcohol-Free Brews and e-Commerce
DELIVER VALUE FOR SHAREHOLDERS	Achieve **'Growth in Net Profit'**	**Deliver stable dividend yield for shareholders**

Enablers: **CREATE A WINNING CULTURE**; **DEFEND OUR LICENCE TO OPERATE**

SAIL'22

ABOUT SAIL'22

SAIL'22 was a seven-year (2016-2022) corporate strategy launched by the Carlsberg Group, building upon our purpose of Brewing for a Better Today and Tomorrow.

SAIL'22 was spearheaded by the three strategic levers of Strengthen the Core, Position for Growth and Deliver Value for Shareholders. Two enablers underpinned these three levers – Create a Winning Culture throughout our organisation, and Defend Our Licence to Operate for business sustainability.

2022 marked the final year of the SAIL'22 strategy and the transition to SAIL'27, which will see us through the next five years.

HIGHLIGHTS OF SAIL'22

SAIL'22 guided us as we navigated through the COVID-19 storm. We deployed strategies to adapt while ensuring that the priorities of SAIL'22 remained intact.

Key to this was our strong focus on driving efficiencies and reinvesting our resources into innovation for our brands during the pandemic. This helped us capture growth as we emerged from the pandemic, and we are now a stronger, more resilient and more sustainable brewer.

Our mainstream brands, Carlsberg Danish Pilsner and Carlsberg Smooth Draught, continue to be the preferred choice of consumers while our premium brands achieved even greater traction, supported by our strong commitment to driving product innovation.

We managed to set historic highs for profits and revenue in 2022, exceeding our pre-pandemic achievements. We also delivered consistent returns to shareholders' funds, i.e. 181.1% in 2022 as compared to 64.1% in 2016. This was alongside the meaningful progress that we made on our sustainability agenda.

Within the Group, we continued to emphasise the importance of our employees' well-being as we prioritised diversity, equity and inclusion, as well as talent development.

TRANSITIONING TO SAIL'27

SAIL'27 will extend and expand the success of SAIL'22 by aiming to capture long-term growth opportunities with ambitious financial targets. We want to be agile and resilient in the face of market developments and global disruptions, while staying the course in sharpening our strategic, organisational and financial dynamics. As we sail forward, it is ever so important to us that our direction-setting is continuously refreshed, and that our new strategy reflects the expectations of our stakeholders and is relevant amid geopolitical trends. Read more about SAIL'27 on page 64.

THE STRATEGIC LEVERS OF SAIL'22

STRENGTHEN THE CORE

We have come a long way since the first Carlsberg beer was brewed in Denmark 175 years ago. We are now one of the world's top three brewers, and we export to over 140 countries globally.

As we sail forward, it is our top priority to strengthen our core business by constantly introducing innovations to our flagship brands, the Carlsberg Danish Pilsner and the Carlsberg Smooth Draught, while we continue to pursue excellence in execution and reinvest resources gained from cost efficiencies under our Funding the Journey programme.

Grow in Mainstream with Carlsberg Danish Pilsner and Carlsberg Smooth Draught

In the year under review, there was an unwavering focus on our flagship brands, underpinned by significant investments to ensure that Carlsberg brands were always there to celebrate the key moments and occasions most cherished by consumers. We reconnected with consumers through a range of through-the-line advertising and promotions, which emphasised that our quality brews could be enjoyed in moments of togetherness.

In 2022, apart from increasing the frequency of campaigns and events, we organised them on a larger scale as we understood that consumers too, missed celebrating key moments. The celebratory moments we organised included the 'Coming Together for a Smoother Year' campaign during Chinese New Year, Carlsberg Smooth Draught 'Pride of Sabah and Sarawak' Kaamatan and Gawai Festivals, Carlsberg's 175th birthday and the Carlsberg x Liverpool 30 years of partnership, as well as year-end football events.

For our football fans, we launched innovative limited-edition packaging throughout the year and brought our fans from Malaysia and Singapore to meet Liverpool FC legends and to watch football matches to strengthen our brand equity and drive consumption.

There were also more customised promotions and activations for Carlsberg Smooth Draught as we collaborated with Michelin-starred Chef Mano Thevar in the Real Spicy, Real Smooth food pairing campaign in Malaysia. We were also the official beer of two massive music festivals in Sarawak that saw hundreds of consumers celebrating music and togetherness with our brews.

As a result of our efforts, we saw our mainstream brands, the Carlsberg Danish Pilsner and the Carlsberg Smooth Draught, make strong recoveries from the pandemic, recording an increase of +29% in total volumes for 2022 vs 2021.

MOMENTS OF CELEBRATION

- **Carlsberg** *'Coming Together for a Smoother Year'* **CNY campaign**

  We kicked off the year with a month-long Chinese New Year celebration in Petaling Street at the heart of Kuala Lumpur as we sought to revive the local economy. In this campaign, we collaborated with REXKL to showcase local performing arts, culture, F&B and tourism, as well as the KL Hawker and Petty Traders Association, to support hawkers and market vendors.

- **Carlsberg Smooth Draught** *'Pride of Sabah and Sarawak'* **Kaamatan and Gawai Festivals campaign**

  Carlsberg paid tribute to and honoured the beautiful arts and culture, amazing wildlife and natural wonders of the Borneo islands by launching six limited-edition festive cans featuring the orangutan, majestic mountains and rafflesia of Sabah, as well as the longhouse, hornbill and sape of Sarawak. The six-month-long campaign received overwhelming response. Local consumers were proud to see an international brand promoting local icons and thus, many purchased our beverages as collectible and celebration brews.

- **Carlsberg's 30-year partnership with Liverpool FC anniversary campaign**

  Carlsberg has always been at the heart of football and we are committed to continuously delivering the best experiences to consumers who love the game as much as our brews. We honoured the pride, loyalty and support of fans by launching six special-edition cans featuring the jersey designs of Liverpool Fan Club (LFC) legends and hosted 200 Malaysian and Singaporean consumers to watch football matches of Liverpool against Manchester United in Bangkok, and against Crystal Palace in Singapore in July. In addition, we rewarded contest winners and our consumers with exclusive meet-and-greet-cum-autograph sessions with four LFC legends.

- **Return of the Carlsberg Golf Classic**

  After a two-year hiatus, we resumed the country's biggest and longest-running golf tournament – the Carlsberg Golf Classic. Over 3,800 avid golfers from 32 participating clubs took part in the tournament nationwide. It was complemented with an inaugural golf festival with special golf-and-beer-drinking activities to expand our consumer base among golfing enthusiasts.

Liverpool FC legends Sami Hyypiä and John Barnes taking a wefie with Carlsberg's guests at the Carlsberg x Liverpool FC LEGENDary Experience held at Plaza Arkadia.

Challenges Faced

Despite intensive marketing and promotional activities, sales did not recover to pre-pandemic levels as our mainstream brands were affected by the slower-than-anticipated reopening of on-trade businesses, some of which were permanently closed.

Sailing Forward

Going forward, we will focus on driving larger campaigns through the amplification of our key activation platforms to attract and retain consumers who respond better to experiential-based marketing campaigns. This is aligned with the growth ambition of Carlsberg to strengthen its brand equity through consumer engagement and digital marketing as outlined in the SAIL'27 strategy.

Win in Each Store with better in-store execution

Excellence in execution of distribution and in-store sales is a fundamental component of strengthening our core. This is how we deliver portfolio growth – by stepping up and continuously improving our execution capabilities, aiming to excel at point of purchase and to master digital, data and processes.

In 2022, we enhanced our point-of-purchase execution by increasing the efficiencies in our sales execution and by offering winning portfolios in both Malaysia and Singapore. We continued the rigorous implementation of FIT (Focus, Implement, Track) to ensure that our product availability, pricing, promotion executions, placement and perfect serve were delivered on time and accurately across all on- and off-trade channels.

We updated our FIT guidelines to raise the standard of in-store executions and to ensure that the right products are made available at the right places, based on market opportunities. Our comprehensive distribution network was also supported by tools to deliver excellence in customer service.

MANAGEMENT DISCUSSION AND ANALYSIS

Challenges Faced

We met the challenges of disruptive sales forecasts and uncertainties in the trade as on-trade outlets reopened. We managed to overcome these challenges by improving our data and analytic processes in order to seize opportunities for greater efficiencies and effectiveness in supply planning and distribution.

Sailing Forward

As we transition to SAIL'27, we will keep improving our FIT execution and leverage the use of a new business-to-business online ordering system - Carl's Shop - to drive portfolio mix and premiumisation.

Fund the Journey by delivering efficiencies and building growth capabilities

Our Fund the Journey culture drives efficiencies in our businesses and helps us to reduce costs in the long run by prioritising the reinvestment of our financial capital into our commercial growth agenda.

This strategic priority has been well integrated since its introduction in 2016 as part of SAIL'22. It has since matured to a point where we are leveraging value management to build growth capabilities, accelerating cost optimisation initiatives and delivering higher supply chain efficiency.

A key milestone in 2022 was the decision to channel RM108 million of capital expenditure into replacing two bottling lines with a state-of-the-art glass bottling line. This will not only deliver higher production efficiency, but also enable greater flexibility in packaging options and improve our sustainability performance in terms of energy usage and waste management. This was a huge facility upgrade that saw the dismantling of the old lines and which took many skilled workers and engineers approximately 40 weeks to complete.

Challenges Faced

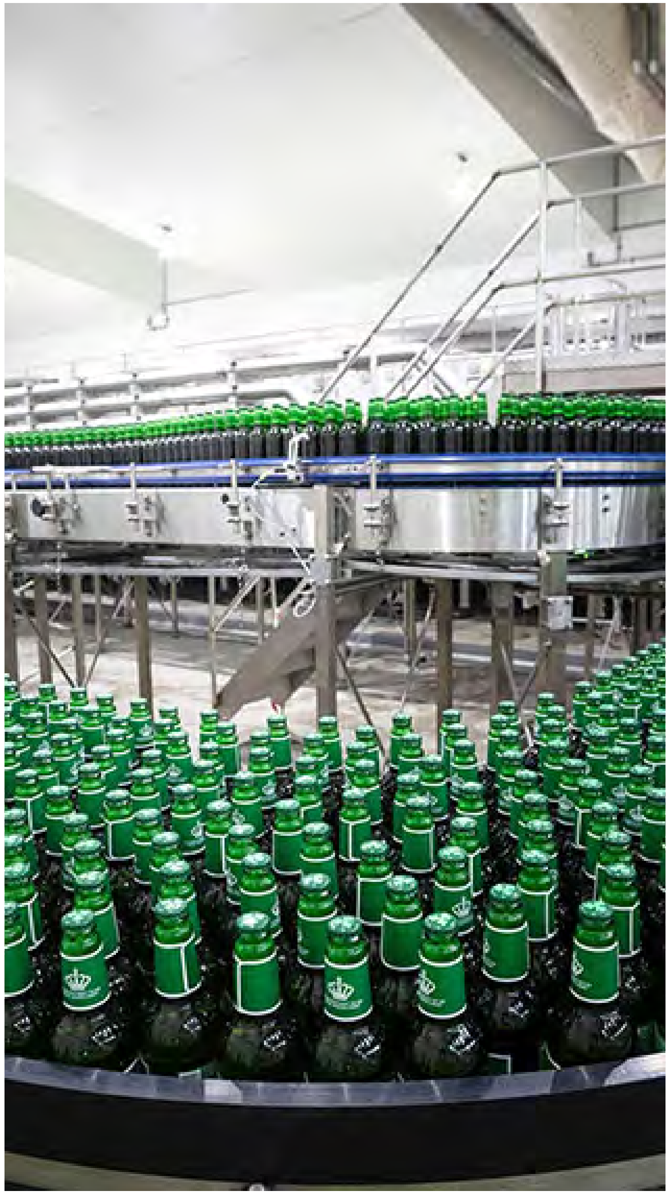
As with any other project of such scale and complexity, especially amid the global supply chain disruption and labour shortages, we experienced delays in installation and faced a slower rate of production initially.

However, we overcame this challenge by conducting rigorous testing-and-commissioning to resolve technical glitches. We also deployed risk mitigation measures and interventions with additional technical experts and increased production hours to meet the year-end festive and Chinese New Year peak seasons.

Sailing Forward

As we enter the first year of SAIL'27, our Malaysia operations will be operationalising the OnePlan programme by the second half of 2023 to reduce complexity in demand and supply planning. This single, harmonised way of planning will transform our ways of working in the commercial, procurement and finance areas and enable us to identify capacity constraints quicker than today and respond faster to demand.

In 2022, we started planning for the implementation of a new industry-leading end-to-end supply chain system, OnePlan, which connects all aspects of supply chain planning including demand, supply, inventory, production and materials planning. This will help us to optimise our processes and reduce manual work, while achieving better integration in our planning processes.



POSITION FOR GROWTH

We are a brewer with over 175 years of operating excellence where quality and innovation are embedded in our pursuit of perfection. To ensure that we can continue to brew sustainably and passionately for another 175 years and more, we look towards our second strategic lever of SAIL'22 – Position for Growth.

In the final year of the SAIL'22 journey, we further intensified the resources and investment directed to Go Big in Premium and Generate New Revenue Streams.

Go Big in Premium

Growing our premium brands comprising 1664, Somersby Cider, Connor's Stout Porter and Asahi was a key priority in SAIL'22. The imported super premium brand craft beers, namely Brooklyn and Jing-A, were also part of this portfolio but were less of a focus for us in the year under review.

In 2022, we strengthened our market leadership position in the premium beer and cider categories, premised on our premiumisation approach to driving volume and value growth. We continued to invest in product and variant innovations and drive portfolio mix in off-trade and e-commerce to accelerate premiumisation growth.

Our premium French wheat beer 1664 Blanc and Rosé have seen impressive growth since we commenced SAIL'22. During the period 2016-2022, the brand more than quadrupled in sales volume in Malaysia and Singapore and recorded a 30% increase in 2022 versus 2021.

In Malaysia, we kicked off key promotional initiatives with a Valentine's Day promotion of our newest addition, the 1664 Rosé. We also continued with the *Bon Appetit-lah* campaign to elevate dining experiences with 1664 and launched the 1664 Blanc and 1664 Rosé limited-edition cans, which were both designed in collaboration with French artist Michaël Cailloux. Finally, we capped off the year with the month-long #GoodTasteWithATwist *Rue 1664* campaign that transported our guests to a Parisian street for an immersive drinking experience.

France's No. 1 premium wheat beer, 1664, invited consumers to embrace the French spirit of joie de vivre - or joy of living - for an evening of playful elegance as part of an elevated #GoodTasteWithATwist experience.

Our flagship cider brand, Somersby, continued to create excitement with the launch of Somersby Passion Fruit & Orange, the first combination flavour added to the existing Somersby range of Apple, Blackberry and Watermelon. Malaysia was the first market in Asia to launch this innovative variant to celebrate the 10-year anniversary of Somersby in the country. In Singapore, Somersby Passion Fruit & Orange was launched in February this year.

Apart from variant innovation, our premium stout brand, Connor's Stout Porter, has proven that packaging innovation is another key driver of growth. From its initial launch as stout available as a draught in bars, pubs and restaurants, we expanded its footprint to off-trade through the launch of can packaging, therefore offering consumers the opportunity to 'Taste the Good Times' anywhere, anytime.

Connor's Stout Porter outperformed its competition in terms of growth with a 71% increase in total volume in Malaysia and Singapore from 2021 to 2022.

In 2022, we also launched new Connor's glassware that was designed to deliver a smooth, roasty, creamy and well-bodied drinking experience. The new and sleek glassware was very well received by consumers and customers alike as evidenced by an uptick in sales in Malaysia and Singapore. Leveraging the reopening of on-trade outlets, we also conducted a nationwide sampling of Connor's-in-cans packaging as consumers enjoyed the premium draught-like drinking experience in traditional on-trade.

As for Asahi, we started the year with limited-edition CNY packaging and promoted exclusive glassware through a two-month 'Discover Modern Tokyo through Senses' campaign in both Malaysia and Singapore.

As a result of our efforts, our premium portfolio saw an increase of +32% in total volume for 2022 vs 2021.

Challenges Faced

Despite the many causes for celebration in terms of our premiumisation efforts, we note that the Somersby brand faced challenges in 2022, recording a slower rate of growth due to a decline in the entire cider category. As the leading cider brand, we will continue to drive the cider category by conducting trials with new consumers through mass sampling and with innovative flavour innovations for Somersby to retain existing cider consumers.

Sailing Forward

In SAIL'27, we will continue to accelerate premiumisation for 1664 and Somersby as these brands are leading the wheat beer and cider categories and remain strong value growth drivers.

MANAGEMENT DISCUSSION AND ANALYSIS

Build New Revenue Streams with Alcohol-Free Brews and e-Commerce

When SAIL'22 was first introduced in 2016, we recognised that the preference for craft beers was a rapidly evolving and growing trend in Europe, North America and parts of Asia. Hence, in 2017, our Malaysia and Singapore operations imported the award-winning craft beer Brooklyn from the United States. In 2021, our Singapore operations launched Asian craft beer Jing-A, which was well received and saw its volume almost doubling in 2022.

Craft beers in Malaysia are perceived as niche and lacking in availability due to their super-premium pricing, unlike in Singapore, where craft beers have gained momentum in on-trade and e-commerce. This source of new revenue has, however, failed to take off in a big way due to the pandemic that took a toll on modern on-trade consumption and stock management as a result of global supply chain disruptions.

As part of the Group's pivot during the pandemic, we implemented Innovate with Digital to enhance digitalisation in our operations during the pandemic and redirected our focus to drive growth around alcohol-free brews (AFB) and e-commerce.

Alcohol-Free Brews

Over the past five years, we have seen strong growth of the AFB category in the Carlsberg Group's markets in Europe. Leveraging this emerging trend, our Malaysia and Singapore operations took a more tactful approach in bringing AFB to the region, mindful of the differences in drinking repertoire as well as local considerations.

Our first foray into AFB was targeted at the more health-conscious Singaporean consumers with the launch of Carlsberg Alcohol Free Pilsner and Carlsberg Alcohol Free Wheat in 2020. Two years later in May 2022, we launched Somersby Apple 0.0, a non-alcoholic sparkling fruit drink, building upon the stellar Somersby brand equity in Malaysia.

Although both these AFB products are currently trending at a low base, we believe that this category represents a solid opportunity to deliver new revenue from an untapped market of consumers who have a greater interest in wellness and making alcohol-free choices. At the same time, this opportunity allows us to deliver on our commitments in advocating responsible consumption.

In 2022, we launched Somersby Apple 0.0 in both Peninsular and East Malaysia.

'AFB' refers to alcohol-free brews. The Group has three brands of AFB – Carlsberg Alcohol Free Pilsner, Carlsberg Alcohol Free Wheat and Somersby Apple 0.0.

e-Commerce

On the back of the pandemic, our e-commerce platforms in Malaysia and Singapore grew exponentially over the last three years as consumers shifted to online shopping and stay-at-home consumption amid lockdowns and dine-in restrictions.

Our total e-commerce sales saw a marginal 9% decline in 2022 vs 2021. However, with the lifting of movement restrictions in 2022, consumers are returning to on-trade dining scenes and we observe fewer occasions of in-home consumption. The online purchasing trend that soared during the pandemic years, however, is here to stay, although time spent online was less in 2022 vs 2021.

In Malaysia and Singapore, we continued to leverage the technologies and fulfilment network of our e-commerce partners and retailers to accelerate premiumisation with exclusive promotions, live streaming and monthly 'double-digit' days sales.

In December 2022, Carlsberg's flagship store on Shopee Malaysia was recorded as one of the top five best-selling brands in the F&B category. Potboy, one of our key e-commerce partners, took its business from online to brick-and-mortar convenience stores and enabled us to record significant volume growth while driving premiumisation.

We note the opportunities that are present with the global e-commerce boom and moving into SAIL'27, we will strive to remain competitive in our e-commerce sales by accelerating our digitalisation efforts and providing consumers with a greater shopping experience, for example, through improved flexibility, increased efficiency and a better portfolio mix. We will also be working with our e-retailers to build joint business plans and introduce new initiatives for 2023.

DELIVER VALUE FOR SHAREHOLDERS

Guided by our ambition to be the most successful, professional and attractive brewer in the markets we operate in, we are committed to improving our performance year-on-year. This is achievable given our ability to sustain net profit growth and deliver stable dividend yield for our shareholders.

Achieve Growth in Net Profit

The Group achieved a net profit of RM317.0 million, a 54.7% gain, on the back of revenue growth of 43.6% to RM2.4 billion in 2022 versus 2016 when SAIL'22 was first launched. The stellar performance was a result of the successful execution of the strategic priorities of accelerating premiumisation, value management and effective cost management via the Funding the Journey programme.

	2020	2021	**2022**
Revenue (RM million)	1,785.0	1,772.8	**2,412.5**
Earnings per Ordinary Share (sen)	53.04	65.74	**103.70**
Net Profit (RM million)	162.2	201.0	**317.0**
Return on Shareholders' Fund	105.1	107.9	**181.1**

In 2022, the Group's net profit increased by 57.7% and revenue grew 36.1% year-on-year. The main drivers were higher sales from the recovery of on-trade consumption, a better portfolio and channel mix, value management and price adjustments to mitigate the impact of escalating commodity costs in both Malaysia and Singapore, despite the one-off impact of the RM22 million Prosperity Tax imposed by the Malaysian government for 2022.

Profit after tax (PAT) was higher by 59.0% at RM324.9 million due to undisrupted operations and production in Malaysia, optimal cost controls and improved results from Lion Brewery (Ceylon) PLC (LBCP), which recorded a share of profits of RM21.5 million in 2022, an increase of RM6.3 million year-on-year.

As a result of the Funding the Journey mindset, we continued to be prudent in our operating expenses but disciplined in our resource allocation to fund the production plant upgrade and reinvestment into premiumisation.

Our cash flow remained strong, with total free cash flow for the Group standing at RM276.1 million, an increase of 21.1% in 2022 as compared to 2021.

Revenue from our Malaysia operations increased by 43.0% to RM1.7 billion, mainly driven by higher sales and price adjustments. Profit from operations improved by RM146.4 million or 77.5%, contributed by the increase in revenue and value management initiatives.

In our Singapore operations, revenue grew by 21.2% to RM679.9 million and profit from operations grew by 54.9% to RM89.9 million.

In addition, the share of profits from LBCP in 2022 was RM21.5 million, an increase of 41.8%, offsetting a one-off surcharge tax of RM3.7 million for 2022. This encouraging result was mainly driven by undisrupted production despite the political and economic turmoil that Sri Lanka faced throughout the financial year.

Deliver Stable Dividend Yield for Shareholders

During the year, we were pleased to deliver consistent quarterly interim dividends, paid within 30 days of the date of announcement. The cumulative interim dividends for FY2022 amounted to 63 sen per ordinary share. With the proposed final dividend of 25 sen per ordinary share, the total declared and proposed dividend of 88 sen per ordinary share represents a 85% payout of the Group's consolidated net profit for 2022.

We will continue to deliver on prudent dividend payouts, taking into consideration the Group's performance, business prospects, capital requirements, expansion strategy and other factors considered relevant by the Board.

THE ENABLERS OF SAIL'22

CREATE A WINNING CULTURE

To deliver on our ambition to be the most successful, professional and attractive brewer in the markets where we operate, our Company culture is key. Our winning culture focuses on our people, our conduct and our contribution to societies at large, and is underpinned by our pioneering spirit, curiosity and quenchless thirst for progress. To pursue a better way of brewing, working, marketing and selling, we must consistently engage with our people to manifest excellence in all that they do.

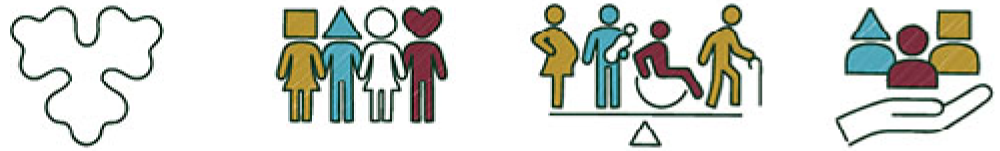
In 2022, we further intensified our Diversity, Equity & Inclusion (DE&I) efforts as diversity is in our DNA. Our employees in Malaysia and Singapore, across nationalities, cultures, religions, sexual orientation, abilities and beliefs, were celebrated through several people engagement initiatives. We believe that nurturing a diverse, equitable and inclusive workforce has enabled us to deliver solid performance and also believe that the leadership can help to embed such a culture within their teams. As such, we are pleased to share that 100% of our managers have completed the Unconscious Bias training.

Apart from DE&I, we focus on Employee Safety, Health and Well-being, as well as the importance of developing our talents. With the ongoing battle for talent, we are fully cognisant of the need to make Carlsberg Malaysia Probably the Best Place to Work.

The Unconscious Bias training programme, themed 'Understanding Bias to Unleash Potential', was designed to empower our people managers to build practical skills that would allow them to recognise bias in action and counter its potentially harmful effects that would hinder our efforts in building a DE&I culture. The programme helps build an environment where everyone feels respected, included and valued in driving a high-performing culture.

We believe that nurturing a diverse, equitable and inclusive workforce has enabled us to deliver solid performance last year and we have therefore set time-bound targets with the ambition of having at least 40% women's representation in senior leadership roles.

We are guided by our strategic framework - the Carlsberg Leadership Expectations, "At Carlsberg, our leaders drive a performance-based culture where we deliver today, while taking care of tomorrow by creating an inclusive work environment and ensuring a strong talent pipeline of future leaders."



BUSINESS PRIORITY

Our DE&I agenda is leader-owned and part of our Leadership Expectations.

DIVERSE REPRESENTATION

Diversity in our workforce is a prerequisite for harvesting diverse experiences and perspectives.

EQUITY

We provide equal access to opportunity, with zero tolerance for discriminatory behaviours and harassment.

INCLUSIVE CULTURE

Inclusive leadership behaviours are the foundation of an inclusive culture and a global mindset.

DELIVER TODAY **DRIVE HIGH PERFORMANCE**	TAKE CARE OF TOMORROW **HEALTHY, THRIVING ORGANISATIONS**	TAKE CARE OF TOMORROW **DEVELOPING OUR PEOPLE**

To ensure that we deliver today and take care of tomorrow, we are committed to:

- Building organisational resilience and fostering the ability to navigate change
- Driving performance and winning sustainably
- Leading with care – Engaging, retaining, motivating and safeguarding our people
- Building a diverse, equitable and inclusive culture.

Challenges Faced

We continue to learn from the new complexities, instabilities and vulnerabilities that exist in the post-pandemic era. For instance, the remote/hybrid working practice that became more prominent during the pandemic has created a shift in employee priorities as their main concerns now circle around well-being, inclusion and flexibility.

This, coupled with the ongoing battle for talent, is why we must act with urgency to emerge stronger and focus on making Carlsberg Malaysia Probably the Best Place to Work.

Read more about our initiatives on Talent and Talent Development on page 102.

DEFEND OUR LICENCE TO OPERATE

In safeguarding our licence to operate, we constantly engage with key stakeholders to address any possible adverse legislation or policies, and work with our key partners throughout our value chain to manage our most material business impacts responsibly.

In Malaysia, we respect the diversity of race, religions, culture and sensitivities of local communities. We are mindful that there can be adverse consequences to our rights to operate if our product is not promoted, sold and consumed responsibly. As such, we have consistently engaged with business chambers, industry associations and non-governmental organisations to ensure that our voice is heard and views are reflected in industry-wide policy developments.

Associations that we are a member of:

- EU-Malaysia Chamber of Commerce and Industry (EUROCHAM)
- Danish Chamber of Commerce Malaysia (DANCHAM)
- Federation of Malaysian Manufacturers (FMM)
- Malaysian International Chamber of Commerce and Industry (MICCI) in Malaysia, and
- within the sustainability network, we are a corporate friend of Climate Governance Malaysia and a participant of the UN Global Compact Network Malaysia and Brunei.

Within the beer industry, we are founding members of the Confederation of Malaysian Brewers Berhad (CMBB) and the Singapore Beer Industry Association (SBIA). Through these industry collective bodies, we advocate the importance of protecting legitimate brewers from contraband and illicit trade, and also emphasise that excise duties should be maintained, if not revamped. We maintain that any hike in duties would further exacerbate the demand for contraband and online illicit beer and result in lower revenue tax collection for the government as well as higher public health risks.

The Group commends both the Malaysian and Singaporean governments for maintaining the excise duty on beers in their respective 2023 National Budgets that were announced by the Singaporean government on 14 February 2023 and re-tabled by the Malaysian government on 24 February 2023.

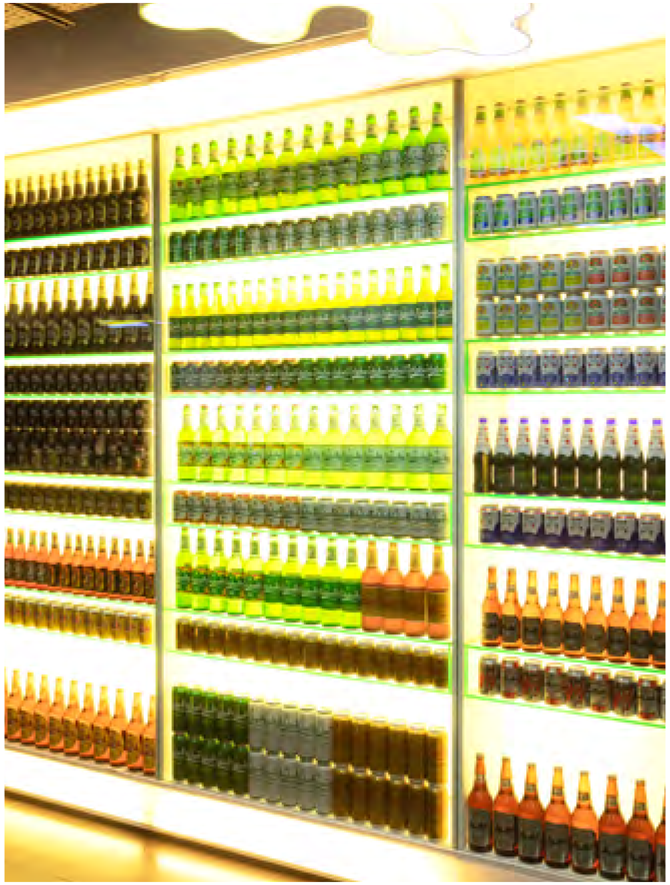
In terms of addressing concerns regarding sustainability that some within the local community might have, we have consciously invested in sustainability-driven initiatives to ensure that our consumers can enjoy our brews while leaving the smallest carbon footprint possible.

In 2022, we successfully launched Together towards ZERO and Beyond (TTZAB), Carlsberg Group's ESG programme, in tandem with SAIL'27. TTZAB, which builds on the previous Together towards ZERO (TTZ) programme, serves as our response to global challenges such as inequality, climate change and water scarcity, as well as society's increasing focus on health and well-being.

The targets outlined under TTZAB are in line with both the Malaysian and Singaporean governments' ambitions to achieve net zero carbon emissions by 2050, as well as the 12th Malaysia Plan: Advancing Sustainability for 2021 to 2025 and the Singapore Green Plan 2030.

It was no easy feat when we first implemented the TTZ programme in 2016 due to inadequate and insufficient systems to manage the information we required, lack of effective governance and little acknowledgement of the sustainability issues within our value chains.

We leveraged the resources and expertise of our Group Sustainability, which has in place an online sustainability reporting system – Enablon – that enabled us to capture our sustainability data and results in 2017. We also established sustainability governance locally with the roles and responsibilities of TTZ owners clearly outlined, and in 2022, we incorporated the Sustainability Committee into the Risk Management Committee among our Board members. We have also upskilled our Board members and senior leadership team on global sustainability matters in order to keep us abreast of the risks and opportunities involved.



Read more about our TTZAB achievements and targets on page 68.

MANAGEMENT DISCUSSION AND ANALYSIS

A NEW JOURNEY - SAIL'27

To ensure sustained value creation, the Carlsberg Group launched our new strategy, SAIL'27, in early 2022. It is built around our purpose and our ambition of being the most successful, professional and attractive brewer.

SAIL'27 focuses on five integrated and strategic levers – portfolio, geographies, execution, culture and funding our journey – which define the focus of our efforts and resource allocation across the next five years.

Notwithstanding the current challenging business environment, we remain firm in our belief that we can capture long-term growth opportunities, as reflected in our SAIL'27 ambitions, that is, to sustain revenue and net profit growth, be disciplined in capital allocation efforts and deliver on our 2030 sustainability targets.

To this end, here is a summary of the value the Carlsberg Group hopes to bring to our stakeholders through SAIL'27:

SHAREHOLDERS
- Year-on-year net profit growth
- Stable dividend yield for shareholders

EMPLOYEES
- A purpose-led and performance-driven Company with strong development opportunities and engagement
- An attractive, diverse and inclusive workplace
- Strong brands, quality products and ambitious sustainability efforts to be proud of

SOCIETY
- Championing sustainability in our journey Together towards ZERO and Beyond
- Partnering with communities and NGOs to contribute to prosperity in the markets in which we operate

ESG PROGRAMME: TOGETHER TOWARDS ZERO AND BEYOND (TTZAB)

Together towards ZERO and Beyond (TTZAB) is an evolution of our previous Environmental, Social and Governance (ESG) programme, Together towards ZERO (TTZ), which was launched in 2017, and maintains focus on the areas in which the Group has the most material impact.

We are also moving Beyond, by reinforcing our actions towards ZERO and at the same time, strengthening other initiatives to source responsibly, promote Diversity, Equity and Inclusion, respect human rights, live by our Compass and engage with communities responsibly.

TTZAB is a key component of our SAIL'27 strategy with expanded ambitions, where we sharpened our targets and introduced new focus areas, together constituting a holistic ESG programme of targets and activities that enable us to address our material ESG topics.

In addition to achieving our ZERO targets, which are categorised into **ZERO Carbon Footprint**, **ZERO Water Waste**, **ZERO Irresponsible Drinking** and **ZERO Accidents Culture**, we have now introduced two new priorities, which are **ZERO Farming Footprint** and **ZERO Packaging Waste**.

TTZAB is anchored on our purpose and is our response to global and local challenges such as climate change, waste management and anti-bribery and corruption, as well as society's increasing focus on health and well-being. It is embedded in our overall corporate strategy, because we recognise that our ESG performance can strengthen our overall business performance and Company culture.

As a comprehensive and well-embedded ESG programme, TTZAB enables us to mitigate risks, capture opportunities to brew for a better tomorrow and accomplish our strategic objectives. We will continue delivering on our Together towards ZERO commitments, and we will go Beyond with additional ambitions and targets for 2030 and 2040.

ESG GOVERNANCE

The Carlsberg Malaysia Group's Board of Directors and Managing Director have oversight of the Group's sustainability and ESG strategy. They are kept abreast of latest updates and progress by the members of the Risk Management and Sustainability Committee (RMSC). The RMSC is responsible for providing oversight, and assessing and approving the Group's ESG strategies, priorities, targets and initiatives.

The Corporate Affairs and Sustainability Director, who acts as the Chief Sustainability Officer, leads and drives Sustainability and ESG strategic priorities within the Group and provides progress updates to the RMSC, with the support of the Senior Manager, Corporate Affairs and Sustainability and TTZAB Target Owners.

Carlsberg Group

Supervisory Board

Executive Committee
Accountable for TTZAB performance

ESG Steering Committee
Advises the Executive Committee on TTZAB policies, implementation and performance management

Carlsberg Sustainability Advisory Board
Provides external perspective

Group Sustainability and ESG
Drives strategic initiatives and partnerships, supports ESG Champions

TTZAB Area Owners
Responsible for TTZAB implementation in their areas

ZERO Carbon Footprint	ZERO Farming Footprint	ZERO Packaging Waste	ZERO Water Waste	ZERO Irresponsible Drinking	ZERO Accidents Culture
EVP, Integrated Supply Chain	EVP, Integrated Supply Chain	EVP, Integrated Supply Chain	EVP, Integrated Supply Chain	Chief Commercial Officer	EVP, Integrated Supply Chain

Responsible Sourcing	Diversity, Equity & Inclusion	Human Rights	Living by Our Compass	Community Engagement
EVP, Integrated Supply Chain	Chief Human Resources Officer	VP, Corporate Affairs	VP, Compliance	Local Management

Carlsberg Malaysia

BOARD OF DIRECTORS
Oversee Sustainability and ESG strategy

RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE
Accountable for Sustainability and ESG strategies and priorities

Corporate Affairs and Sustainability Director
Leads and drives Sustainability and ESG strategic priorities with the support of TTZAB Target Owners, as shown below:

ZERO Carbon Footprint	ZERO Farming Footprint	ZERO Packaging Waste	ZERO Water Waste	ZERO Irresponsible Drinking	ZERO Accidents Culture
Supply Chain Director	Supply Chain Director	Supply Chain Director	Supply Chain Director	Corporate Affairs and Sustainability Director	Supply Chain Director

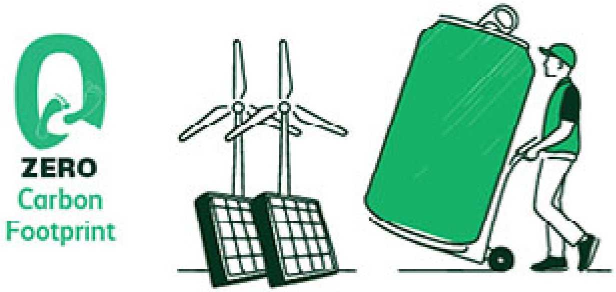
Responsible Sourcing	Diversity, Equity and Inclusion	Human Rights	Living by Our Compass	Community Engagement
Supply Chain Director	Human Resources Director	Human Resources Director	Legal & Compliance Director	Corporate Affairs and Sustainability Director

Senior Manager, Corporate Affairs and Sustainability together with local TTZAB Function Owners
Responsible for local implementation of Sustainability and ESG initiatives

ZERO Carbon Footprint	ZERO Farming Footprint	ZERO Packaging Waste	ZERO Water Waste	ZERO Irresponsible Drinking	ZERO Accidents Culture
Head of Project Management Office, Utilities and Site Services (Malaysia and Singapore)	Head of Procurement (Malaysia and Singapore)	Manager, Warehouse and Distribution (Malaysia) Head of Supply Chain (Singapore)	Head of Project Management Office, Utilities and Site Services (Malaysia and Singapore)	Manager, Marketing Activation (Malaysia) Marketing Director (Singapore)	Head of Health, Safety, Security and Environment (Malaysia and Singapore)

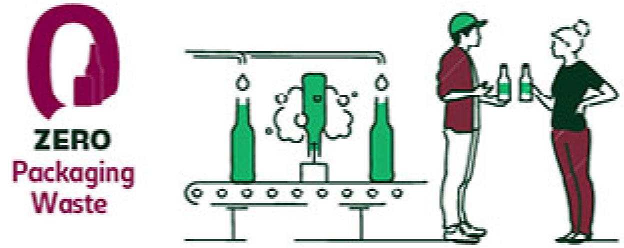
Responsible Sourcing	Diversity, Equity and Inclusion	Human Rights	Living by Our Compass	Community Engagement
Head of Procurement (Malaysia and Singapore)	Senior Manager, Business HR - Corporate and Commercial (Malaysia and Singapore)	Senior Manager, Business HR - Supply Chain (Malaysia and Singapore)	Manager, Compliance (Malaysia and Singapore)	Leadership Team (Malaysia and Singapore)

OUR PROGRESS: TOGETHER TOWARDS ZERO AND BEYOND (TTZAB)

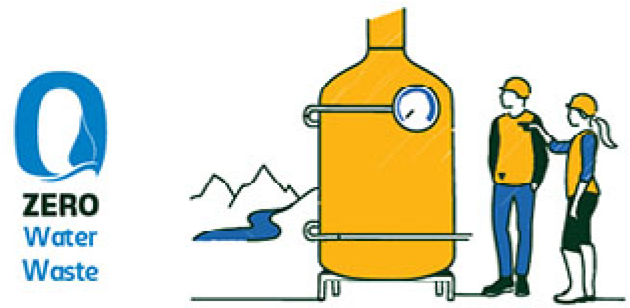


We have cut our Malaysian brewery emissions by 73% since 2015 on our way to ZERO by 2030. Together with partners, we are working towards a 30% value chain reduction by 2030 and are committed to delivering a net ZERO value chain by 2040.

In this new focus area, the Carlsberg Group have set bold ambitions for 2030 and 2040 to foster regenerative and sustainable agriculture. Two of the Group's brands are already sourcing barley that is grown with regenerative practices that support biodiversity.



This new focus area aims to accelerate adoption of circular packaging solutions, with 2030 targets to boost recycling and increase use of recycled or renewable content. In 2022, our Malaysia operations launched a glass bottle recycling and community empowerment programme to tackle glass bottles waste.



We have improved water efficiency by 15% vs last year to 3.4 hl of water used per hl of packaged beer. We target to achieve water consumption of 2.0 hl/hl of packaged beer by 2030.

We offer alcohol-free brews in both our Malaysia and Singapore operations, as well as promoting responsible drinking messaging and partnerships across our markets in 2022.

We have achieved a total of 1,452 days of ZERO lost-time accidents as of 31 December 2022 since January 2019. In 2022, we increased focus on our Life Saving Rules and behaviour-based safety as we work to embed a ZERO Accidents Culture.

Purpose

BREWING FOR A BETTER TODAY AND TOMORROW

SAIL'22 Priorities

STRENGTHEN THE CORE | **POSITION FOR GROWTH** | **CREATE A WINNING CULTURE** | **DEFEND OUR LICENCE TO OPERATE** | **DELIVER VALUE FOR SHAREHOLDERS**

ESG Programme

TOGETHER TOWARDS ZERO & BEYOND

ESG Focus Areas	ZERO Carbon Footprint	ZERO Farming Footprint	ZERO Packaging Waste	ZERO Water Waste	ZERO Irresponsible Drinking	ZERO Accidents Culture
Carlsberg Group Targets	ZERO carbon emissions at our breweries by 2030 100% renewable electricity to power our breweries, coming from assets that contribute additional renewable capacity to the grid by 2030 Achieving net ZERO carbon emissions across our entire value chain by 2040	30% of raw materials are sustainably sourced by 2030 100% of raw materials are sustainably sourced by 2040 Ensuring that social conditions and environmental impacts are responsibly managed, tracked and reported at our sourcing locations Ensuring our raw materials have been cultivated using regenerative agricultural practices, which help to improve soil health and biodiversity in farmlands, as well as reducing our value chain carbon footprint	100% of our packaging to be recyclable, reusable or renewable by 2030 90% of our bottles and cans are collected and recycled by 2030 Increasing recycled content in our bottles and cans to 50% by 2030 Reducing our use of fossil fuel-based virgin plastics by 2030	Achieving industry-leading water efficiency to reduce our water usage to 2.0 hl/hl of beverage produced by 2030 Concentrating our water efficiency efforts in high-risk areas to reduce our water usage to 1.7 hl/hl in these areas by 2030 Replenishing 100% of the water we consume at breweries located in high-risk areas by 2030. Water risk can be determined by various issues ranging from natural water scarcity to water resource mismanagement	35% of our brews globally being low-alcohol or alcohol-free by 2030 100% responsible drinking messaging in our packaging and brand activations by 2030 100% availability of alcohol-free brews for our business-to-business customers and partners by 2030 100% of our markets running partnerships to support responsible consumption by 2030	ZERO lost-time accidents at all our locations, ranging from breweries to offices, by 2030 A year-on-year reduction in the accident rate towards 2030
Carlsberg Malaysia Group's Progress in 2022	ZERO waste to landfill since November 2022 ZERO use of coal, as we use natural gas and biogas from our Wastewater Treatment Plant 100% use of renewable electricity with the purchase of I-REC Purchase of 18 electric forklifts to replace all LPG units, with reduction of CO_2 emissions of 194,000 kg/year	*This focus area is under the purview of Carlsberg Group, and thus not relavant/applicable to the Carlsberg Malaysia Group.*	92% of returnable Carlsberg bottles in Peninsular Malaysia are returned to the brewery 98% of the returned bottles are cleaned and reused, with the remaining recycled Use of Cradle-to-Cradle Certified environmentally friendly ink on Carlsberg bottle labels to improve recyclability of packaging 100% of the cans, corrugated boards and shrink and stretch wraps disposed of in our brewery are recycled Our cans contain up to 28% recycled aluminium	15% reduction of water usage, equivalent to 36 Olympic-sized swimming pools Responsible extraction of ground water for operation	Introduction of Somersby Apple 0.0, an alcohol-free sparkling fruit drink variant in May 2022 Responsible drinking messaging across all Point-of-Sales Materials (POSM) and 97% of alcohol products produced Partnerships with e-hailing and chauffeur-on-call service providers to prevent drink-driving Direct engagement with more than 10,000 consumers to **#CELEBRATE**RESPONSIBLY Empowered 25 employee ambassadors to raise awareness on the permitted national BAC level of 0.05% and advocated against drink-driving	1,452 days of ZERO Lost-Time Accidents since January 2019 55% reduction in on-the-road accidents through online Safe Driving Training and introduction of BrightMile 100% of Company drivers completed practical road safety training 965 safety walks conducted by Carlsberg leaders 3,013 observations on safety risks and unsafe behaviours made by employees

Other Focus Areas

Responsible Sourcing | **Diversity, Equity and Inclusion** | **Human Rights** | **Living By Our Compass** | **Community Engagement**

STAKEHOLDER ENGAGEMENT

WHY IS IT IMPORTANT?

At Carlsberg Malaysia Group, we engage with stakeholders by understanding their needs so we can deliver value and build a better, more resilient and sustainable business. The Board aims to manage the Group responsibly and effectively through proactive engagement with our consumers, customers, employees, investors and communities. We also communicate closely with our suppliers to ensure that their operating standards are aligned with ours.

Throughout the COVID-19 pandemic, we ensured consistent engagement with all our stakeholders as we recognised the importance of consistently strengthening trust and demonstrating our appreciation for their support, especially in standing by us during difficult times. As we transition from SAIL'22 to SAIL'27, we will continue engaging with our stakeholders as their views are key in fine-tuning our strategy.

Going forward, as we continue to live our purpose of 'Brewing for a Better Today and Tomorrow', we are inspired to develop more inclusive and effective engagement activities to identify, understand and address what matters most to our stakeholders.

NOTEWORTHY STAKEHOLDER ENGAGEMENT ACTIVITIES OF 2022

2022 was a year of celebrations for Carlsberg as we marked its 175th birthday globally, our 50th anniversary in Malaysia and 30 years of partnership with Liverpool Football Club (LFC). We would not have made it this far without the support of our stakeholders, and thus we organised various initiatives so that they could join us in celebration, and forge even closer ties with us.

Special Employee Town Hall with Carlsberg Group CEO

June 2022

As Carlsberg Brewery Malaysia Berhad was the first brewery built outside of Copenhagen, Denmark, Carlsberg Group CEO Cees 't Hart made a special trip to Malaysia upon the reopening of international travel borders to meet and greet employees here. Celebrating both '175 Years of Probably the Best Beer in the World' and 50 Years of Carlsberg Beer in Malaysia, the Group CEO expressed his appreciation to our employees for staying agile and resilient throughout the pandemic. He also motivated them to continue to perform as the Group journeys towards SAIL'27.

Contest Winners' Trip to Liverpool Matches and Meet-and-Greet with Liverpool Legends

July and August 2022

To celebrate our 30-year partnership with Liverpool FC (LFC), we held a contest that enabled lucky participants to win a chance to watch LFC matches. A total of 200 contest winners from Malaysia and Singapore were treated to memorable trips to watch LFC matches. Singaporean winners were given access to the Crystal Palace match at the Singapore National Stadium and an exclusive meet-and-greet session with Liverpool players Fabinho and Thiago Alcantara. Our Malaysian winners were taken to Bangkok, Thailand for the match against Manchester United. In Malaysia, Carlsberg also hosted a viewing party and personal sessions with Liverpool legends John Barnes and Sami Hyypiä. This once-in-a-lifetime experience was certainly an event to remember for our consumers and it also benefitted our business partners as the appearance of the players boosted footfall traffic at the venues.

Launch of Carlsberg's 'Together towards ZERO and Beyond' (TTZAB)

October 2022

We saw an encouraging turnout of approximately 100 stakeholders at our inaugural Environmental, Social and Governance (ESG) Day, held at our brewery in Shah Alam, Malaysia in conjunction with the launch of our enhanced ESG programme, TTZAB. During the launch, our stakeholders were informed about our enhanced sustainability priorities, visited various booths that explained our initiatives and were given an overview of our roadmap to achieve net zero carbon emissions across the entire value chain by 2040. The event also witnessed our renewed commitment to Climate Governance Malaysia to improve climate governance in Malaysia and the UN Global Compact Network Malaysia and Brunei (UNGCMYB) to support the Ten Principles of the United Nations Global Compact, as well as our pledge to continually support the United Nations Sustainable Development Goals (UN SDGs).

STAKEHOLDER ENGAGEMENT

LISTENING TO OUR STAKEHOLDERS

Stakeholder engagement is a core part of our approach to sustainability. It enables our stakeholders to understand our needs and priorities, and for us to also understand the needs and priorities of our stakeholders - our consumers, customers,employees, investors and local communities—and plays a big part in our efforts to prioritise sustainability in our operations and drive the progress of TTZAB.

Engagement Method	Frequency	Top Issues and Concerns	Our Efforts	Alignment with UN SDGs	Material Matter
Consumers					
· Marketing campaigns · Product launches and sampling · Advertising and promotions, events and trips	· Active and regular basis. The trips were only reinstated post-pandemic	· The consistent quality, relevance and attractiveness of our products. · Consumers are evolving towards greater health consciousness, especially with more information on products and health made accessible in the digital age. · The need to raise awareness, promote moderation in consumption, tackle misuse and reduce alcohol-related harm in society.	· To engage with and excite consumers, we celebrated Carlsberg's 175-year global anniversary, Carlsberg's 30-year partnership with Liverpool FC and the Kaamatan and Gawai Festivals with limited-edition packaging. · Launched non-alcoholic beverage Somersby Apple 0.0 in Malaysia to complement the Carlsberg Alcohol Free Pilsner and Alcohol Free Wheat beers in Singapore. · Expanded the annual **#CELEBRATE**RESPONSIBLY campaign to Sabah and Sarawak, Malaysia.	3 GOOD HEALTH AND WELL-BEING 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	· Product Quality and Safety · Product Health Impact · Preventing Harmful Use of Alcohol
Customers					
· Trade and market visits · Online questionnaires and surveys · Sales conferences and trips · Responsible drinking partnerships	· Scheduled on weekly or regular basis, except annual affairs for surveys and trips	· The consistent quality, relevance and attractiveness of our products in comparison to our peers. · How we can partner with them to raise awareness and prevent the harmful use of alcohol at their outlets.	· Constant engagement with key customers via joint business plans, trips and various brainstorming sessions and discussions. · Supported customers with impactful promotions and activities to drive footfall, e.g. Carlsberg x LFC 30-Year Partnership campaign. · Conducted annual customer satisfaction survey and reputation survey, involving over 2,000 on-trade and off-trade customers. · Helped mitigate the risks of irresponsible drinking with the rollout of **#CELEBRATE**RESPONSIBLY initiatives at outlets.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS	· Product Quality and Safety · Preventing Harmful Use of Alcohol
Employees					
· Global employee survey on employee engagement · Global survey on reputation · Performance reviews · Town halls · Company conference and dinner · Internal communications, contests and activities · Consultations, dialogues and feedback	· Biennial · Annual · Twice a year · Monthly · Annual · Regular · Regular	· How we are able to recognise and hone the potential of our employees and continuously engage with them. · How we build a workplace culture where all employees are treated fairly and without discrimination. · Our concern for employees' overall well-being and ensuring a safe working environment across all operations.	· Conducted the annual strategy conference and monthly town halls to keep employees informed and engaged. · Implemented several development and leadership programmes to identify, grow and retain talent. · Carried out 'Results to Action' survey based on team feedback and focus groups. · Hosted awareness programmes to promote gender and ethnic diversity in the workplace.	3 GOOD HEALTH AND WELL-BEING 10 REDUCED INEQUALITIES	. Talent and Talent Development . Diversity, Equity and Inclusion . Employee Safety, Health and Wellness

STAKEHOLDER ENGAGEMENT

Engagement Method	Frequency	Top Issues and Concerns	Our Efforts	Alignment with UN SDGs	Material Matter
Policymakers and Business Councils					
· Engagement by the Group and/or through industry organisations, such as CMBB and SBIA · Involvement in the EUROCHAM, DANCHAM, FMM and MICCI.*	· On scheduled and as needed basis	· To tackle the sale of illicit alcohol, which may not meet safety standards. · To navigate domestic concerns with regard to the sale of alcohol.	· Participated in roundtable dialogues with the Ministry of Finance and the Multi-Agency Task Force (MATF), Ministry of Domestic Trade and Consumer Affairs and Ministry of Health to address smuggling and the illicit alcohol trade. · Proactive engagement with policymakers and authorities, as well as discussions with industry associations and NGOs on our economic impact and taxes, alongside product quality and safety.		· Threats to Commercial Freedom
Shareholders and Investors					
· Annual Report · Annual General Meeting · Analyst briefings · Investor calls and questionnaires · Investor section on website	· Annual · Annual · Biannual · On scheduled and as needed basis	· Our commitment to going beyond financial performance to focus on ESG compliance and aspirations. · How we ensure that we continuously create positive economic impact through our business activities and support the wider value chain. · How we continuously fulfil our taxation responsibilities in the economies in which we operate. · Ensuring our financial performance remains robust.	· Published our ESG dashboard and reported on our ESG initiatives, targets and results, which were made available in the public domain.		· Economic Impact and Tax · Corporate Governance and Risk Management

* **CMBB** : Confederation of Malaysian Brewers Berhad
SBIA : Singapore Beer Industry Association
EUROCHAM : European-Malaysian Chamber of Commerce
DANCHAM : Danish Chamber of Commerce Malaysia
FMM : Federation of Malaysian Manufacturers
MICCI : Malaysian International Chamber of Commerce and Industry
UN SDG : United Nations Sustainable Development Goals

STAKEHOLDER ENGAGEMENT

Engagement Method	Frequency	Top Issues and Concerns	Our Efforts	Alignment with UN SDGs	Material Matter
Suppliers and Vendors					
· Code of Conduct and Policy · Integrated quality audits · Partnerships to support progress in our value chain carbon targets · ESG-related engagements	· On scheduled and as needed basis	· Our partnerships with them to improve adherence to human rights and labour standards · Our partnerships with them to improve adherence to environmental standards	· Communicated and ensured compliance with our Supplier and Licensee Code of Conduct and Purchasing and Buying Policy, supported by scheduled audits. · Explored partnerships to reduce our shared carbon footprint in areas like packaging, transport and refrigeration. At the global level, we engaged with suppliers to gather data for Scope 3 carbon emissions analysis. · Hosted ESG Day to communicate our ambitions, priorities and initiatives to achieve net zero carbon emissions by 2040. · Involved our suppliers in the glass bottle recycling and community engagement programme–Project CarlsBot—in Kota Kinabalu, Sabah.	8, 13, 12, 17	· Human Rights and Labour Standards · Adapting to Climate Change · Energy and Carbon · Waste Management · Water Use and Management · Sustainable Packaging and Materials
Non-Governmental Organisations and Sustainability Council					
· Consultations · Partnerships · Learning Programmes	· Ongoing	· Our partnerships with them to fine-tune our ESG strategy and value-add to society.	· As a corporate friend of Climate Governance Malaysia, we pledge to improve climate governance in Malaysia. · We are a participant of the UN Global Compact Network Malaysia and Brunei, to support the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. · Partnered with the NGO Ripple Sabah to launch and operate Project CarlsBot, a glass bottle recycling and community engagement programme in Kota Kinabalu, Sabah. · Demonstrated our commitment to the UN SDGs through several engagement and awareness activities, e.g. Launch of our TTZAB ESG programme. · Generated awareness of our ESG priorities, especially on how they align with our business strategy, and adopted integration and transparency in sustainability reporting.	13, 16, 17	· Community, Social Impact and Investment

REPUTATION SURVEYS ACROSS STAKEHOLDERS

Carlsberg Malaysia was the first market in Asia to be nominated to participate in the Carlsberg Group's reputation measurements surveys, which have been in place since 2016.

In 2022, we carried out the requisite surveys, which included monthly pulse surveys and an annual survey, designed by RepTrak, through online questionnaires which targeted the general public, customers and employees.

We are pleased to have captured positive scores across all three stakeholder groups in 2022, with 1,013 responses from the general public, 2,086 from our customers and 349 from our employees.

General Public

Strong 78.9 (+4.0 pp); the significant increase was mainly attributed to the public's positive perception of the quality of our products, in addition to positive news on Carlsberg's 175-year celebration and sustainability priorities.

Read more about 'Celebrating 175 Years' on pages 10 and 11 and understand our sustainability priorities better on pages 81 to 103.

Customers

Strong 77.9 (-2.6 pp); perception declined from the previous year due to several factors, including global supply chain disruptions and rising input costs, which led to interrupted supply and price adjustments during the year under review. The result serves as an opportunity to improve our joint business plan and be more proactive in our engagement with our customers to support their businesses, as we anticipate softer consumer sentiment amid the looming global recession.

Read more about our market landscape and outlook on pages 43 and 44.

Employees

Excellent 82.6 (-0.7 pp); perception declined slightly but this was insignificant as the overall score remained excellent. The main contributions to this achievement were our dynamic leadership and products and services, together with how we conducted our business. Going forward, we will intensify our efforts to advance diversity, equity and inclusion while continuing to carry out Leading with Care people initiatives to boost employee engagement.

Read more about our efforts on DE&I and employee well-being on pages 99 to 101.

POOR 0 - 39 | **WEAK 40 - 59** | **AVERAGE 60 - 69** | **STRONG 70 - 79** | **EXCELLENT 80+**

MATERIAL MATTERS

The material matters reported in Carlsberg Malaysia's 2021 integrated annual report were localised from the Carlsberg Group's materiality assessment that was last updated in 2020. To ensure that Carlsberg Malaysia's materiality matters are enhanced and remain relevant post-pandemic, we partnered with an external consultant to conduct an in-depth materiality assessment focused on capturing the views of our Malaysian stakeholders. Conducted at the end of 2022, the assessment was aligned with the Accountability AA1000 Stakeholder Engagement Standards. The outcome of our assessment is a materiality matrix which provides a visualisation of the relative importance of the matters.

FY2022 Materiality Matrix

MATERIAL MATTERS

OUR METHODOLOGY

DESK RESEARCH
Identifying potential issues

- Reviewed internal documents, external frameworks and peer reports to derive an extensive list of potential material topics, which were later classified into 27 main material matters, mirroring the nomenclature of those decided at the Carlsberg Group level, while accounting for local nuances. This was to enhance the comparability of findings.

VALIDATION SURVEY
Verifying and prioritising the shortlisted issues

- Better understanding of stakeholders' prioritisation of the 27 material matters through an external stakeholder survey which comprised Likert-scale questions and open-ended questions. A total of 79 responses were collected from seven stakeholder groups.

STAKEHOLDER ENGAGEMENT
Gaining a deeper understanding

- Deep-dived into stakeholders' thoughts on the 27 material matters through one-on-one interviews with each member of the leadership team and selected Board of Directors members, as well as face-to-face virtual focus group discussions with stakeholders.

FINAL OUTCOMES
Quantitative and qualitative insights

- Reviewed and compared findings across all three stages of the assessment (desktop research, validation survey and stakeholder engagement) to derive insights on how the 27 material matters should be prioritised, and how we could approach these topics better.

KEY FINDINGS

Stakeholders interviewed have a largely positive impression of our efforts towards sustainability. Many have given us credit for doing well in terms of Product Quality and Safety, as well as Employee Health, Safety and Wellness, two of our key material matters.

Feedback on areas of improvement generally revolved around areas outside of our direct control, such as addressing climate change, navigating regulatory risks and encouraging our consumers to recycle our packaging. Our stakeholders have thus recommended that we increase engagement with the local communities, our suppliers and the authorities on these matters.

Evolution of Top Matters from FY2021 to FY2022

- Top matters in FY2021 related to environmental matters whereas FY2022's top matters related to social (Employee Safety, Health and Wellness and Talent and Talent Development) and economic (Threats to Commercial Freedom and Product Quality and Safety) matters.
  - For example, stakeholders shared that Employee Safety, Health and Wellness was non-negotiable given that people are the backbone of the Company, key to maintaining product quality and our reputation in the market and should take priority over other matters such as Diversity, Equity and Inclusion.
  - While environmental matters continued to be ranked as highly important, product and people-related matters, as well as the licence to operate, were seen as even more critical, given that these matters pose immediate, existential threats to our operations within the local operational context.
- Threats to Commercial Freedom ranked as highly material across all stakeholder groups in FY2022 and related topics such as Corporate Governance and Risk Management; Corruption, Bribery and Anti-Competitive Behaviour; Economic Impact and Tax; and Preventing Harmful Use of Alcohol continued to be ranked as moderately important as they were deemed to be part of the 'toolkit' in managing the public's perception towards the Company amid rising conservatism.
- Stakeholder Advocacy rose in rank from low importance in FY2021 to moderately important in FY2022. This was mainly attributed to stakeholders' views that we were in a prime position to partner with stakeholders to develop or maintain an equitable platform to continue operating given sensitivities towards the industry.

BURSA SUSTAINABILITY REPORTING GUIDE

This year, Carlsberg Malaysia has included disclosures for common sustainability indicators as required by Bursa Malaysia under their Enhanced Sustainability Reporting Guide (3rd edition), which was announced in September 2022. Although the date to comply with this requirement is by the end of FY2023, we have endeavoured to provide the required disclosures in FY2022 itself. Going forward, we will continue to provide these disclosures to ensure year-on-year comparability.

COMMON INDICATORS

<table>
<tr><th>CATEGORY</th><th>INDICATOR</th><th>2022</th><th>NOTES</th></tr>
<tr><td rowspan="3">Anti-corruption</td><td>(a) Percentage of employees who have received training on anti-corruption by employee category</td><td>100%</td><td>Our Anti-Corruption e-learning can only be accessed by employees with Carlsberg email addresses.</td></tr>
<tr><td>(b) Percentage of operations assessed for corruption-related risks</td><td>100%</td><td></td></tr>
<tr><td>(c) Confirmed incidents of corruption and action taken</td><td>0</td><td></td></tr>
<tr><td rowspan="2">Community / Society</td><td>(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer</td><td>RM318,500</td><td></td></tr>
<tr><td>(b) Total number of beneficiaries of the investment in communities</td><td>N/A</td><td>As the Project has just been launched in November 2022, the number of beneficiaries has yet to be determined.</td></tr>
<tr><td rowspan="2">Diversity</td><td>(a) Percentage of employees by gender and age group, for each employee category</td><td>
<table>
<tr><th>Female</th><th>Blue Collar</th><th>White Collar</th></tr>
<tr><td>Age <35</td><td>0%</td><td>18%</td></tr>
<tr><td>Age 36-50</td><td>0%</td><td>10%</td></tr>
<tr><td>Age >50</td><td>2%</td><td>2%</td></tr>
</table>
<table>
<tr><th>Male</th><th>Blue Collar</th><th>White Collar</th></tr>
<tr><td>Age <35</td><td>24%</td><td>24%</td></tr>
<tr><td>Age 36-50</td><td>40%</td><td>35%</td></tr>
<tr><td>Age >50</td><td>33%</td><td>10%</td></tr>
</table>
</td><td>1) Blue Collar: 45 employees
2) White Collar: 496 employees</td></tr>
<tr><td>(b) Percentage of directors by gender and age group</td><td>
<table>
<tr><th></th><th>50-55</th><th>56-60</th><th>61-65</th><th>66-70</th></tr>
<tr><td>Female</td><td>0%</td><td>14%</td><td>14%</td><td>0%</td></tr>
<tr><td>Male</td><td>14%</td><td>14%</td><td>29%</td><td>14%</td></tr>
</table>
</td><td>Seven Board of Directors</td></tr>
</table>

BURSA SUSTAINABILITY REPORTING GUIDE

CATEGORY	INDICATOR	2022	NOTES
Energy Management	(a) Total energy consumption	**Thermal Energy:** • Natural gas: 15.5 kWh/hl of packaged beer • Biogas: 3.0 kWh/hl of packaged beer **Electricity:** • 9.81 kWh/hl of packaged beer (renewable energy)	
Health and Safety	(a) Number of work-related fatalities	0	
	(b) Lost time incident rate	0	
	(c) Number of employees trained on health and safety standards	256	
Labour Practices and Standards	(a) Total hours of training by employee category	Total hours: 19,014.9 hours • White Collar: 18,456.8 hours • Blue Collar: 558.1 hours	
	(b) Percentage of employees who are contractors or temporary staff	3.7%	
	(c) Total number of employee turnovers by employee category	• White Collar: 66 employees • Blue Collar: 7 employees	
	(d) Number of substantiated complaints concerning human rights violations	0	
Supply Chain Management	(a) Proportion of spending on local suppliers	72%	
Data Privacy and Security	(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	
Water	(a) Total volume of water used	506,537 m³ or 3.4 hl/hl of packaged beer	
Waste Management	(a) Total waste generated, and a breakdown of the following: (i) total waste diverted from disposal (ii) total waste directed to disposal	**Total waste**: 517.2 tonnes • Total waste diverted from disposal: 66.8 tonnes • Total waste directed to disposal: 450.4 tonnes	

BURSA SUSTAINABILITY REPORTING GUIDE

CATEGORY	INDICATOR	2022	NOTES
Emissions Management	(a) Scope 1 emissions in tonnes of CO_2e	3.1 kg CO_2/hl of packaged beer	
	(b) Scope 2 emissions in tonnes of CO_2e	6.5 kg CO_2/hl of packaged beer	An I-REC was purchased to cover 100% of consumption in 2022.
	(c) Scope 3 emissions in tonnes of CO_2e (at least for the categories of business travel and employee commuting)	N/A	While this information is not available for the reporting period, we will strive to report on this indicator in our future report.

SECTOR-SPECIFIC INDICATORS

CATEGORY	INDICATOR	2022	NOTES
Consumer Health and Safety / Product Responsibility	(a) Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	9.1%	All products will undergo product assessments prior to being launched. Only new products launched in 2022 were assessed and these constituted 9.1% of total products.
	(b) Total number of incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of products and services within the reporting period	0	
	(c) Number of recalls issued and total units recalled for health and safety reasons	0	Zero product recalls from consumers related to food safety and quality.
Materials	(a) Total weight or volume of materials that are used to produce and package products and services	45,446.7 tonnes	
Supply Chain (Environmental) / Supplier Environmental Assessment	(a) Percentage of new suppliers that were screened using environmental criteria	100%	
	(b) Number of suppliers assessed for environmental impacts	344	
Supply Chain (Social) / Supplier Social Assessment	(a) Percentage of new suppliers that were screened using social criteria	100%	
	(b) Number of suppliers assessed for social impacts	344	
Effluents	(a) Total volume of water (effluent) discharge over the reporting period	2.3 hl/hl of packaged beer	

Note:
- *Data in this section is only applicable to our Malaysia operations.*

UN GLOBAL COMPACT INDEX

COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

We support the United Nations Global Compact and this report is our Communication on Progress in implementing its Ten Principles. The index below sets out where to find information on our approach, performance, its linkage to TTZAB and our material matters, in relation to each principle.

GLOBAL COMPACT PRINCIPLE	LINK TO TTZAB & MATERIAL MATTERS	PAGES
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights Principle 2: Businesses should make sure that they are not complicit in human rights abuses	• Human Rights and Labour Standards • Responsible Supply Chain Management	103 113
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	• Human Rights and Labour Standards	103
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour	• Human Rights and Labour Standards • Responsible Supply Chain Management	103 113
Principle 5: Businesses should uphold the effective abolition of child labour	• Human Rights and Labour Standards	103
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation	• Human Rights and Labour Standards • Diversity, Equity and Inclusion	103 101
Principle 7: Businesses should support a precautionary approach to environmental challenges Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies	• ZERO Carbon Footprint • Energy and Carbon • Waste Management • ZERO Water Waste • Water Use and Management • ZERO Packaging Waste • Sustainable Packaging and Materials • Adapting to Climate Change • Chemical and Hazardous Material Management • Air Pollution • Task Force on Climate-Related Financial Disclosures (TCFD) Reporting	84 84 86 87 87 88 88 90 90 91 92
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	• Corruption, Bribery and Anti-Competitive Behaviour	112

Economic Priorities	81
Environmental Stewardship	84
Task Force on Climate-Related Financial Disclosures (TCFD) Reporting	92
Social Commitments	95
Corporate Governance	104
Risks and Opportunities	114
Risk Management	116
Statement on Risk Management and Internal Control	118
Risk Management and Sustainability Committee Report	121
Audit Committee Report	122
Internal Audit Function	123
Responsibility Statement by the Board of Directors	124

Priorities and Commitments

We map and measure our priorities against international standards and recommendations that are aligned with the United Nations Sustainable Development Goals; dig deep into the material issues that matter most to us and our stakeholders; and take practical steps to maximise opportunities or mitigate the risks that they bring.

ECONOMIC PRIORITIES

PRODUCT QUALITY AND SAFETY

Our commitment to ensuring the traceability, safety and consistency of our products through high-quality standards and procedures.

Stakeholder Groups Most Concerned:
Consumers; Customers; Government Agencies and Regulators

Food safety is of paramount importance to us, and we believe that it is a non-negotiable consideration in all our product offerings.

In our pursuit of perfection, we are committed to meeting international standards of quality as per ISO 9001:2015 and food safety standards as per HACCP MS1480:2019. We comply fully with all statutory and regulatory requirements, and our team also ensures that we adhere to our internal quality and food safety requirements highlighted in our Carlsberg Operational Manual (COM). This includes undertaking an Annual Assessment on Quality, which is a mandatory requirement under the COM.

In 2022, we also embarked on several initiatives under our Enhancement of Quality Culture Programme that included Food Handler Training for Supply Chain Employees and Contractors, Hygiene Improvement and Facilities Upgrades and more.

We are pleased to report that in the year under review, there were zero cases of non-compliance with regulations and codes of conduct pertaining to the health and safety impacts of our products and services. In addition, there were zero product recalls from consumers related to food safety and quality. Notably, our brewery hygiene score also stood at 83.7%, an increase of 3.7% from the previous year.

Our customers and consumers expect only the best from us, and by ensuring that our products are consistently of high quality and safe to consume, we gain their confidence and build brand loyalty. Going forward, we intend to increase our capital expenditure on more food safety and product quality enhancement initiatives, as we strive towards implementing industry-leading practices.

RESPONSIBLE ADVERTISING AND MARKETING

Our commitment to ethically marketing alcoholic and non-alcoholic products to consumers in a responsible and appropriate manner, both in traditional and e-commerce channels.

Stakeholder Groups Most Concerned:
Consumers; Customers; Government Agencies and Regulators

As we work towards our commitment to ZERO Irresponsible Drinking, we adhere to a standard set of advisories in our marketing collaterals. This includes informing consumers of the permitted drinking age of 18+ in Singapore and 21+ in Malaysia; the message of Do Not Drink and Drive; and the reminder to **#CELEBRATE**RESPONSIBLY. We also work in partnership with our respective marketing agencies to ensure that they are aligned with our advocacy and our philosophy of 'enjoyment in moderation'. We take our social responsibility seriously and we intend to be part of the solution, and not part of the problem.

As such, we are cognisant that the collaterals and campaigns that we put up on public platforms represent us and can impact our reputation. Therefore, we strive to ensure the highest standards in our advertising and marketing efforts with a specific focus on responsible drinking. We are guided by our Group's Marketing Communication Policy and thus request our agencies to adhere to comprehensive and transparent advertisement campaign verification and approval metrics. In particular, such data provide us with insights on brand safety and advertisement fraud, which can help us to pre-empt and avoid complications and damage to our reputation. We also work with our agency partners to track the brand risk and ensure that our campaign visuals only appear on legitimate sites. These metrics not only help us to maintain our stringent practice of responsible advertising and marketing, but also enable our performance to be benchmarked against market standards.

Our practices can be observed in various brand and marketing touchpoints, including:
- Corporate and brand websites
- Facebook
- Instagram
- LinkedIn
- e-Commerce sites.

ECONOMIC PRIORITIES

THREATS TO COMMERCIAL FREEDOM

Our commitment to addressing potential threats to operations in Malaysia due to illicit trade.

Stakeholder Groups Most Concerned:
Government Agencies and Regulators; Investors; Customers

Threats to commercial freedom can affect our entire supply chain and our stakeholders. Notably, the illicit alcohol trade poses a major threat to responsible brewers like us, as well as to our distributors and outlets that rely on the sale of our beer to make a living. Furthermore, the government loses tax revenue when consumers turn to illegally imported beer.

The impact of illegally imported beer is not to be underestimated and we have thus pledged our commitment to partnering with the government in its efforts. For example, Carlsberg Malaysia has attended several Multi-Agency Task Force meetings, led by the Ministry of Finance and comprising enforcement teams from various government agencies, to discuss ways to eradicate smuggled or illicit alcohol.

In addition, we have conducted illicit beer awareness campaigns through the Confederation of Malaysian Brewers Berhad (CMBB). We have also collaborated with the Royal Malaysian Customs Department to run public awareness campaigns on the prevalence of illicit beer.

As a result of concerted efforts, in 2021, the government managed to prosecute more than 800 cases relating to illegally imported beer. This amounted to approximately RM80 million in tax leakages recovered.

We recognise that the main reason some consumers prefer to buy illicit beer is due to the significant price difference between duty-paid legitimate beer and duty non-paid illicit beer. Thus, through CMBB, we have been consistently engaging in discussions with the government relating to excise duty rates for beer and how to curb contraband. We are encouraged by both the Malaysian and Singaporean governments' decisions to not increase beer excise duty in 2022. We are also pleased to report that we did not encounter any disruptions due to licensing issues in the year under review.

ECONOMIC IMPACT AND TAX

We are committed to driving positive economic impact across all our markets and do this through the creation of jobs, our investment in the wider value chain and dutifully fulfilling our taxation responsibilities.

Stakeholder Groups Most Concerned:
Government Agencies and Regulators; Investors and Employees

We are an important contributor to the economies of Malaysia and Singapore. The Group currently operates 15 sales offices across Peninsular Malaysia, Sabah and Sarawak, on top of our Singapore operations based in Zhongshan Park.

Through employment opportunities, our operations add value to the local workforce. We are a member of the Confederation of Malaysian Brewers Berhad, and collectively, the brewing industry has created 61,000 direct and indirect jobs. We not only contribute to the economy in terms of salaries, but also in terms of direct and indirect taxes and excise duties.

Refer to page 33 for an overview of our economic contribution.

Specifically, in the year under review, the Government of Malaysia announced a one-off Prosperity Tax imposed on the portion of YA2022 chargeable income of non-Micro, Small and Medium Enterprises (non-MSMEs) in Malaysia exceeding RM100 million at a rate of 33%. As a result of this policy, Carlsberg Malaysia Group's provisional Prosperity Tax is estimated at RM22 million, subject to final tax submission in 2023.

The Group has 50 years of experience as a brewer in Malaysia and more than 30 years in Singapore and is committed to using its decades of experience to do good and drive sustainable economic growth where we operate. We look to expand our current operations and at the same time, create more jobs for the community. This will cement our standing as a well-respected brewer that is focused on value creation.

EXTERNAL RISKS TO SUPPLY CHAIN

We strive to overcome challenges that affect our supply chain, including raw material availability, import and export restrictions caused by trade wars or pandemic-related labour and travel restrictions.

Stakeholder Groups Most Concerned:
Customers; Suppliers and Vendors; Investors

We face many external risks that may disrupt or affect our production processes, such as the COVID-19 lockdowns in certain countries and the Russia-Ukraine war, which have compromised the availability of raw materials. On top of these disruptions, we have to contend with other industry players who require the same raw materials from similar sources. As such, we make every effort to secure a consistent supply of raw materials sourced overseas to ensure business continuity and to meet the demands of our consumers.

At Carlsberg Malaysia Group, we conduct regular reviews to identify and mitigate our risks, according to the Group's risk management plan and procedure and in accordance with local procurement policies. As part of the Carlsberg Procurement Policy, we secure main raw and packaging materials with contracts of one year and above. Additionally, we diversify our pool of suppliers across continents and increase stock levels in the brewery to be aligned with prolonged lead times.

Although there were multiple COVID-19 challenges in 2022 amid the global supply chain crisis that caused the unavailability of materials, we did not face any major disruptions due to our efficient management of material supply. We strive to minimise the impact external risks may have on our operations and our supply chain by identifying opportunities to secure a reliable supply of raw materials and other initiatives to bolster the resilience of our supply chain. In 2022, we leveraged the Group's network of suppliers to combat shortages.

Going forward, we will make efforts to expand our supplier pool to include those from other countries and actively qualify backup suppliers.

ENVIRONMENTAL STEWARDSHIP

ZERO
Carbon
Footprint

ENERGY AND CARBON

Our efforts at reducing carbon emissions and improving energy efficiency across our operations, distribution and entire value chain, including investing in clean low-carbon technologies and renewable energy.

Stakeholder Groups Most Concerned:
NGOs, Industry Groups and Local Communities; Government Agencies and Regulators; Investors

Scientific studies have shown that climate change has been accelerated by global warming caused by fossil-fuelled human activities that emit greenhouse gas (GHG) emissions in the last few decades. As a business, it is inevitable that in our operations, we too contribute to the emission of GHG. But at the same time, we do believe that we are empowered to minimise our carbon footprint and slow down global warming.

In fact, the Carlsberg Group aims to be the leading company in the industry in climate change mitigation. On top of adhering to the Carlsberg Group's Environmental Policy and the Task Force on Climate-related Financial Disclosures (TCFD) protocols, through the Carlsberg Group, we have committed to the Paris Agreement by setting ambitious global targets that have been approved by the Science Based Targets initiative (SBTi).

Refer to pages 92 to 94 for our TCFD disclosures.

As part of our TTZAB programme, we aim to achieve net zero carbon emissions across our entire value chain by 2040. In 2022, we achieved a 73% reduction in carbon emissions compared to 2015 and purchased an I-REC to cover 100% of electricity consumption at the brewery in 2022.

We have also introduced a goal to reduce our beer-in-hand emissions by 30% by 2030. This refers to reducing Scope 1 and 2 carbon emissions (from brewing, packaging, distributing and chilling our products and handling used packaging) per hl of packaged beer. We also made investments in green technology, including the replacement of 18 LPG forklifts with fully electric forklifts with a carbon emissions reduction of 194,000 kg/year.

18 electric forklifts

to replace all LPG units, with reduction of CO_2 emissions of 194,000 kg/year

ZERO waste to landfill

since November 2022

ZERO use of coal,

as we use natural gas and biogas from our Wastewater Treatment Plant

100%

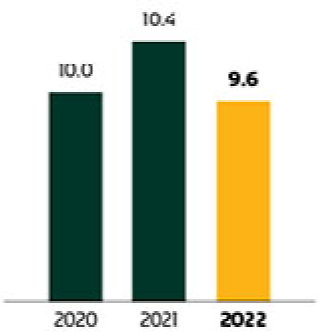
use of renewable electricity with the purchase of an I-REC

Where carbon emissions in our operations are mainly due to our usage of electricity and natural gas, we have continued to find solutions to mitigate the same. For example, we have adopted improvements in the efficiency of the cooling plant, which contributes to approximately 40% of total brewery electricity consumption. This helps to reduce the electricity consumption and results in the production of lower carbon emissions per barrel. We have also upgraded our equipment and optimised our processes to require less natural gas, which will correspondingly lead to a reduction in carbon emissions.

ENVIRONMENTAL STEWARDSHIP

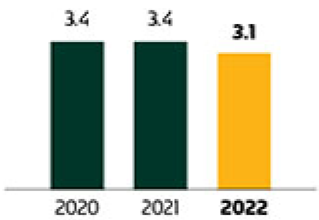
Through various activities and initiatives, we have begun to reduce carbon emissions over the years:

TOTAL CARBON EMISSIONS
(kg CO_2/hl)



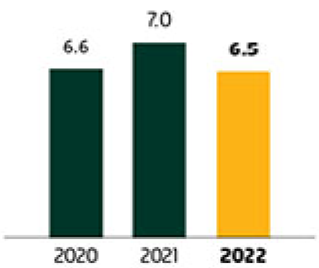
SCOPE 1:
Direct carbon emissions from sources that are owned or controlled by Carlsberg Malaysia.

Carbon emissions from natural gas (kg CO_2/hl)



SCOPE 2:
Indirect GHG emissions from purchased electricity.

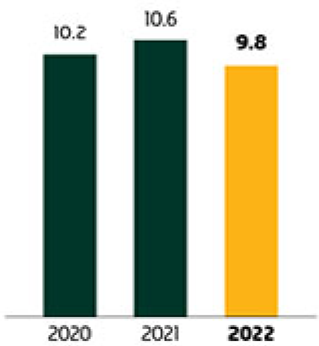
Carbon emissions from purchased electricity (kg CO_2/hl)



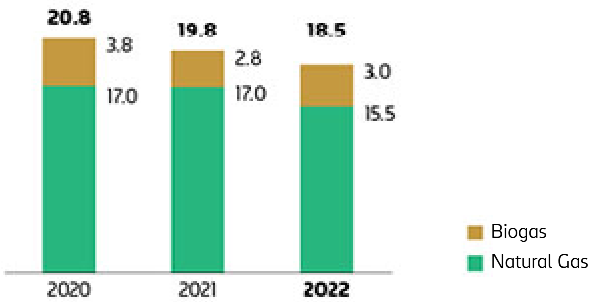
As seen from the chart below, in the year under review, our carbon emissions significantly decreased to 9.6 kgCO_2/hl from 10.4 kgCO_2/hl in the previous year. Encouraged by this, we are targeting to limit our carbon emissions from natural gas to 3.0 kg CO_2/hl in 2023.

ENERGY MANAGEMENT

Electricity (kWh/hl)



Thermal Energy (kWh/hl)



BEER-IN-HAND CARBON EMISSIONS

The Carlsberg Group conducted a study on beer-in-hand emissions and released market-specific findings for ZERO Carbon Footprint in 2020. The findings in 2019 against the baseline of 2015 showed that Malaysia's beer-in-hand carbon footprint was higher compared to Carlsberg Group's beer-in-hand emissions. However, compared to 2015, the reduction was 8.3%, an 1.3% improvement over Carlsberg Group's average, albeit from a higher base. The beer-in-hand studies that we conduct are market-specific and are performed periodically. No beer-in-hand studies were conducted in Malaysia in 2022.

The proportion of greenhouse gas emissions relating to each stage in the life cycle of our products:

ENVIRONMENTAL STEWARDSHIP

WASTE MANAGEMENT

Our stewardship of the waste that results from our business' operations, including our efforts towards the responsible disposal of waste, pollution, brewery effluent and spent grain and the effective treatment of wastewater.

Stakeholder Groups Most Concerned:
NGOs, Industry Groups and Local Communities; Government Agencies and Regulators; Employees

The challenge to reduce waste is paramount worldwide, especially since poor waste management contributes to environmental problems such as global warming, water and air pollution and more.

To this end, we are committed to effective waste management, which is essential to the nature of our business and our social responsibility, and we have adopted a waste management strategy that focuses on maximising recycling.

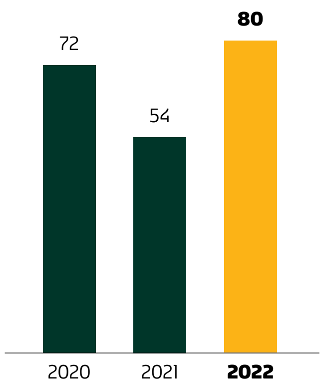
In our operations, we generate different types of waste, ranging from spent yeast to general waste such as cartons and aluminium. Still, we believe that waste can be a resource. As such, we take what we can – and recycle it, in hopes of increasing the life cycle of our resources from cradle-to-cradle instead of cradle-to-grave.

For example, spent yeast and spent kieselguhr all form biowaste, which we recycle through the bioconversion process through black soldier flies. Meanwhile, the spent grain is recycled as food for cattle. General waste such as plastic, aluminium, glass cullets, paper and cartons are directly recycled while other non-recyclable waste is converted to energy via waste-to-energy (WTE) applications.

Black soldier flies are used in the bioconversion process of waste that is generated from the brewery, such as spent yeast, kieselguhr and spent grain.

As such, Carlsberg Malaysia, as part of its TTZAB programme, has committed to ZERO Waste to Landfill since November 2022, implementing various initiatives to minimise all non-hazardous waste going to landfills. We managed to divert 66.8 tonnes of waste from disposal. We are proud to share that in 2022, 89% of waste generated by our facilities was recycled and 11% was disposed of to landfills.

Chemical Oxygen Demand in Final Discharge (g/m³)



In terms of wastewater discharge, Carlsberg Malaysia adheres to an approved limit of below 200 g/m³ for Chemical Oxygen Demand (COD) in its final discharge as set by the Department of Environment (DOE). This is in line with Standard B of DOE regulations, where we consistently maintain a COD level in our final discharge that is far below the legal requirement, as indicated in the graph above.

In line with our commitment, we introduced a new initiative in November 2022 to recycle 100% of our general waste. Going forward, we also aim to roll out strategies to reduce the usage of single-use plastics at the workplace, minimise the generation of waste in each operational process and adopt caustic recycling through best practices.

ZERO Water Waste

WATER USE AND MANAGEMENT

Our stewardship of water as a resource, and our efforts at ensuring that our business operations do not result in water pollution.

Stakeholder Groups Most Concerned:
Government Agencies and Regulators; NGOs, Industry Groups and Local Communities; Consumers

As a result of climate change, natural resources are depleting day by day, and water shortage has become a global issue. Therefore, we are minded to do more to preserve water, regulate its availability and enhance its quality, so as to ensure longer-term water security – both for our operations and for the community.

Water is naturally an essential resource for beer production, and thus water scarcity poses a business risk to us. We are constantly seeking ways to reduce the amount of water used to produce our beverages, and in our operations. One key measure we have implemented to reduce water usage is the establishment of an internal water benchmarking process, which assists us in identifying areas where we can reduce our total water usage at our brewery by using less water, recycling, reusing or implementing new technologies.

Through various activities and initiatives, we are proud to share that Carlsberg Malaysia has been able to reduce our water usage year-on-year. In 2022, our newly upgraded Water Treatment Plant, using the Reverse Osmosis (RO) technology, allowed us to recycle 13% of our water loss. This resulted in a reduction of our total water usage of 15%, equivalent to the volume of 36 Olympic-sized swimming pools.

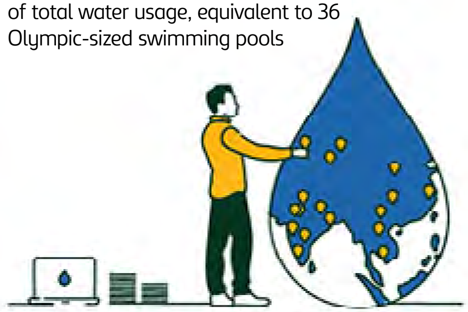
To this end, we would also like to share that we have recently installed a new bottling line which will help to reduce water usage in the bottling process, and that we are also upgrading our existing CIP (Cleaning in Place) plant, which will reduce total water usage during beer processing. The upgraded plant will be operational in 2023.

Responsible

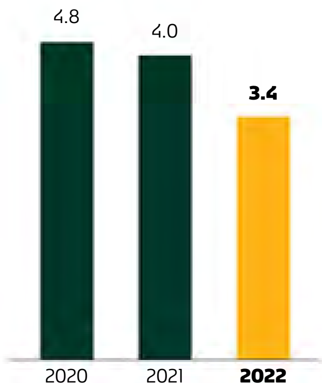
extraction of ground water for operations

15% reduction

of total water usage, equivalent to 36 Olympic-sized swimming pools



Upgraded
Water Treatment Plant
using Reverse Osmosis (RO) technology allowed us to recycle 13% of our water loss



WATER USAGE (hl/hl)

Our water consumption is 3.4 hl water per hl beer

ENVIRONMENTAL STEWARDSHIP

ZERO Packaging Waste

SUSTAINABLE PACKAGING AND MATERIALS

Our commitment towards reducing, reusing, recycling and rethinking packaging materials in hopes of maximising the sustainable use of resources and materials while minimising waste, to achieve a circular economy.

Stakeholder Groups Most Concerned:
Consumers; NGOs, Industry Groups and Local Communities; Customers

We are committed to ensuring that the materials we use are sustainable and do not harm the environment. This is because excessive and uncontrolled material usage and consumption in production will cause climate change, biodiversity loss and pollution. Notably, a key ambition that forms part of our TTZAB programme is to have ZERO Packaging Waste. This entails our commitment to ensuring that 100% of our packaging is recyclable, reusable or renewable by 2030.

Material loss management, including collecting used bottles and repurposing them, is a key strategy we employ to achieve zero waste. An initiative that well encapsulates our efforts is Project CarlsBot, launched in November 2022, in collaboration with Ripple Sabah (Sabah Recycling Association). Read more about this initiative in the Case Study in the next page.

We also work closely with our partners to increase the usage of post-consumer recycled material in the production of our packaging such as aluminium cans and glass bottles. Currently, our aluminium cans contain 28% recycled aluminium and 40% of glass cullets are used in the production of our glass bottles. We are also proud to share that we use Cradle-to-Cradle Certified™ environmentally friendly ink on our packaging labels.

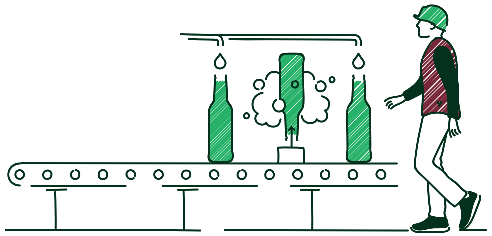
Additionally, 100% of all the glass bottles, aluminium cans and corrugated boards, as well as shrink and stretch wraps that are returned to the brewery, are sent for recycling.

98%

of returned bottles are cleaned and reused, with the remaining 1% recycled

92%

of returnable Carlsberg bottles in Peninsular Malaysia are returned to the brewery



100%

of the cans, corrugated boards and shrink and stretch wraps disposed of in our brewery are recycled

Use of Cradle-to-Cradle Certified™

environmentally friendly ink

on Carlsberg bottle labels to improve recyclability of packaging

Guided by our belief that a sustainable future can be created through creativity, imagination and innovation, we constantly seek out newer and smarter ways to reduce our environmental footprint and contribute towards a circular economy.

CASE STUDY: PROJECT CARLSBOT
GLASS RECYCLING AND COMMUNITY EMPOWERMENT PROGRAMME

Ripple Sabah proudly showcasing the CarlsBot glass pulverising machine built by the Tonibung team at the launch of Project CarlsBot.

In the state of Sabah, glass is one of the most difficult waste items to dispose of and few avenues have been explored for recycling glass products to generate income. As such, we collaborated with an NGO, Ripple Sabah (Sabah Recycling Association), on a pilot three-year glass bottle recycling and community empowerment programme called 'CarlsBot', an amalgamation of 'Carls' from our name, and 'Bot' from the word 'robot' and the word 'bottle'.

As part of the project, Ripple worked with a local Sabahan NGO, Tonibung, to design and introduce the CarlsBot machine – estimated to be able to pulverise 600 kg of glass bottles within an hour, equivalent to 2,352 pints of Carlsberg glass bottles, into pulverised glass waste in the form of cullets, coarse sand and fine sand.

The local communities and businesses drop off their used bottles for pulverising at the collection centre in Tanjung Aru Marine Ecosystem Center (TAME), Kota Kinabalu, where the CarlsBot machine is placed. After the pulverising process, Ripple will supply the pulverised glass waste to the local communities for repurposing into other items, such as handicrafts and furniture. Ripple also provides training to the local communities on entrepreneurial, innovation, marketing and sales skills.

Through CarlsBot, the local communities have been empowered to manage waste and generate income through a glass bottle ecosystem and we are proud to share that since its launch in November 2022, CarlsBot has collected more than 3.7 tonnes of glass waste. We will be building upon our efforts and aim to have more CarlsBot machines available in Sabah.

GLASS RECYCLING AND COMMUNITY EMPOWERMENT PROGRAMME

ENVIRONMENTAL STEWARDSHIP

ADAPTING TO CLIMATE CHANGE

Our consistent efforts towards the development of strategies to protect against climate-related hazards.

Stakeholder Groups Most Concerned:
NGOs, Industry Groups and Local Communities; Government Agencies and Regulators; Investors

As a business, we depend heavily on the availability of natural resources to sustain our operations and thus continue to be at risk from the vast effects of climate change. These include the risk of flooding, drought and air pollution.

To continue to operate, addressing the challenges posed by climate change thus remains our top priority every year.

Climate change stands at the heart of four out of six TTZAB pillars, namely our commitments to ZERO Carbon Footprint, ZERO Farming Footprint, ZERO Packaging Waste and ZERO Water Waste. It is the driving force behind many of our other material matters relating to the environment, which include Waste Management, Sustainable Packaging and Materials and others.

The utilisation of fully electric forklifts has helped to significantly reduce our beer-in-hand carbon footprint.

CHEMICAL AND HAZARDOUS MATERIALS MANAGEMENT

Our ability to develop systems and procedures for the reduction of chemicals in products and processes, and proper disposal of chemical and hazardous waste.

Stakeholder Groups Most Concerned:
NGOs, Industry Groups and Local Communities; Government Agencies and Regulators; Employees

We are committed to protecting the health and safety of our employees, contractors and the public through effective chemical and hazardous materials management.

We aim to minimise the potential risks associated with the use of chemicals in all our operations by ensuring that the usage of chemicals is optimised at all levels of our processes and fully complies with all relevant regulatory requirements. This includes performing monthly internal audits on scheduled waste management and Wastewater Treatment Plant performance monitoring, and sending in our reports to the Department of Environment on time.

We also constantly develop and implement tried and tested processes. For example, we have a licensed waste collector who is responsible for disposing of our hazardous waste, and we take responsibility for ensuring that he carries out his duties to the highest standards and in full compliance with all regulations.

Going forward, we will continue to train our employees, service providers and contractors to ensure they are aware of the proper practices and guidelines with regards to chemical and hazardous materials management.

AIR POLLUTION

Our commitment to reducing pollutants released into the air that are detrimental to public health, particularly nitrogen oxide and sulphur dioxide.

Stakeholder Groups Most Concerned:
NGOs, Industry Groups and Local Communities; Government Agencies and Regulators; Employees

Exposure to high levels of polluted air poses severe health risks for humans, and Carlsberg Malaysia Group is committed to taking active steps to ensure that through our operations, minimal pollutants are released into the air. Our factories have an optimal fuel-air ratio for the combustion process, allowing us to reduce emissions as much as possible to prevent air pollution.

We also conduct an annual inspection of the air quality in our brewery and perform preventive maintenance and cleaning on heating equipment such as boilers and dust-collecting systems on a regular basis, as well as installing fume hoods, to avoid any potential pollutants buildup.

BIODIVERSITY AND DEFORESTATION

Our commitment to measuring and minimising our impact on plants, animals, their habitats and the natural ecosystem throughout our supply chain.

Stakeholder Groups Most Concerned:
NGOs, Industry Groups and Local Communities; Investors; Government Agencies and Regulators

We recognise our reliance on plants and animals throughout our supply chain, as well as the potential consequences of our business activities. In the year under review, we did not implement any significant activities to address this material issue.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORTING

As a business organisation that relies heavily on natural resources, we acknowledge the need to address climate change and its impacts on our operations and stakeholders. In 2022, we stepped up our climate action initiatives by bolstering our environmental targets through our new ESG programme, TTZAB.

We also conducted a materiality assessment, which identified climate change as a material matter that is of high importance to our business and stakeholders. Further to that, we continued to disclose our initiatives based on the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations to better inform our stakeholders of our climate action plans. Going forward, we will review the progress of the International Sustainability Standards Board (ISSB) with respect to its Exposure Draft IFRS S2 Climate-Related Disclosures, and align our TCFD disclosures accordingly.

RECOMMENDATION	OUR DISCLOSURE IN BRIEF	REFERENCE
Governance Describe the board's oversight of climate-related risks and opportunities.	The Group's Board of Directors and Managing Director have oversight of the business' climate-related risks and opportunities. They are kept abreast of latest updates and progress by the members of the Risk Management and Sustainability Committee (RMSC). The RMSC is responsible for providing oversight, and assessing and approving the Group's ESG strategies and initiatives, including climate-related risk mitigation.	ESG Governance, page 66. Corporate Governance Overview Statement, pages 104 to 113. Governance Chart, page 107.
Describe Management's role in assessing and managing climate-related risks and opportunities.	The Corporate Affairs and Sustainability Director reviews the Group's implementation, results and analysis of its sustainability priorities. The Corporate Affairs and Sustainability Director then assesses and consolidates the aforesaid findings and provides progress updates to the RMSC. This includes updates on the Group's sustainability reporting as per Bursa's guidelines. Together with the TTZAB Target Owners, the Corporate Affairs and Sustainability Director leads and drives Sustainability and ESG strategic priorities within the Group, including climate-related risks and opportunities. In addition to the above, the Group's Managing Director, Corporate Affairs and Sustainability Director and Supply Chain Director's involvement in meetings such as Commercial Board, Sales and Operations Planning, Innovation and Risk Management continue to drive deliberations on climate-related risks and opportunities in most of the Group's decision-making across key functions. To emphasise the importance of Management's role in moving the needle on sustainability priorities such as climate change in our organisation, we have incorporated TTZAB and sustainability performance indicators into the performance objectives and remuneration of the Corporate Affairs and Sustainability Director, Supply Chain Director, Human Resources Director and Legal & Compliance Director for 2023.	ESG Governance, page 66. Corporate Governance Overview Statement, pages 104 to 113. Governance Chart, page 107. Risks and Opportunities, pages 114 and 115.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORTING

RECOMMENDATION	OUR DISCLOSURE IN BRIEF	REFERENCE
Strategy Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	The climate-related risks in our Malaysia operations primarily relate to the challenges we face in adapting to climate change, managing our packaging waste and ensuring water availability. These are the same areas where most opportunities for innovation and implementation lie ahead for us. Given this, in August 2022, we launched our enhanced sustainability programme, TTZAB, as well as the new SAIL'27 strategy – both encompassing a suite of sustainability milestones with a roadmap to achieve ZERO Carbon Footprint, ZERO Packaging Waste and ZERO Water Waste, among other ambitions, across our entire value chain by 2040.	Together towards ZERO and Beyond (TTZAB), pages 65 to 68. Risks and Opportunities, pages 114 and 115. Risk Management, pages 116 and 117.
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	Climate-related risks and opportunities impact our business operations because some of the consequences of climate change such as carbon tax, green energy transition and water scarcity have a direct impact on our operations and performance. We have thus incorporated the consideration of climate-related risks and opportunities into our business strategy and procurement policy and practices. Accordingly, climate-related risks and opportunities have also shaped our financial planning as we now allocate budgets to projects and initiatives that help us to identify and address the same. One example of this was the RM108 million investment we made towards our state-of-the-art bottling line launched in November 2022, which is able to deliver improved sustainability performance in terms of energy usage and waste management.	Value Creation Model, pages 12 and 13. Management Discussion and Analysis, pages 55 to 64. Risks and Opportunities pages 114 and 115. Risk Management, pages 116 and 117.
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	We intend to conduct a climate-related scenario analysis in the near future to assess how climate impacts will affect our business operations in the long term. The climate scenario analysis will provide our stakeholders with a clear overview of our exposure to climate change risks and opportunities.	Value Creation Model, pages 12 and 13. Management Discussion and Analysis, pages 55 to 64. Risks and Opportunities, pages 114 and 115. Risk Management, pages 116 and 117.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORTING

RECOMMENDATION	OUR DISCLOSURE IN BRIEF	REFERENCE
Risk Management Describe the organisation's processes for identifying and assessing climate-related risks.	Mid- and long-term risks, including climate-related risks and opportunities, are reviewed annually at the Carlsberg Group level. At Carlsberg Malaysia Group, a critical step in our process for identifying and assessing climate-related risk is our commitment to conducting a materiality assessment. We engaged with our key stakeholders and obtained their views on what they thought constituted the most significant sustainability issues for us. Out of the 27 material matters identified, we learnt that stakeholders deemed climate-related matters such as water use, waste management, energy and carbon and adapting to climate change to be of high importance and why they should continue to be a big focus for us going forward.	Material Matters, pages 74 and 75.
Describe the organisation's processes for managing climate-related risks.	We manage our climate-related risks by analysing the carbon emissions (both Scope 1 and Scope 2) of our value chain, and through the efforts and insights of the various teams in our organisation, we identify the areas that we need to focus our efforts on. We continually and periodically track our progress towards our reduction targets.	ZERO Water Waste, page 87.
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Climate-related risks are identified and discussed regularly in meetings to assess the level of risk, corresponding impacts and scope. The meetings are typically attended by our key personnel, including the Supply Chain Director, who leads the delivery of our ZERO Carbon Footprint, ZERO Packaging Waste and ZERO Water Waste ambitions, and the TTZAB Target Owners – our Head of Project Management Office, Utilities and Site Services, our Warehouse and Distribution Manager (Malaysia) and Head of Supply Chain (Singapore). Relevant climate-related risks are also recorded and included in our risk register. They are also communicated to our Senior Manager and Director of Corporate Affairs and Sustainability, who then elevate these issues to the RMSC. Throughout the process, we are guided by the Carlsberg Group's Carlsberg Operational Manual (COM). At the same time, the Malaysian Department of Environment (DOE) conducts regular assessments and audits.	Governance Chart, page 107. Risks and Opportunities, pages 114 and 115. Risk Management, pages 116 and 117.
Metrics and Targets Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Key metrics we use to assess our climate-related risks and opportunities, and which have been aligned with our strategy and risk management process, include the TCFD recommendations, climate-related targets that form part of our TTZAB programme and KPIs that have been distilled and derived from the UN SDGs and the UN Global Compact.	ZERO Carbon Footprint, page 84 to 86. Reporting on Bursa Indicators, page 76 to 78.
Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Scope 1: 3.1 kg CO_2/hl Scope 2: 6.5 kg CO_2/hl	ZERO Carbon Footprint, page 84 to 86. Bursa Sustainability Reporting Guide, page 76 to 78.
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Our new TTZAB programme has clear science-based targets towards achieving net zero across our operations and value chain. Some examples include carbon emissions, waste management and water usage.	Together towards ZERO and Beyond (TTZAB), pages 65 to 68.

SOCIAL COMMITMENTS

COMMUNITY, SOCIAL IMPACT AND INVESTMENT

Our awareness of the consequences of our business activities on local communities and the wider society, and our efforts towards creating shared economic value in all our operational locations.

Stakeholder Groups Most Concerned:
NGOs, Industry Groups and Local Communities; Consumers; Government Agencies and Regulators

We stay true to our purpose of brewing for a better today and tomorrow. We want to build a better present and future for our communities by creating long-term positive and sustainable impacts.

We carried out various initiatives aimed at benefitting local communities in 2022. For example, we set up various internship, apprenticeship and trainee schemes to provide job opportunities for young Malaysian graduates in our community. In 2022, we recruited 58 individuals to join the aforesaid schemes, offering them competitive pay and benefits, as well as invaluable work experience. We ended up converting six of these individuals to permanent staff.

Programme	Graduate Trainee	Packaging Trainee	Apprenticeship	Internship
Duration	2 years	1 year	6 months	3-6 months
Target	Fresh graduates	Fresh graduates	Fresh graduates	Undergraduates/Fresh graduates
Hired (YTD)	3	13	10	32
Conversion	-	-	(4 permanent)	3 (1 apprentice, 2 permanent)

Another memorable initiative that was aimed at benefitting our community was the **#CELEBRATE**RESPONSIBLY campaign. Through our employee ambassadors, product packaging, social media channels, websites, brand activation campaigns and partnerships with e-hailing operators and several business partners, we managed to engage with the public on the perils of drink driving. We also took the opportunity to offer alcohol-free brews such as Somersby Apple 0.0 sparkling fruit drink. For more information about our **#CELEBRATE**RESPONSIBLY campaign, read the Case Study on page 97.

In 2022, we also initiated Project CarlsBot in collaboration with Ripple Sabah, in a three-year glass bottle recycling and community empowerment programme, via a CarlsBot machine that pulverises glass bottles into fine sand. The processed material will be distributed to local communities, who will be trained in repurposing the material into merchandise, as well as sales and marketing skills, to enable them to generate income to support themselves and their families.

Project CarlsBot aims to make a difference in the lives and livelihoods of the local communities in Sabah by empowering them to tackle glass waste while generating additional income.

SOCIAL COMMITMENTS

ZERO Irresponsible Drinking

PREVENTING HARMFUL USE OF ALCOHOL

We believe in the importance of partnerships in raising awareness, promoting moderation in consumption, tackling misuse and reducing alcohol-related harm in society.

Stakeholder Groups Most Concerned:
Consumers; NGOs, Industry Groups and Local Communities; Government Agencies and Regulators

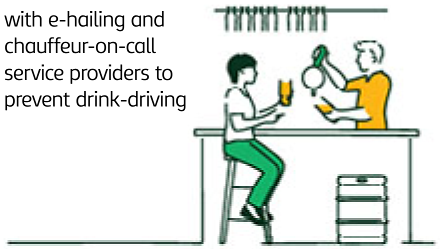
One of the best ways we can contribute to society is through our efforts at preventing the harmful use of alcohol. As such, we develop and take part in initiatives to raise awareness on the importance of responsible drinking. This includes promoting moderation in drinking, tackling alcohol misuse and reducing alcohol-related harm in the society such as underage drinking and drink-driving.

For example, we have been spearheading the **#CELEBRATE**RESPONSIBLY campaign in Malaysia since 2016, in support of the International Alliance for Responsible Drinking (IARD), a non-profit organisation aimed at reducing irresponsible drinking.

3 of our brews are **Alcohol-Free**

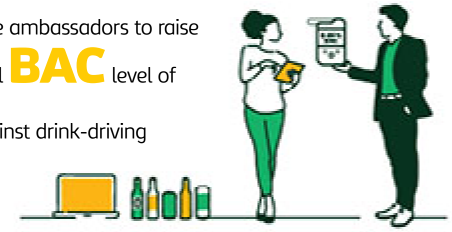
Responsible Drinking messaging across all Point-of-Sales Materials (POSM) and 97% of alcohol products produced

Partnerships with e-hailing and chauffeur-on-call service providers to prevent drink-driving



Direct engagement with more than **10,000** Malaysian consumers to **#CELEBRATE**RESPONSIBLY since 2016

Empowered 25 Malaysian employee ambassadors to raise awareness on the permitted national **BAC** level of **0.05%** and advocate against drink-driving



2022 events where consumers were engaged and pledged support for the campaign:

JANUARY
- Chinese New Year Celebration

MAY
- Kaamatan and Gawai Festivals
- Somersby Apple 0.0 Media Launch

AUGUST
- Carlsberg x LFC 30th Anniversary

SEPTEMBER
- Borneo Music Festival Live 2022
- Genting Starlight Carnival

OCTOBER
- Neon Borneo Festival
- Genting Starlight Carnival
- Carlsberg Golf Festival

NOVEMBER
- Carlsberg Football Viewing Parties
- Project CarlsBot Launch

CASE STUDY: #CELEBRATERESPONSIBLY CAMPAIGN

In conjunction with Global Beer Responsible Day 2022, the **#CELEBRATE**RESPONSIBLY campaign saw us recruit and station 25 employee ambassadors at various festivals around Malaysia. Our ambassadors were charged with the responsibility of communicating the importance of safe drinking to our stakeholders present, such as consumers of our beer products.

During the events, our ambassadors' role included highlighting the legal alcohol purchasing age of 21+ to attendees, spreading the awareness on the national legal Blood Alcohol Content (BAC) limit of 0.05% (50 mg of alcohol in 100 ml of blood) and encouraging consumers to get their BAC tested on the spot with our breathalysers.

A total of 40 hours were dedicated to the cause in which we managed to directly engage with a total of 1,893 consumers on preventing the harmful use of alcohol, gained pledges for responsible drinking and also tested their BAC. These engagements have allowed us reach out to more than 10,000 consumers since the inception of the **#CELEBRATE**RESPONSIBLY campaign in 2016.

In line with the campaign, we also ensured that our messages were communicated at accessible touchpoints. These various platforms were product packaging, point-of-sales materials including printed or e-flyers, website and social media pages as well as our brand and sponsorship activations.

As an avid supporter of the campaign and other initiatives with the same objectives, Carlsberg Malaysia has been proactively investing in efforts with our partners and consumers by offering incentives. We have collaborated with various parties and offered incentives such as discounted rides in partnership with five e-hailing and chauffeur-on-call service providers. These partners were Grab, Riding Pink, airasia ride, Lailah and Buddy Driver by TREVO. We also collaborated with over 3,000 bars, bistros and restaurants in our effort to fight against drink-driving.

A party-goer testing her Blood Alcohol Content (BAC) level with the use of a breathalyser, assisted by one of our very own employee ambassadors, at the Genting Starlight Carnival 2022.

Our team of employee ambassadors at the Borneo Music Festival Live 2022 in Kuching.

SOCIAL COMMITMENTS

PRODUCT HEALTH IMPACT

We are in support of healthy consumption of alcohol and other beverages, and we continue to innovate healthier options for our consumers (e.g. low-/no-alcohol or low-sugar options).

Stakeholder Groups Most Concerned:
Consumers; Government and Regulators; Investors

As we are a major player in the industry, stakeholders also observe our leadership capabilities in product health impact. We are in support of healthy consumption of alcohol and other beverages, and we believe in continuous innovation in hopes of producing healthier options such as low- or no-alcohol drinks for our consumers, as well as low-sugar options.

The introduction of Somersby Apple 0.0, an alcohol-free sparkling fruit drink variant, provides consumers with a positive and liberating choice.

As we work towards ZERO Irresponsible Drinking, our Singapore operations offers alcohol-free beer in two variants - Carlsberg Alcohol Free Pilsner and Carlsberg Alcohol Free Wheat. This range of products was developed to appeal to occasional beer drinkers who may not be able to consume alcohol because of circumstances that require them to abstain from alcohol consumption. This also caters to consumers who enjoy carbonated soft drinks, and who are looking for more natural and less sweet alternatives to maintain their healthy lifestyle.

In 2022, we also joined hands with industry players to advocate that beer consumers **#CELEBRATE**RESPONSIBLY. The campaign was launched in conjunction with Global Beer Responsible Day, and we were able to introduce healthier alternatives to traditional beer to consumers, that is, our alcohol-free brews such as Somersby Apple 0.0. Notably, our campaign reached 18,851 consumers over social media.

As we continue to bring forth newer and healthier products, we also become bolder in our marketing efforts, and are excited to be working with our stakeholders to define the role and positioning of beer in a progressive society.

EFFECTIVE AND RELEVANT CONSUMER INFORMATION

We are committed to being transparent about the ingredients we use in our beverages and the alcohol content in our brews, to enable consumers to make informed decisions about their alcohol consumption.

Stakeholder Groups Most Concerned:
Consumers; Government and Regulators; NGOs, Industry Groups and Local Communities

Information about our products is made available through various consumer touchpoints such as product packaging, our website and social media channels, among others. This is to ensure our consumers can easily access the information they need to make informed decisions before purchasing our products. As can be seen from the pictures, we include the nutritional information of our beverages and clear alcohol content percentages on all our product labels.

As a responsible brewer working towards our target of ZERO Irresponsible Drinking, we have developed a standard set of advisories for all our communications. This includes an advisory warning our consumers not to drink and drive, to **#CELEBRATE**RESPONSIBLY and that our alcoholic beverages should only be consumed by those aged 18+ in Singapore and 21+ in Malaysia.

We take the communication of our product information very seriously, and we commit to full transparency, acknowledging that this is not only an obligation that we owe our consumers, but also an essential factor considered by regulators in providing us with the licence to operate.

ZERO Accidents Culture

EMPLOYEE SAFETY, HEALTH AND WELLNESS

Our commitment to ensuring a safe working environment across all operations and to protecting the health and well-being of our employees.

Stakeholder Groups Most Concerned:
Employees; NGOs, Industry Groups and Local Communities; Investors

We recognise the need to create a positive, empowering and safe work environment to enable our people to brew excellence, and thus have made the safety, health and well-being of our employees our foremost priority. This is in line with our commitment to a ZERO Accidents Culture, which forms part of our wider TTZAB programme.

In 2022, we executed initiatives to improve health and safety across the workplace through Safety Leadership Training for all people managers. So far, 54% of our employees have been trained on health and safety standards. We also provided our employees with bite-sized information on safety and wellness via our Monthly Learning Bites, a one-hour learning session on various topics, to embed awareness of health, safety and wellness across our organisation.

In addition, we remain guided by our Health and Safety Policy and adhere to all the relevant rules and regulations including the Occupational Safety and Health Act 1994 (Act 514), Factories and Machinery Act 1967 (Act 139) and the Fire Services Act 1988 (Act 341). Our Health and Safety Policy includes five important Life Saving Rules pertaining to safety on the road that are mandatory for our employees, contractors, temporary workers and supply chain to adhere to, to ensure their own safety as well as the safety of the community.

Year after year, we also make it a point to eliminate Lost-Time Accidents (LTA) across our operations. It is our ambition to achieve ZERO LTA by 2030 and since January 2019, we have achieved a total of 1,452 days of ZERO LTA as of 31 December 2022.

Additionally, we increased our efforts to embed good driving habits among our sales employees who drive as part of their job scope via a Defensive Driving Training programme and a new smartphone application named 'BrightMile', which tracks their driving habits and recommends better driving practices, in hopes of reducing traffic accidents. In 2022, we recorded five traffic accidents, in comparison to 11 traffic accidents in 2021. Read more about BrightMile in the Case Study on the next page.

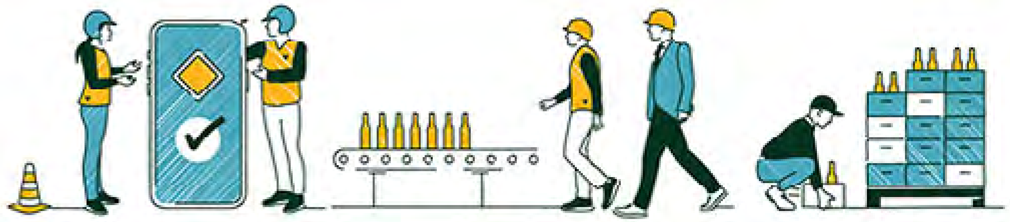
1,452
days of ZERO Lost-Time Accidents since January 2019

55%
reduction in on-the-road accidents through online Safe Driving Training and introduction of the BrightMile application

100%
of company drivers completed practical road safety training

965
safety walks conducted by Carlsberg leaders

3,013
observations on safety risks and unsafe behaviours made by employees



SOCIAL COMMITMENTS

The BrightMile application is a convenient way for supervisors to provide guidance and coach team members by tracking their driving behaviour.

In our efforts to keep our people safe and healthy, we continued to invest in COVID-19 prevention during the year, where we injected more than RM1 million to introduce and enhance COVID-19 prevention initiatives, such as mandatory COVID-19 RTK swab tests for all employees and contractors working at our premises. We are pleased to report that our efforts have not gone to waste, as there have been no COVID-19 clusters at our workplace since the pandemic started.

Most importantly, our employees are always encouraged to raise any safety concerns with their colleagues and managers to reinforce all aspects of safety within our operations. We have in place a robust Health and Safety risk reporting framework to empower our employees to identify risks, propose solutions to reduce hazards and plan remedial measures accordingly. All accidents are viewed seriously, and we follow a strict procedure to identify root causes and implement corrective measures to prevent future recurrences.

In 2022, we reported zero work-related fatalities, and we intend to keep things this way. Going forward, we are committed to fine-tuning our current processes and initiatives regarding employee safety, health and wellness as we strive for best practices.

CASE STUDY: BRIGHTMILE APPLICATION

Road safety continues to be a top priority at Carlsberg Malaysia Group. According to the Department of Statistics Malaysia, in 2022 alone, there were 108,564 road accidents in Selangor, which recorded the highest number of road accidents followed by Johor, which recorded 49,559 and Wilayah Persekutuan, which recorded 40,237. This prompted us to go a step further in helping our people adopt safe driving habits through a convenient smartphone application called BrightMile.

All drivers need to do is simply download the BrightMile application onto their smartphones to access regular reports on their driving performance. The application will collect data on the driver's driving habits based on the factors below:

Risk
Number of incidents of high contextual road risk.

Fatigue
Time spent driving without taking breaks.

Distractions
Number of interactions with smartphone while driving.

Speeding
Percentage of time spent above legal speed limits.

Eco
Number of incidents of harsh acceleration.

Drivers are evaluated according to the number of risks per 100 km of travel and drivers with good habits will earn 'Bright Miles' on the application, which can then be converted into rewards. Carlsberg Malaysia also awards prizes to the safest drivers and teams on a quarterly, monthly and yearly basis.

We are proud to share that in 2022, with the introduction of the BrightMile smartphone application, we recorded a 55% decrease in traffic accidents compared to 2021.

> **"The five pillars of the BrightMile app – risk, speeding, distraction, fatigue and eco – have helped me pay more attention to road conditions and potentially risky situations. With BrightMile, I am now more conscious of the speed limits at places such as schools, housing areas and highways, and I am more cautious so I can avoid unfortunate accidents."**
>
> **Beh Ee Seong** • Project Executive

DIVERSITY, EQUITY AND INCLUSION

Our mission, and the strategies and practices we undertake to support diversity within the workforce, as we strive towards a workplace where all employees are treated fairly and without discrimination.

Stakeholder Groups Most Concerned:
Employees; NGOs, Industry Groups and Local Communities; Government Agencies and Regulators

The leadership at Carlsberg Malaysia Group places great importance on nurturing a 'Healthy, Thriving Organisation', a goal that also falls under our core pillar of Take Care of Tomorrow. To enable such a culture, the significance of diversity, equity and inclusion (DE&I) cannot be understated.

A diverse workforce drives a company forward via contributions of fresh ideas, experiences and outlooks. At Carlsberg Malaysia Group, 67% of our leadership team is made up of females.

Women in the Group	Percentage (%)
Leadership Team	67
Managerial Roles	38

In walking the talk of promoting an inclusive workplace, the DE&I culture can be seen practised throughout the workforce.

Celebrating diversity at the workplace in conjunction with International Women's and Men's Days, to foster inclusion by empowering and supporting each other in an inclusive manner.

Apart from gender, we also constantly monitor representation in terms of race and age, and as a business priority, conduct an annual DE&I survey to track Carlsberg's progress in our efforts to make the Group a more diverse and inclusive organisation. The results show that we achieved an overall favourable score of 90% in the survey, an additional 5% from 2021's results. These insights on progress, challenges and improvement areas will serve as a basis for us to define our future DE&I roadmap.

We stand by promoting equal opportunities in our organisation regardless of age, gender, positions or educational backgrounds and have ensured that 100% of our managers have undergone training in Unconscious Bias.

In 2022, we empowered the women in our midst as a WEP (Women's Empowerment Principles) signatory led by UN Women, and partnered with LeadWomen through Equality@Work Corporate Community. Both these initiatives promoted gender equality and inclusion and has brought our DE&I agenda beyond Carlsberg.

Going forward and in the spirit of fostering a culture of fairness, honesty and kindness, we will be implementing a new initiative known as the Welcome You Culture, where our staff will meet regularly to have candid conversations with one another on DE&I themes, and propose tangible actions. Read more about the current sentiments of our employees towards our focus on DE&I on page 3.

SOCIAL COMMITMENTS

TALENT AND TALENT DEVELOPMENT

Our ability to recruit new talent, as well as our commitment to retaining, training and developing our existing employees.

Stakeholder Groups Most Concerned:
Employees; NGOs, Industry Groups and Local Communities; Investors

At Carlsberg Malaysia Group, our people are the backbone of our business. As such, we leverage a robust framework of policies, best industry practices and guidelines to cultivate a high-performing team that works collectively to meet our business goals and objectives. Our efforts in talent development also go towards building a better future for the Group by ensuring a sustainable pipeline of future leaders.

In all that we do, we are guided by our core pillar Take Care of Tomorrow, which emphasises the importance of Developing Our People by ensuring long-term sustainability. With a three-pronged strategic approach, our initiatives focus on:

- Knowing the capabilities of our people (KNOW).
- Strengthening their development and accelerating growth (GROW).
- Advancing the careers of our talents across Carlsberg Group to strengthen our pipeline (FLOW).

We have developed several initiatives to strengthen our team's capabilities and accelerate the growth of our talent pool, one of which is the Talent Review Process, which is meant to help us uncover potential successors to fill critical roles within our organisation. Employees are assessed based on their readiness to step up in four categories: Ready Now, Ready Later, Future Potential and Interim Successor. This enables us to develop personalised career paths to accelerate their development.

At Carlsberg Malaysia Group, we offer a wide range of training to enhance the capabilities of our human capital. In the year under review, we also rolled out the Carlsberg Leadership Suite of Programmes, which aims to develop our people's knowledge in the following areas: Adaptive Leadership, Futuristic Thinking, Personal Leadership, Design Thinking and Unconscious Bias. We are proud to share that our employees completed a total of 20,051 hours of training in 2022, averaging 32.4 hours per employee.

Here is a snapshot of our progress over the past three years:

Talent Development Milestones	2020	2021	2022
Succession Bench Strength	55%	61%	**65%**
Key Talent Retention	91%	92%	**96%**
Learning Hours (Malaysia)	10.8 hours	29.8 hours	**35 hours**
Learning Hours (Singapore)	N/A	9.3 hours	**12 hours**

In support of talent development, the Carlsberg Business Accreditation Programme, in collaboration with the Asia School of Business, is designed to accelerate development by strengthening business acumen, providing practical academic toolboxes and equipping talents with skills for a greater role in the future.

HUMAN RIGHTS AND LABOUR STANDARDS

Our commitment to ensuring that human rights are protected within our operations and throughout our value chain, including our ability to identify human rights abuses, as well as address and remedy the same.

Stakeholder Groups Most Concerned:
NGOs, Industry Groups and Local Communities; Government Agencies and Regulators; Consumers

The protection of human rights and labour standards supports our purpose of brewing for a better today and tomorrow, as we believe in being a force for good for our society, our employees and our stakeholders. To this end, we strive to ensure that all employees are treated fairly and with respect, as we want every single one of our employees to be able to thrive in a safe and empowering workplace.

On top of being a signatory to the UN Global Compact and an advocate for the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights, we also signed on as a member of the UN Global Compact Network Malaysia and Brunei in 2022.

Carlsberg Malaysia Group adopts a zero-tolerance approach to human rights abuses. We have in place a Labour and Human Rights Policy that covers all Management, employees and contract workers of all entities in Carlsberg Group worldwide. The scope of our policy includes working hours and wages, freedom of association, discrimination, harassment, child labour and forced labour. Carlsberg Malaysia Group also provides a platform for our employees to voice complaints, called Speak Up, where employees can report any grievances, complaints or incidents anonymously via email. There were zero recorded complaints concerning human rights violations in the year under review.

Human rights training is also something that we have implemented for our staff. These training sessions equip our team with the skills needed to recognise human rights abuses and call them out. We conduct this through e-learning sessions and are proud to announce that 100% of our staff have completed these sessions to date.

SUSTAINABLE CONSUMER BEHAVIOUR

We understand the importance of providing adequate labelling and being transparent about the environmental impacts of our products. In our communications, we seek to encourage our consumers to fully understand our ESG journey.

Stakeholder Groups Most Concerned:
Consumers; Government Agencies and Regulators; NGOs, Industry Groups and Local Communities

Inculcating sustainable consumer behaviour puts us in good stead towards achieving our commitment to ZERO Carbon Footprint. This is in line with Singapore's Zero Waste Masterplan, a roadmap that charts the country's path towards a zero-waste nation and targets to reduce its waste by 30% come year 2030.

With the objective of educating customers, most of our product labels contain a recycling message and the type of material that can be widely recycled. The Singapore operations partnered with Cheers, a popular local convenience store chain, in a month-long campaign to reach out to customers. This campaign communicated the zero-waste message and discouraged single-use carriers by distributing a free eco bag for any purchase of Carlsberg beer.

To further drive the adoption of a zero-waste habit, a specially designed tote bag was given out for free - with purchase of our products - to consumers during a month-long promotional campaign.

CORPORATE GOVERNANCE

ABOUT THIS CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Corporate Governance Overview Statement sets out our report to shareholders on the status of our corporate governance practices. It is to be read in tandem with our Corporate Governance Report 2022, which details our application of the principles contained in the Malaysian Code on Corporate Governance 2021 (MCCG 2021). The Corporate Governance Report 2022 can be viewed online at: www.carlsbergmalaysia.com.my.

OVERVIEW OF THE BOARD

The Board is responsible for ensuring that the activities of the Group and its various businesses are conducted in compliance with the relevant regulatory requirements and good corporate governance practices, with the aim of protecting and enhancing shareholders' value. In pursuit of the Group's best interests, the Board also facilitates its principal responsibilities, which include reviewing the Group's strategic plan and internal controls, overseeing the conduct of the Group's business in a sustainable manner, risk management and succession planning.

The Board comprises Directors from different backgrounds, with diverse skills, experience, and competencies to effectively discharge their duties. Profiles of our Directors can be found on pages 46 to 49 of this report. Specific responsibilities are delegated by the Board to the following committees: Audit Committee (AC), Nomination & Remuneration Committee (NRC) and Risk Management & Sustainability Committee (RMSC). The corresponding reports of each Committee can be found on pages 109, 121 and 122 of this report respectively. The terms of reference of the Board and each of the Committees can be found on our corporate website: www. carlsbergmalaysia.com.my.

On 1 June 2022, the Group welcomed Tan Sri Dato' Seri Chor Chee Heung as the new Chairman, replacing Datuk Toh Ah Wah. This was followed by the appointment of João Miguel Ventura Rego Abecasis on 1 October 2022, who replaced Leonard Cornelis Jorden Evers as the new Executive Vice President, Asia, of the Carlsberg Group.

In addition, Chew Hoy Ping was redesignated as the Senior Independent Non-Executive Director of the Group with specific responsibilities including acting as a sounding board for the Chairman, serving as an intermediary for other Board members and acting as a point of contact for shareholders.

INFORMATION ON THE BOARD

ROLES OF CHAIRMAN AND MANAGING DIRECTOR ARE SEPARATE AND CLEARLY DEFINED

In compliance with Practice 1.3 of MCCG 2021, the roles of Chairman and Managing Director are held by two different individuals. The role of Chairman is held by Tan Sri Dato' Seri Chor Chee Heung while the role of Managing Director is held by Stefano Clini. The respective roles and responsibilities of the Chairman and Managing Director are set out below:

CHAIRMAN
- Responsible for the leadership, effectiveness, conduct and governance of the Board.
- Collectively with the Board, holds the Managing Director and Management Team accountable for meeting the strategic objectives of Carlsberg Malaysia Group.

MANAGING DIRECTOR
- Responsible for the day-to-day management of the operations of Carlsberg Malaysia Group and the implementation of the Board's policies, directives, strategies and decisions.
- Accountable to the Board for ensuring the Management Team performs based on approved strategies.

INDEPENDENCE OF NON-EXECUTIVE DIRECTOR

All of the Non-Executive Directors are considered by the Board to be independent of Management and free from any relationships that could interfere with the exercise of their independent judgement. The Non-Executive Directors play a key role in constructively challenging and scrutinising the performance of the management of the Group and helping to develop proposals on strategy.

OTHER INFORMATION ON DIRECTORS

- Each Director does not have any family relationships with any Directors and/or major shareholders of the Group.
- Each Director does not have any conflict of interest with the Group.
- Each Director has not been convicted of an offence in the last five years, nor has any public sanction or penalty been imposed on them by the relevant regulatory bodies during the financial year 2022 other than traffic offences, if any.
- Details of the Directors' attendance at Board and Committee meetings are set out in the Corporate Governance Overview Statement on pages 106, 109, 121 and 122 of this report.

BOARD ACTIVITIES

BOARD ACTIVITIES			
FINANCIAL MATTERS	**OPERATIONAL MATTERS**	**STRATEGIC AND GOVERNANCE MATTERS**	**RISK AND SUSTAINABILITY MATTERS**
• Quarterly financial results • Interim/Final dividend considerations • Capex investments • Related party transactions • Budget for the coming financial year	• Quarterly commercial updates from Management Team • Litigation/recovery matters • Major capex investment projects monitoring • Insurance update • IT and cybersecurity update • Statutory compliance for licences and permits	• Strategic and commercial review in quarterly Board meetings • Annual review of the Group's strategy • Remuneration for Management Team and executives • Talent management update and succession planning • Review of the objectives of the Management Team • Stakeholder management • Review of the Board Effectiveness Evaluation findings • Corporate governance considerations	• Quarterly risk register review • Quarterly compliance activities • Quarterly internal audit reports • Progress reporting on SpeakUp matters (whistleblowing cases) • Sustainability matters

MATTERS RESERVED FOR THE BOARD

There is an agreed list of matters reserved for the Board's collective decision (formalised in the Board Charter) as follows:

- Conduct of the Board – Appointment and removal of Directors and Company Secretaries, the appointment of Board Committee members and their terms of reference.
- Remuneration – Remuneration structure and policy for Directors (including Managing Directors).
- Operational – Business strategies and operational plan, capital expenditure, annual budgets and investment in or divestment of business/capital projects/undertakings.
- Financial – Financial statements, dividends and accounting policies.

CORPORATE GOVERNANCE

BOARD ATTENDANCE

IMPORTANCE OF MEETINGS

Board meetings are an important mechanism by which the Directors discharge their duties. Board meetings are also an important platform for the Board to debate robustly and challenge the Management Team on elements of the Group's strategies and performance, specific projects or areas of strategic significance. Meeting agendas, as agreed upon in advance by the Chairman and Company Secretary, combine a balance of regular standing items, such as reports on current operational and financial performance, and ad hoc or special projects and issues.

All Directors receive meeting papers or pre-reads that are circulated at least seven days in advance of Board meetings, followed by presentations from the Management Team at those meetings. Their understanding of the Group's business is enhanced by business-specific presentations and operational visits to the Group's businesses. Separate strategy meetings with the Management Team, senior executives and representatives of specific functions, brands or business units are also held throughout the year as and when necessary. Members of the Board may also seek independent professional advice in the furtherance of their duties and the Board has approved a formal process for such advice to be made available. Members of the Board also have access to the advice and services of the Company Secretaries, the Company's legal and other professional advisers and its internal and external auditors.

BOARD ATTENDANCE CHART 2022

Tan Sri Dato' Seri Chor Chee Heung (Independent Non-Executive Chairman) **Appointed on 1 June 2022*	Attendance Record **2/2**
Stefano Clini (Managing Director)	Attendance Record **3/4**
Chew Hoy Ping (Senior Independent Non-Executive Director)	Attendance Record **4/4**
Datuk Lee Oi Kuan (Independent Non-Executive Director) **Appointed on 28 February 2022*	Attendance Record **3/3**
João Miguel Ventura Rego Abecasis (Non-Independent Non-Executive Director) **Appointed on 1 October 2022*	Attendance Record **1/1**
Gavin Stuart Brockett (Non-Independent Non-Executive Director) **Appointed on 17 February 2022*	Attendance Record **3/3**
Chan Po Kei Kay (Non-Independent Non-Executive Director)	Attendance Record **4/4**
Datuk Toh Ah Wah (Independent Non-Executive Chairman) **Resigned on 1 June 2022*	Attendance Record **2/2**
Michelle Tanya Achuthan (Independent Non-Executive Director) **Resigned on 28 February 2022*	Attendance Record **1/1**
Leonard Cornelis Jorden Evers (Non-Independent Non-Executive Director) **Resigned on 1 July 2022*	Attendance Record **2/2**

DIRECTORS' INDUCTION AND TRAINING

A comprehensive and tailored induction is provided to all new Directors following their appointment so as to enable the new Director to contribute effectively from the onset of their appointment. This includes meetings with the Managing Director, Management Team and key senior executives to gain an understanding of the Group's businesses as well as a visit to the brewery.

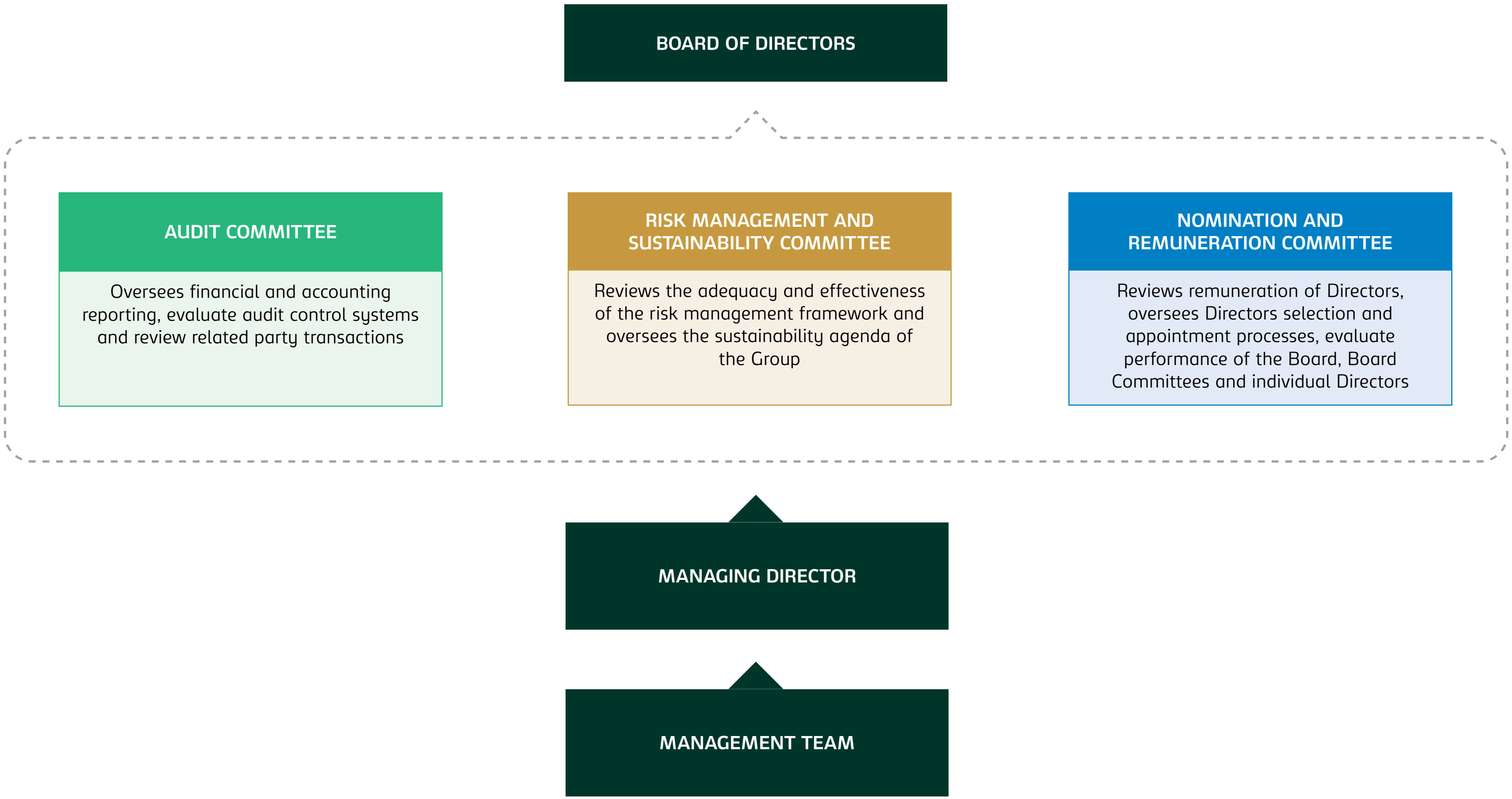
The NRC has the mandate to ensure that the Board receives continuous training on topics which are relevant to the Group and the individual Director's roles. To this end, a training list setting out the relevant training programmes, seminars and conferences is shared with the Directors on a quarterly basis as well as ad hoc training seminars and conferences. The Company Secretaries, also provides the Board with updates from time to time on relevant legal and regulatory developments and changes in environmental, social and governance matters.

The training programmes attended by the Board in FY2022 are set out by topic below:

TRAINING TOPICS		
LEADERSHIP	Training Sessions/Courses	**26**
GOVERNANCE AND RISK	Training Sessions/Courses	**9**
HUMAN RESOURCES	Training Sessions/Courses	**10**
FINANCE AND ACCOUNTING	Training Sessions/Courses	**5**
SUSTAINABILITY	Training Sessions/Courses	**8**
OPERATIONS	Training Sessions/Courses	**8**

GOVERNANCE CHART

Our governance structure comprises the Board and various Committees, supported by the Group's standards, policies and risk management and internal control framework, all of which are described in more detail in this report. The Board leads the Group's governance structure and has delegated specific responsibilities to the following Committees: Audit Committee, Risk Management & Sustainability Committee and Nomination & Remuneration Committee. The Chairman or Chairperson of each Commitee will provide updates to members of the Board at the Board meetings. The Company Secretaries act as Secretaries to the Board and Committees.



CORPORATE GOVERNANCE

COMPANY SECRETARIES

The Board is supported by two qualified and competent Company Secretaries, as follows:

(a) Ms Koh Poi San was appointed as the Company Secretary with effect from 19 February 2020. She is also the Legal & Compliance Director, leading both functions in the Group, and a member of the Management Team.

(b) Ms Chia Cai Jin was appointed as the Assistant Secretary with effect from 11 October 2021. She has been an Associate member of the Malaysian Institute of Corporate Secretaries and Administrators (MAICSA) since 2021 and is also currently the Legal Manager of the Group.

Both Company Secretaries have the requisite credentials and are qualified to act as company secretaries under Section 235(2) of the Companies Act 2016. The role of the Company Secretaries is to provide the following support to the Board and the Committees:

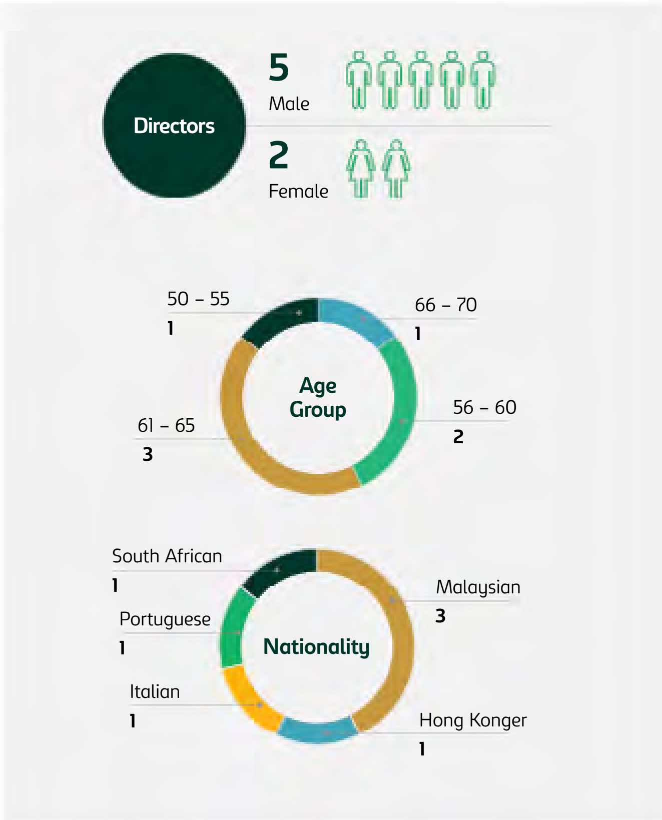
- Ensure compliance with listing and related statutory obligations and provide updates on regulatory requirements, codes, guidance and relevant legislation
- Ensure adherence to Board and Committees' policies and procedures, alongside rules, laws and best practices on corporate governance
- Attend Board, Committee and General Meetings, ensure the proper recording of minutes and follow up on matters arising
- Ensure proper upkeep of statutory registers and records and maintain a secure retrieval system that stores meeting papers and minutes of meetings
- Assist the Chairman in the planning and execution of meetings in terms of policies and procedures, together with updates on regulatory requirements, codes, guidance and relevant legislation.

The Company Secretaries are supported by an external consultant, Tricor Corporate Services Sdn Bhd, which provides support on corporate secretarial matters and provides additional advice on issues pertaining to compliance and corporate governance.

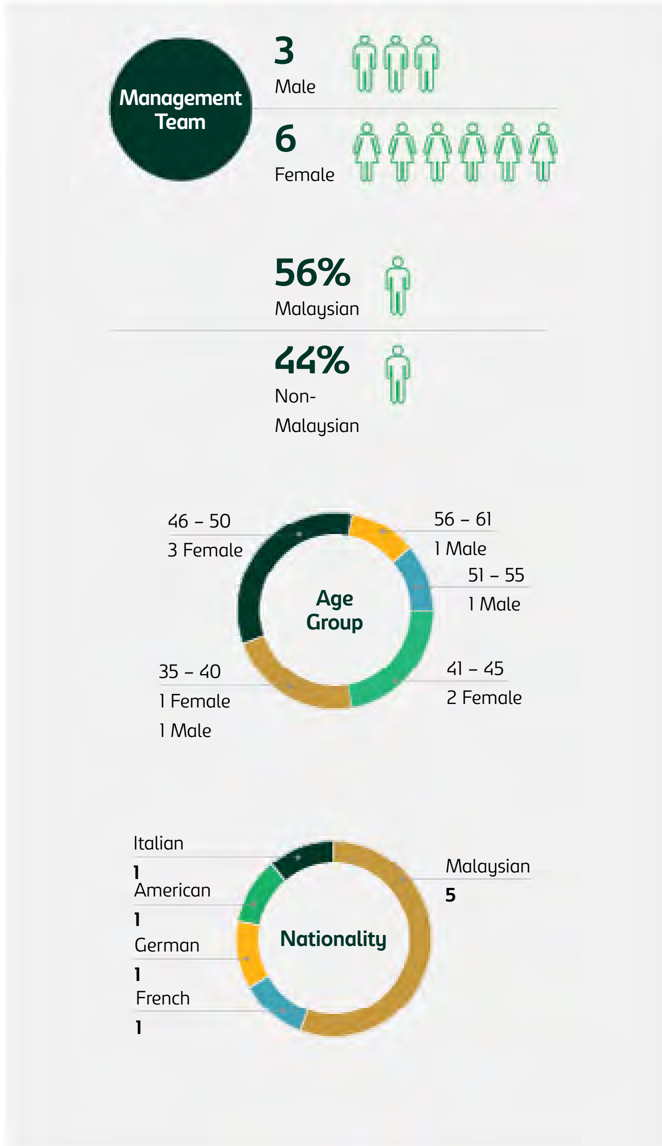
DIVERSITY OF BOARD AND MANAGEMENT

The Board recognises the importance of diversity and embraces diversity at both the Board level and Management Team level with regard to gender, age and nationality.

For Board:



For Management:



NOMINATION AND REMUNERATION COMMITTEE (NRC) REPORT

Chairman

Datuk Lee Oi Kuan
Independent Non-Executive Director
**Appointed on 28 February 2022*
Attendance Record **4/4**

Members

Chew Hoy Ping
Senior Independent Non-Executive Director
Attendance Record **6/6**

Tan Sri Dato' Seri Chor Chee Heung
Independent Non-Executive Chairman
**Appointed on 1 June 2022*
Attendance Record **2/2**

Chan Po Kei Kay
Non-Independent Non-Executive Director
Attendance Record **6/6**

Datuk Toh Ah Wah
Independent Non-Executive Chairman
**Resigned on 1 June 2022*
Attendance Record **4/4**

Michelle Tanya Achuthan
Independent Non-Executive Director
**Resigned on 28 February 2022*
Attendance Record **2/2**

The NRC is responsible for, among others, succession planning, determination of the Directors' remuneration package and annual assessment of the Directors. The NRC comprises a majority of Independent Non-Executive Directors.

Summary of work performed by the Nomination and Remuneration Committee

The main activities undertaken by the NRC during FY2022 were as follows:

- Reviewed and implemented the Directors' Fit and Proper Policy (embedded in the Board Charter)
- Assessed the existing remuneration structure of the Non-Executive Directors and recommended the revised remuneration structure to the Board
- Interviewed and nominated new Directors to the Board. Appropriate candidates for Independent Directors are sourced through recommendations and from external recruitment firms
- Reviewed and assessed the annual performance of the Managing Director and Management Team
- Assessed the effectiveness of the Board, the Board Committees and the contributions of each individual Director and reported its findings to the Board. The Board and Directors Effectiveness Evaluation for FY2022 was conducted by the Institute of Corporate Directors Malaysia (ICDM).

REMUNERATION

The objective of the Group's remuneration policy is to attract and retain the right calibre of Directors required to lead and manage the Group effectively. In the case of Executive Directors, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, the level of remuneration is reflective of their roles, experience and level of responsibility.

Under the Group's current remuneration policy, the fees payable to Non-Executive Directors are paid to Independent Non-Executive Directors only and include fees for their roles in the Board Committees (i.e. as the AC Chairman, RMSC Chairman, NRC Chairman and as members of these Board Committees).

REMUNERATION OF DIRECTORS AND MANAGEMENT TEAM

Details of Directors' Remuneration

The Directors' fees and benefits were reviewed by the NRC in FY2022. The NRC proposed an increment in fees for the roles of the Chairman and the Independent Non-Executive Directors to reflect the increase in the Directors' responsibilities in recent years due to enhanced governance, regulatory and compliance requirements.

The proposed increment was approved by the Board (save for the Independent Non-Executive Directors, who abstained from voting) and made effective from 1 June 2022. The remuneration payable in respect of Directors' fees in FY2022 is categorised as below.

Remuneration for Directors' fees	Amount per annum (RM)
Chairman of the Group	200,000
Each Independent Non-Executive Director	115,000
AC Chairman	20,000
AC Member	8,000
RMSC Chairman	2,500
RMSC Member	2,000
NRC Chairman	2,500
NRC Member	2,000
Meeting allowance per meeting	1,500

CORPORATE GOVERNANCE

The Board has proposed the adoption of the same Directors' fee structure and rates for FY2023 and for the fees to be paid monthly. The Directors' fees are subject to the approval of the shareholders of the Group at the upcoming AGM.

The remuneration of the Board for FY2022 was as follows:

	Fees (RM)	Salaries (RM)	Allowances (RM)	Benefits -in-kind (RM)	Others Emoluments (RM)	Total (RM)
Independent Non-Executive Directors						
Tan Sri Dato' Seri Chor Chee Heung **Appointed on 1 June 2022*	120,999	-	12,000	906	-	133,905
Chew Hoy Ping	122,833	-	30,000	2,129	-	154,962
Datuk Lee Oi Kuan **Appointed on 28 February 2022*	89,583	-	22,500	1,209	-	113,292
Datuk Toh Ah Wah **Resigned on 1 June 2022*	55,002	-	16,500	786	-	72,288
Michelle Tanya Achuthan **Resigned on 28 February 2022*	13,250	-	4,500	360	-	18,110
Executive Director						
Stefano Clini	-	2,459,121	19,910	74,522	1,487,188	4,040,741
Non-Independent Non-Executive Directors						
João Miguel Ventura Rego Abecasis **Appointed on 1 October 2022*	-	-	-	-	-	-
Gavin Stuart Brockett **Appointed on 17 February 2022*	-	-	-	-	-	-
Chan Po Kei Kay	-	-	-	-	-	-
Roland Arthur Lawrence **Resigned on 17 February 2022*	-	-	-	-	-	-
Leonard Cornelis Jorden Evers **Resigned on 1 July 2022*	-	-	-	-	-	-

Details of Management Team's Remuneration

The remuneration of the top three members of the Management Team of the Group for FY2022 is as below. The details of the Management Team's remuneration are not disclosed by name due to the confidentiality and sensitivity of each remuneration package.

Range of Remuneration (RM)	Top Three Management Team Members
1,100,001 – 1,150,000	1
1,200,001 – 1,250,000	1
1,300,001 – 2,000,000	1

ANNUAL EVALUATION OF BOARD AND PROCESS

BOARD AND DIRECTORS EFFECTIVENESS EVALUATION 2022

The Board undertakes an annual evaluation of the Board's effectiveness and periodically engages independent experts to facilitate objective and candid Board evaluations in line with Practice 6.1 of the MCCG 2021.

In 2022, the Board continued to engage the Institute of Corporate Directors of Malaysia (ICDM) to conduct a follow-up external Board and Directors Effectiveness Evaluation. ICDM has no other connection with the Group.

The 2022 evaluation was conducted by ICDM via a customised online questionnaire with the Board and Management Team with three levels of focus: Board of Directors, Board Committees and Individual Directors.

A comprehensive report was compiled and presented to the NRC who deliberated and assessed the report. The key findings and recommendations were then shared with the Board to finalise the 2023 action plan.

EVALUATION PROCESS

ONLINE QUESTIONNAIRE ASSESSMENT	KEY FINDINGS/OBSERVATIONS	KEY FINDINGS/OBSERVATIONS
* Conducted with the Board and Management Team based on the following components: (i) key parameters of Board oversight (including Board leadership, Board composition, skills and development and governance processes), (ii) performance of individual Board Committes, (iii) individual Director's performance and peer assessment, (iv) ESG considerations.	• The Board was viewed as a professional Board under the Chairman's guidance and had, as a whole, executed its Board duties, roles and responsibilities well. • There were improvements in the overall assessment results for 2022 vs 2021 as the Board took into account the recommendations by ICDM in the 2021 evaluation.	• The Board concluded that both it and its Committees were operating effectively as a result of the effectiveness evaluation carried out in 2022. • The Board benefitted from the annual review process and will take into account the findings/recommendations in determining its action plan for 2023.

LEADERSHIP OF CHAIRMAN AND MANAGING DIRECTOR

Chairman	Managing Director
Although the Chairman was newly appointed in June 2022, it was agreed that he managed meetings in an effective manner and had built a good relationship with the Management Team within the short period of his tenure.	The Board members considered the Managing Director an effective leader with a good track record and he had earned the trust and respect of the Board and the Management Team. He also managed the Board relationship well, was supportive and served as a bridge between the Board and the Management Team.

ACTION PLAN FOR 2023

The Board deliberated on the assessment and agreed to undertake or enhance the following as its action plan for 2023:

- Formalise a Board skills matrix to provide clarity on skills required for the composition of the Board to facilitate succession planning.
- Formalise a strategic stakeholder framework for effective engagement with stakeholders.
- Continue to enhance Board members' sustainability knowledge and update them on material issues which are relevant to the Group.
- Focus on emerging trends for Board trainings, particularly with the rapid changes in regulatory requirements, technological advancements and stakeholders' expectations.

CORRUPTION, BRIBERY AND ANTI-COMPETITIVE BEHAVIOUR

(i) Commitment to Anti-Corruption and Anti-Bribery

Carlsberg Group has a zero-tolerance policy against bribery and corruption as we recognise that corruption, especially in cases involving government officials, is one of the key causes of poverty in the world.

We aim to be transparent and an attractive choice for consumers, customers and investors. To this end, the Carlsberg Group has in place an Anti-Bribery and Corruption policy, supplemented by various manuals such as the Anti-Bribery and Corruption manual, Gifts, Entertainment & Donations manual and Third Party Screening manual, to guide the Group in conducting its business in an honest and transparent manner.

For business operations in Malaysia and Singapore, anti-bribery laws are crucial, and they must be strictly complied with to avoid serious financial and reputational consequences. The Group periodically conducts training for employees in addition to raising awareness via internal communications.

It is the Group's policy that all employees, suppliers, consultants, customers and distributors sign the Anti-Bribery and Corruption declaration before they are employed or engaged by the Group. We have also continued with the mandatory e-learning for all new joiners, with a 100% completion rate in 2022. There were no anti-bribery and corruption incidents reported in 2022.

(ii) Commitment against Anti-Competitive Behaviour

The Carlsberg Group supports vigorous but fair play in our business, and never engages in business practices that may infringe competition laws. In Malaysia and Singapore, breaches of competition law will result in severe consequences, including hefty fines, imprisonment and reputational damage.

A competition compliance plan has been developed and implemented by the Carlsberg Group to ensure that we comply with the relevant competition rules and regulations in our daily business operations. This includes the implementation of the Competition Compliance Policy and Manual, e-learning for employees and regular training to raise awareness.

DATA SECURITY AND PRIVACY

The Carlsberg Group recognises the importance of having effective and meaningful data privacy and data protection standards in place, especially when personal data is constantly being collected, used and transferred in our daily work. This is necessary to comply with regulatory requirements, in addition to promoting trust and respect in the individuals whose personal data we collect.

For our employees, we are committed to a fair, respectful, safe and non-discriminatory workplace, including lawful handling of personal data as part of our working relationship. For our stakeholders, we collect and use data ethically and in compliance with local laws, including having the necessary privacy policy and notice and a dedicated email address for those who have queries on their personal data. These are embodied in our Data Privacy and Data Protection policy and Data Ethics policy.

The Legal & Compliance Director is the nominated personal data representative of the Group. There were no substantiated complaints concerning breaches of customer privacy and loss of customer data in 2022.

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

Carlsberg Malaysia's procurement department works with relevant internal teams to perform Supplier Performance Evaluations and is guided by the Environmental Health and Safety (EHS) Safety and Health Compliance Audit. On top of that, we periodically audit suppliers for raw and packaging material, covering aspects such as quality, environment and social responsibility. Our Quality Assurance is charged with the responsibility of deciding which suppliers should be audited, and thereafter, it will conduct the said audit together with our Procurement team.

At Carlsberg Malaysia Group, we screen our new suppliers for both environmental and social criteria. In 2022, we screened 100% or 344 of our new suppliers for these criteria. Beyond this, vendors we have contracts with are required to adhere to our Carlsberg Group Supplier Policy and Licensee Code of Conduct, which covers topics such as labour and human rights, health and safety, environmental sustainability, business ethics, competition and fair trade, as well as data protection. Our purchase orders also contain information pertaining to the conduct expected of all our vendors via a code of conduct and a gifts and gratuities policy. We are pleased to report that in 2022, 72% of our procurement spend was on local vendors. We look forward to working with even more local suppliers so that we can deliver shared economic value to the local community, while leveraging a global network of suppliers.

STAKEHOLDER ADVOCACY

We are guided by Carlsberg Group's Public and Government Affairs Policy to ensure that our public and government engagement is done ethically and lawfully. Any engagement with external stakeholders, including government officials, has an impact on Carlsberg Malaysia Group's reputation and our rights to brew, distribute, advertise and sell our products. Our Managing Director, our Corporate Affairs and Sustainability Director and a team of staff thus oversee stakeholder engagement plans, ensuring that these are aligned with and build upon the SAIL'22 strategy.

Even as the economy reopened post-COVID-19, the alcohol industry remained heavily regulated and alcoholic beverages continued to face high excise duty rates. As a brewer, we are committed to working with the government and civil society to develop appropriate interventions, promote healthy habits in relation to alcohol consumption among our consumers and, in turn, minimise negative externalities from the sale of alcohol.

As Malaysia and Singapore have the second-highest beer excise duty rates in the world, we also consistently engage with the government in hopes that the rates do not increase further, since this would result in more consumers turning to the illicit beer trade. In 2022, we participated in roundtable discussions with various government ministries and agencies who formed part of Malaysia's Multi-Agency Task Force in combating illicit alcohol and cigarettes to share how the beer industry, including ourselves, has created jobs and livelihoods in Malaysia, and the strides we have made in curbing the negative externalities associated with beer consumption.

We also engage with the government on advertising prohibitions. Notably, we have proactively participated in public consultation exercises conducted by the Communications and Multimedia Content Forum of Malaysia (CMCF), which touch on the topic of responsible advertising. We highlighted the existing measures that we have in place to curb irresponsible online alcohol advertising, and are grateful that the CMCF responded positively to our efforts. Notably, the resulting Content Code 2022 published in January 2022 allowed for alcohol advertisements to be done via electronic-based mediums in Malaysia, although such advertisements are not permitted on broadcast mediums such as television, radio and public digital platforms.

RISKS AND OPPORTUNITIES

ECONOMIC RISKS

Rising inflation as a result of the increase in commodity prices and transportation cost will lead to higher input costs and ultimately impact our bottom line.

Material Issue: Economic Impact and Tax

LEGAL AND REGULATORY COMPLIANCE RISKS

These risks include acts that are in violation of the Malaysian Anti-Corruption Commission Act, the Competition Act, and other related statutory requirements. Failure to adhere to these regulations, laws and statutory requirements could result in severe financial, criminal and reputational loss.

Material issues: Corporate Governance and Risk Management; Anti-Corruption, Bribery and Anti-Competitive Behaviour

SUPPLY CHAIN-RELATED RISKS

Our business is susceptible to a range of supply chain-related risks such as delay in delivery of materials/goods from outside Malaysia, disruptions to water supply, breaches in employee health and safety protocols, breakdown of production equipment, shutdowns announced by authorities and natural disasters. The occurrence of any of these events will disrupt production and lead to the loss of revenue.

Material Issues: External Risks to Supply Chain; Responsible Supply Chain Management

IT AND CYBERSECURITY RISKS

Unauthorised access to IT systems and the loss of control of IT systems as a result of security breaches such as email phishing, ransomware, malware and viruses will lead to loss of data as well as potential financial and reputational damage.

Material Issue: Data Security and Privacy

TAXES AND ILLICIT BEER RISKS

An increase in smuggled beer and parallel imports as a result of smuggling activities and lack of effective enforcement will lead to a loss of revenue and profits. Similarly, any increase in excise duty will impact our sales volumes and increase contraband beer products.

Material Issues: Economic Impact and Tax; Threats to Commercial Freedom

RISKS AND OPPORTUNITIES

INCLUSION OF ALCOHOL-FREE BREWS (AFBs) AS PART OF OUR PORTFOLIO

With AFB offerings in our portfolio, we are able to reach untapped consumers and create a different drinking repertoire among eligible consumers who prefer non-alcoholic products.

Material Issue: Product Health Impact

NEW GLASS BOTTLING LINE

The new glass bottle filling line allows us to explore different product innovations that were previously unavailable due to packaging complexities and the limitations of the previous bottling facility.

Material Issue: Sustainable Packaging and Materials

LAUNCH NEW SKUS TO CATER TO CONSUMERS' NEEDS

With the reopening of the economy and entertainment outlets, we see the opportunity to launch new SKUs from the broad range of Carlsberg Group's brand portfolio to widen our product offerings to cater to varying consumer tastes as well as affordability.

Material Issue: Product Health Impact

BEER AS THE MOST AFFORDABLE ALCOHOLIC BEVERAGE OF CHOICE

With the looming global recession, we anticipate a softening of consumer sentiment, resulting in a possible switch from alcoholic products of higher price point i.e. whisky, wine to beer, and switch from high-end restaurants to neighbourhood bars and eateries.

Material Issues: Product Health Impact; Responsible Advertising and Marketing

RISK MANAGEMENT

The Management will assess each risk based on the probability of the risk materialising and the impact of the risk. This will then guide the Management on the risk appetite in formulating risk mitigation activities. Essentially, we need to ensure that risks that have an impact on our strategic objectives are minimised or eliminated. Any residual impact from this is a risk that Management is willing to take. Ultimately, Management will need to balance risk appetite against delivering sustainable shareholders' value.

In practice, any new/emerging risk will be proposed by the risk owner in the quarterly risk management working committee meeting led by the Managing Director, where the details, likelihood and impact will be discussed before its adoption into the risk register.

Economic Uncertainty Risks	Mitigation	Link to Material Issue	Risk trend
Rising inflation as a result of the increase in commodity prices and transportation cost will lead to higher input costs and ultimately impact our bottom line.	We maintain adequate buffer stocks for raw materials and packaging materials based on production demands. We also take into account additional lead time when arranging for delivery and placing orders in advance.	Economic Impact and Tax	
Legal and Regulatory Compliance Risks	**Mitigation**	**Link to Material Issue**	**Risk trend**
Bribery and corrupt practices could lead to serious criminal, financial and reputational risks. Under Section 17A of the MACC 2018 (Amendment) Act, officers and senior management, including company directors, could be held responsible for criminal liability.	We maintain a separate Anti-Bribery and Corruption register that is subject to annual review and implement relevant policies and manuals in areas involving Gifts, Entertainment and Donations, Third Party Screening and Trade Sanction Screening.	Corporate Governance and Risk Management; Corruption, Bribery and Anti-Competitive Behaviour	
Non-compliance with the Competition Act could lead to financial and criminal penalties.	We conduct annual refresher training for commercial employees and conduct periodic reviews of market share, which is reported to the Board of Directors.		
Penalties for non-compliance with statutory requirements can be significant and even lead to our manufacturing licence being withdrawn.	We conduct quarterly statutory compliance checks and obtain regulatory updates from relevant government agencies/authorities and business associations.		
IT and Cybersecurity Risks	**Mitigation**	**Link to Material Issue**	**Risk trend**
Unauthorised access to IT systems and the loss of control of IT systems as a result of security breaches such as email phishing, ransomware, malware and viruses will lead to loss of data as well as potential financial and reputational damage.	We centralise all login credentials with enhanced security policies and governance and send out monthly phishing simulation emails to all users to test them and create awareness. We also include a briefing of our IT policies as part of the staff onboarding programme and users are not allowed to install unauthorised applications. In addition, we perform regular updates on all software and enable reporting of breaches at any time via our Global Security Operations Centre.	Data Security and Privacy	

Legend: Unlikely Possible Likely Very Likely Increase Remains

RISK MANAGEMENT

Taxes and Illicit Beer Risks	Mitigation	Link to Material Issue	Risk trend
We risk losing revenue if there is a large amount of illicit beer present in the market.	We engage with government agencies such as the Ministry of Finance and the Royal Malaysian Customs via the Confederation of Malaysia Brewers Berhad (CMBB) to curb smuggled beer and parallel imports. We also take part in a Multi Agency Task Force (MATF) comprising Customs, MOF, Ministry of Domestic Trade and Cost of Living, MOH, Police, Marine and CMBB which is led by the Finance Minister.	Economic Impact and Tax; Threats to Commercial Freedom	
We are at risk of reduced sales volume if excise duties increase, which will also cause an increase in illicit beer volume.	We consistently engage with the authorities via CMBB to voice out our view that excise duties should be maintained.		

Supply Chain-related Business Interruption Risks	Mitigation	Link to Material Issue	Risk trend
Supply chain disruptions such as delays in the delivery of materials/goods and the increase in commodity and logistics prices will impact our bottom line.	We maintain adequate buffer stocks of raw materials and packaging materials and take into account additional lead time when arranging for delivery and placing orders in advance, especially for materials that are transported via sea freight.	External Risks to Supply Chain; Responsible Supply Chain Management	
Disruption in water supply.	We increase tube well utilisation and prioritisation on production line usage to ensure optimum production output, in addition to upgrading our Water Treatment Plant.		
Disruption caused by violation of Employee Health and Safety protocols.	We have installed the requisite safety signages, organised safety induction programmes and undergo an annual inspection by the Department of Occupational Safety and Health. In addition, we have adopted the Occupational Health and Safety framework provided by ISO45001 Occupational Health and Safety Management Systems and Carlsberg Group H&S Standards.		
Major breakdown in brewhouse/utilities or packaging line/ utilities.	We implement preventive maintenance plans and long-term capital expenditure plans for upgrades and replacements.		
Factory damaged by fire.	We conduct annual fire drills, monthly external and internal safety and fire risk assessments, annual insurance audits and install sprinkler systems in key areas of the brewery.		
Natural disasters.	We maintain optimum stock levels and safety stocks at distributors and external warehouses with contingency plans for regional sourcing, in addition to preparing sandbags in the event of flooding.		
Disruption in supply of materials.	We ensure we have multiple vendors and identify new and backup vendors, in addition to implementing other supply chain management strategies.		

Legend: Unlikely Possible Likely Very Likely Increase Remains

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RESPONSIBILITY AND COMMITMENT OF THE BOARD

The Board has always placed significant emphasis on sound risk management and internal control frameworks that are necessary to safeguard the Group's assets and shareholders' investments. To this end, the Board affirms its overall responsibility for the identification and mitigation of the Group's key risks, which are categorised in its risk registers according to the nature of the risk, namely strategic, operational, financial and compliance. Meanwhile, the Group maintains an internal control framework to prevent, detect and monitor any significant control gaps. In addition, the Board has effective oversight of the audit findings and recommendations highlighted by both the Internal Audit (IA) function and the external auditors. However, it should be noted that the risk management process and internal control systems, by definition, can only manage, but not completely eliminate, all risks and thus can only provide reasonable, and not absolute, assurance against misstatement, loss or fraud or any other adverse event.

This Statement on Risk Management and Internal Control was made in accordance with the resolution of the Board dated 2 March 2023.

RISK MANAGEMENT FRAMEWORK

Under the risk management framework, the Group is required to put in place a continuous process to identify, evaluate, monitor and manage key risks that could hinder the achievement of the Group's business objectives.

The Risk Management Process

Throughout the year, the IA team coordinates discussions and meetings with all the risk owners and heads of department to assess and update the existing risks in the Group's risk registers (separate risk registers are maintained for the Malaysian and Singaporean businesses). Such exercises are also meant to identify any potential new risk areas. Prior to the quarterly Risk Management and Sustainability Committee (RMSC) meeting, the Managing Director convenes a risk management working committee meeting (this committee comprises all the risk owners). The main objective of this meeting is to obtain updates from risk owners pertaining to all the key risks reported in the risk registers. Mitigating plans and activities are also discussed and deliberated before adoption. On a quarterly basis, the RMSC evaluates and reviews the key risks reported by the Group. A dedicated risk report is prepared for this purpose and relevant members of the Management team are invited to join the quarterly meetings, as and when necessary.

Risk Category

The Group maintains a register of key risks together with corresponding mitigating activities and risk ratings. These risks are grouped according to the nature of the risk, as follows:

Strategic: Risks that hinder the business from achieving its strategic objectives due to events that occur both internally and externally.

Operational: Risks that impact the business' day-to-day operations.

Financial: Risks that are generally associated with misstatement in financial reporting and/or breakdowns in financial controls, including adverse events that result in financial losses.

Compliance: Risks that are related to legal and statutory requirements and corporate governance.

INTERNAL CONTROL FRAMEWORK

The key elements of the Group's internal control framework are described as follows:

Control Environment
The Board and Management have established an organisational structure with clearly defined lines of accountability and delegated authority. This includes well-defined responsibilities for the Board Committees and various management levels. The authority limits that govern the day-to-day business operations are spelt out in the Group's Chart of Authority, which is endorsed by the Board. Emphasis is placed on adherence to the Carlsberg Group's Code of Ethics and Conduct by all employees and business partners. Meanwhile, merit-based incentive schemes and rigorous key performance indicators are put in place to ensure that the competency of the workforce is continuously maintained.

Control Activities
As part of the framework, the Group has established standard operating procedures to safeguard the integrity of the business operations and financial reporting. These procedures are subject to regular reviews by the Management, our Legal & Compliance team and the internal auditors to cater for changes in business processes and risks or for further improvements. Preventive, detective and monitoring controls are also embedded in the core business processes to ensure that the risk of deviation is adequately mitigated. Meanwhile, segregation of duties is implemented where required and possible.

Communication
The Group also maintains effective communication channels to provide and solicit feedback in relation to business performance, critical issues and other key business matters. Policies and directives are regularly communicated to employees and business partners through company memos, emails and official documents so that control responsibilities and business ethics and conduct are taken seriously. Meanwhile, training and refresher programmes, in particular in the form of e-learning, are periodically rolled out to create a high level of awareness and instil a culture with a strong sense of ethics and integrity within the Group.

Monitoring Mechanism
The Management constantly reviews key performance indicators set for various functions within the Group to ensure the efficiency and effectiveness of operational activities in achieving business objectives. Independent reviews are carried out throughout the year by the IA function to assess the adequacy and effectiveness of the internal control framework. Audit results from reviews performed in accordance with the approved annual audit plan, including the findings and recommendations, are reported to the Audit Committee (AC) on a quarterly basis. In addition, external audit findings, including any key control matters, are highlighted by the external auditors to the AC and the Board. The Group has also implemented periodic self-assessment initiatives in relation to financial controls, the results of which are reviewed and monitored by Carlsberg Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ADEQUACY OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board has reviewed and believes that the risk management and internal control framework is adequate. Appropriate mitigating activities and control procedures have been put in place to deal with any identified weaknesses.

In recent times, the Group took all the necessary precautions relating to health, safety and business continuity to mitigate the impact of the COVID-19 pandemic that affected businesses globally. As 'work-from-home' arrangements for employees increasingly became the norm, necessary adjustments were made to various processes without compromising the internal control systems.

Additional emphasis was also placed on cybersecurity to address the trend of increasing cyberthreats around the world. Additionally, the Group considered sustainability risks and opportunities in its business operations, which were regularly discussed on a quarterly basis. During the year, various deficiencies in internal control were identified by the external auditors during their statutory audit and through internal audit reviews. Corrective actions were duly implemented to address such deficiencies.

The Board has also received assurance from the Managing Director and Chief Financial Officer that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects.

This Statement on Risk Management and Internal Control does not deal with the associated company as the Group does not have management control over its operations.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide 3 (AAPG3) issued by the Malaysian Institute of Accountants. AAPG3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE REPORT

Chairman

Chew Hoy Ping Senior Independent Non-Executive Director	Attendance Record **4/4**

Members

Datuk Lee Oi Kuan Independent Non-Executive Director **Appointed on 28 February 2022*	Attendance Record **3/3**
Datuk Toh Ah Wah Independent Non-Executive Chairman **Resigned on I June 2022*	Attendance Record **2/2**
Michelle Tanya Achuthan Independent Non-Executive Director **Resigned on 28 February 2022*	Attendance Record **1/1**
Stefano Clini Managing Director	Attendance Record **4/4**

Effective 20 October 2022, the Risk Management Committee was reconstituted and renamed the Risk Management and Sustainability Committee (RMSC).

The Chief Financial Officer and Legal & Compliance Director attended all the meetings for the purpose of briefing the RMSC on the activities involving their areas of responsibility. The Head of IA attended all the meetings except for the meeting held in February 2022, where two representatives from the IA team attended on his behalf.

SUMMARY OF WORK PERFORMED BY RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

The main activities undertaken by the RMSC during the financial year ended 31 December 2022 were as follows:

- Reviewed the Group's Risk Management Framework and policies for approval and adoption by the Board. Reviewed the effectiveness and relevance of the framework and policies on a regular basis.
- Reviewed the quarterly risk updates and provided recommendations to the Board in relation to the monitoring of principal risks and the corresponding risk-mitigating plans. The RMSC also conducted regular scanning for potential new risks.
- Made recommendations to the Board concerning risk appetite and risk tolerance. In addition, the RMSC ensured that key risks were adequately monitored and managed within the tolerance levels acceptable to the Board.
- Reviewed and reported to the Board any significant issues arising from the risk management programmes and the corresponding mitigating actions taken by the Group.
- Continuously monitored the effectiveness of the measures taken by the Group to mitigate the impacts of the COVID-19 pandemic. Key updates in relation to health, safety and business continuity were provided by the Management to the RMSC on a quarterly basis.
- Reviewed the anti-bribery and anti-corruption risks relating to the Group and the corresponding mitigating activities.
- Reviewed the updates to compliance-related programmes as per a quarterly report prepared by the Legal & Compliance Director.
- Reviewed and discussed the enterprise risk management activities and policies, including the updates to key risks.
- Reviewed and assessed the Group's sustainability strategies, policies and standards in relation to environmental, social and governance considerations, including matters such as safety, health, employment, human rights, community affairs and other pertinent sustainability issues of the Group.
- Provided oversight on approved strategic initiatives in relation to the Sustainability Matters and reported to the Board regularly.
- Reviewed the implementation of the Group's Sustainability Matters as presented by the Corporate Affairs and Sustainability Director on a quarterly basis.

AUDIT COMMITTEE REPORT

The Managing Director, Chief Financial Officer and Legal & Compliance Director attended all the meetings for the purpose of briefing the Audit Committee (AC) on the developments and issues relating to their areas of responsibility. The Head of Internal Audit also attended all the AC meetings, except the meeting held in February 2022, where two representatives from the Internal Audit (IA) team attended on his behalf.

The AC was also briefed by the external auditors, PwC, on the audit plan and the findings of the external audit during three of the 2022 AC meetings. In these meetings with PwC, the AC had private sessions with the external auditors without the presence of any executive Board members or Management.

Chairman

CHEW HOY PING
Senior Independent Non-Executive Director

Attendance Record
5/5

Members

Member	Attendance Record
Gavin Brockett Non-Independent Non-Executive Director **Appointed on 17 February 2022*	**4/4**
Tan Sri Dato' Seri Chor Chee Heung Independent Non-Executive Chairman **Appointed on 1 June 2022*	**2/2**
Datuk Toh Ah Wah Independent Non-Executive Chairman **Resigned on 1 June 2022*	**3/3**
Roland Arthur Lawrence Non-Independent Non-Executive Director **Resigned on 17 February 2022*	**1/1**

SUMMARY OF WORK PERFORMED BY AUDIT COMMITTEE

The main activities undertaken by the AC during the financial year ended 31 December 2022 were as follows:

- Reviewed the external auditors' scope of work, audit risks and focus areas, materiality thresholds, audit methodology, key milestones and other relevant matters. The Chairman and members of the AC periodically held informal discussions with the external auditors to ensure audit issues were addressed on a timely basis.

- Reviewed the results of the external audit, the audit report and the management representation letter, including Management's responses. Furthermore, the AC scrutinised potential key audit matters raised by the external auditors and ensured that adequate work was done to support the audit conclusions and overall impact on the financial statements. The sole key audit matter vetted by the AC (as mentioned in the Independent Auditors' Report on pages 212 to 215 in detail) related to the accounting for trade discounts and volume rebates accruals as part of revenue recognition, as this involved the use of critical accounting estimates and Management assumptions. As noted by the external auditors, Management accrued the trade discounts and volume rebates based on the estimated sales volume to be achieved multiplied by the agreed rates with the customers. On the AC's part, trade discounts and volume rebates were regularly reviewed as part of the financial reports presented by Management at each quarterly meeting and through relevant IA reports during the year, following the approved IA plan.

- Assessed the performance, competency and professionalism demonstrated by the external auditors during the year. Obtained the assurance of independence from the external auditors and recommended the audit fees payable to the Board for approval.

- Considered and assessed the independence and objectivity of the external auditors during the year and prior to engaging the external auditors for non-audit-related services. The non-audit fees paid to the member firms of external auditors in 2022 amounted to RM18,815.

- Reviewed IA reports, recommendations and Management responses, including relevant activities performed by Group IA from Carlsberg Group. Discussed actions taken with Management to improve the internal control systems based on findings identified by the internal auditors. On a quarterly basis, the AC Chairman also had private sessions with the Head of IA to discuss the operations of the IA function and other related matters.

- Reviewed the audited financial statements of the Group prior to submission to the Board for its approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable accounting standards as set by the Malaysian Accounting Standards Board.

- Reviewed the quarterly unaudited financial results and Bursa Malaysia Securities Berhad (Bursa) announcements before recommending them for the Board's approval. Such reviews were conducted together with the Managing Director and the Chief Financial Officer.

- Throughout the financial year, the AC Chairman and other members of the AC also had frequent discussions with the Chief Financial Officer on any potential material issues that could affect financial reporting and disclosure. This included the Group's compliance with relevant legal and statutory requirements such as the Bursa Listing Requirements.

- Reviewed pertinent issues of the Group that could significantly impact the results and future cash flows of the Group, including enhancements and investments in products, capital expenditure, cost rationalisation measures and human resource development.

- Reviewed the reports on related party transactions and recurrent related party transactions to ensure these transactions were executed in compliance with the Bursa Listing Requirements and were within the shareholders' mandate.

- Reviewed the Group's compliance with the provisions set out in the Malaysian Code on Corporate Governance for the purpose of the Corporate Governance Overview Statement, pursuant to the Bursa Listing Requirements.

INTERNAL AUDIT FUNCTION

STRUCTURE, RESPONSIBILITIES AND APPROACH

The Group maintains an in-house IA function, which is independent of the business operations. Adequate independence is always maintained by the IA function so that it can perform its duties objectively. The Head of IA is Mr Lim Tiong Eng @ Allan Lim, who is a chartered accountant registered with the Malaysian Institute of Accountants and a certified practising accountant under CPA Australia. The Head of IA is assisted by three internal auditors and has a functional reporting line to the AC Chairman. He has full access to the AC and maintains regular communications with the AC Chairman for discussion of audit matters, in addition to other matters concerning the IA function. All members of the IA function, like any other employee of the Group, are subject to an annual declaration of any potential conflict of interest. No member of the IA function was reported to the AC and Board to have any element of conflict of interest during the year.

The scope of work for the IA function is laid out in the annual audit plan that is endorsed by the Managing Director and approved by the AC. The contents of the annual audit plan are determined by an annual risk assessment performed independently by the IA function. Various aspects of the business are covered by the audit plan, such as key internal control processes, risk management, corporate governance and compliance and recurring related party transactions. The progress and status of the audit plan are presented to the AC on a quarterly basis.

The work conducted by the IA team is guided by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework in general and the COSO 5 components of internal control specifically. The IA team also refers to the standards of the International Professional Practices Framework (2017) issued by the Institute of Internal Auditors. All audit observations and the corresponding remedial action plans are presented by the Head of IA at the quarterly AC meetings. The progress and implementation status of action plans are also tabled at each meeting. A dedicated reporting deck that includes all the individual audit reports is prepared for the purpose of the quarterly meetings.

The total cost incurred by the IA function during the year amounted to RM1,053,958.

SUMMARY OF WORK PERFORMED BY INTERNAL AUDIT

The main activities undertaken by the IA function during the financial year ended 31 December 2022 were as follows:

- Performed risk assessments on all auditable areas for the purpose of annual audit planning. A number of elements were considered in the planning, which included financial impact, perceived state of controls, feedback from the Management team, past audit findings, control matters raised by external auditors or Group IA from Carlsberg Group and recent changes in the business environment.

- Shared the proposed annual audit plan with the Managing Director and subsequently presented it to the AC for review and approval.

- Performed audit reviews based on the approved audit plan and prepared audit reports (for quarterly issuance to the Management and AC) in which the audit observations, root-cause analyses and remedial recommendations were detailed. During the year, areas relating to the on-trade sales rebates entitlement and payment process, planning, production and recording of finished goods, digital marketing, corporate sponsorships and consultancy fees, third-party warehouse service provider, payment processing and procurement process, travel and entertainment expense statements, asset disposals, recurring related party transactions, tender activities, risk management activities and marketing campaigns were audited. Numerous special reviews, which included investigation of whistleblowing cases, were also carried out. All audit reports were tabled at the quarterly AC meetings for review, discussion and implementation.

- Conducted meetings throughout the year with the relevant stakeholders to discuss and align audit-related matters. Such meetings were also intended to solicit feedback from stakeholders with regard to the practicality of audit recommendations and adoption.

- Regularly followed up on outstanding audit issues, especially on the implementation and continuity of Management action plans in addressing control gaps identified.

- Provided advice in relation to internal control issues arising from the day-to-day business operations. Where necessary, the IA function also collaborated with Management to promote a culture of practising good internal controls and governance to strive for business efficiency and internal control effectiveness.

- Managed the Group's official whistleblowing mailbox and liaised with the Whistleblowing Committee and the Speak Up Review Team on the appropriate responses and actions in relation to reports received from whistleblowers. Carried out investigation as and when necessary and appropriate.

- Participated as an independent observer in the end-to-end tendering process of the Group. The IA team reviewed all tenders carried out for purchases above RM100,000 in terms of tender briefs, scoring criteria and weightage, actual submission by suppliers, selection justification and exception handling.

- Coordinated more than 25 meetings during the year with all the risk owners and functional heads to discuss and solicit updates to the risk registers. This included the regular practice of scanning for new risks together with stakeholders.

- Facilitated the quarterly risk management meetings with the risk working committee (consisting of risk owners and risk responsible parties). Prepared the minutes and followed up on matters arising and outstanding issues.

- Maintained the Group's risk registers and ensured that the contents were regularly updated with the relevant information and status of risk-mitigating activities.

- Prepared the risk management reporting deck and presented it at the quarterly RMSC meetings for review, discussion and comments.

RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS

The Directors are collectively responsible for ensuring that the financial statements for the Company and the Group are prepared in accordance with the applicable Approved Accounting Standards in Malaysia, the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

It is the responsibility of the Directors to ensure that financial statements for each financial year present a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the results and cash flows of the Company and the Group for the financial year.

In preparing the financial statements for the financial year ended 31 December 2022, the Directors have applied appropriate and relevant accounting policies consistently, and in accordance with applicable accounting standards, and made judgements and estimates that are reasonable and fair. The financial statements have been prepared on a going concern basis and the Directors have ensured that proper accounting records have been kept that enable the preparation of the financial statements with reasonable accuracy.

The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities. This statement is made in accordance with a resolution of the Board of Directors dated 2 March 2023.

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Financial Statements

With strong-performing brand portfolios, effective compliance with international reporting standards and prudent planning, we are proud to report good financial health that will spur us on towards our next phase of profitable growth.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The Board of Directors has pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

DIRECTORS OF THE COMPANY

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Chan Po Kei Kay
Chew Hoy Ping
Stefano Clini
Gavin Stuart Brockett (Appointed on 17.02.2022)
Datuk Lee Oi Kuan (Appointed on 28.02.2022)
Tan Sri Dato' Seri Chor Chee Heung (Appointed on 01.06.2022)
João Miguel Ventura Rego Abecasis (Appointed on 01.10.2022)
Roland Arthur Lawrence (Resigned on 17.02.2022)
Michelle Tanya Achuthan (Resigned on 28.02.2022)
Datuk Toh Ah Wah (Resigned on 01.06.2022)
Leonard Cornelis Jorden Evers (Resigned on 01.07.2022)

PRINCIPAL ACTIVITIES

The Company is principally engaged in the production of beer, stout, cider, shandy and non-alcoholic beverages for distribution in the domestic market and for export while the other Group entities are primarily involved in the marketing and distribution of beer, stout, cider, shandy, liquor and non-alcoholic beverages. There have been no significant change in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
- Owners of the Company	317,046	218,701
- Non-controlling interests	7,815	-
Profit for the financial year	324,861	218,701

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There were no shares or debentures issued by the Company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

INDEMNITY AND INSURANCE COSTS

The Directors and Officers of the Group and the Company are covered by Directors and Officers Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Company subject to the terms of the policy. The total amount of premium paid was RM63,715.

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares in the Company and its related corporations (other than wholly-owned subsidiaries) during the financial year except as follows:

	Number of ordinary shares			
	At 1.1.2022	Acquired	Disposed	At Date of resignation/ 31.12.2022
Chew Hoy Ping	10,000	-	-	10,000
Datuk Toh Ah Wah *	10,000	-	-	10,000

* Resigned as director on 01.06.2022

DIVIDENDS

The dividends paid or declared since the end of the previous financial year were as follows:

In respect of financial year ended 31 December 2021:

Date of Declaration	Date of payment		Sen per ordinary share	RM million
14 Apr 2022	12 May 2022	Final single-tier dividend	46.0	140.6

In respect of financial year ended 31 December 2022:

Date of Declaration	Date of payment		Sen per ordinary share	RM million
24 May 2022	22 Jun 2022	First interim single-tier dividend	22.0	67.3
19 Aug 2022	15 Sep 2022	Second interim single-tier dividend	22.0	67.3
11 Nov 2022	9 Dec 2022	Third interim single-tier dividend	19.0	58.1

The Board of Directors recommended for shareholders' approval at the forthcoming Annual General Meeting a final single-tier dividend of 25.0 sen per ordinary share in respect of the financial year ended 31 December 2022. The total amount payable for the proposed final single-tier dividend is RM76.4 million.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

DIRECTORS' REMUNERATION

Details of Directors' remuneration of the Group and the Company for the financial year ended 31 December 2022 were as follows:

	Group and Company 2022 RM'000
Directors:	
- Fees	402
- Defined contribution plan	172
- Short-term employee benefits (including estimated monetary value of benefits-in-kind)	3,436
	4,010
- Share-based payments	523
	4,533

HOLDING COMPANIES

The Directors regard Carlsberg Breweries A/S and Carlsberg A/S, companies incorporated in Denmark, as the immediate holding company and ultimate holding company respectively.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

   (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

   (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; or

   (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

   (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report:

   (i) there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and

   (ii) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.

(d) No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiaries to meet their obligations when they fall due.

(e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

(f) In the opinion of the Directors:

   (i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for those disclosed in the financial statements; and

   (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SUBSIDIARIES

Details of subsidiaries are set out in Note 12 to the financial statements.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146), have expressed their willingness to accept re-appointment as auditors.

Auditors' remuneration of the Group and the Company for the financial year ended 31 December 2022 were as follows:

	Group RM'000	Company RM'000
Audit fees:		
- Payable to PricewaterhouseCoopers PLT	352	224
- Payable to PricewaterhouseCoopers International Limited	226	-
Audit related services:		
- Payable to PricewaterhouseCoopers PLT	9	9
	587	233

This report was approved by the Board of Directors on 2 March 2023.

Signed on behalf of the Board of Directors:

STEFANO CLINI
MANAGING DIRECTOR

CHEW HOY PING
INDEPENDENT NON-EXECUTIVE DIRECTOR

Selangor Darul Ehsan
2 March 2023

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	5	**2,412,465**	1,772,821	**1,258,065**	863,844
Cost of sales		**(1,616,373)**	(1,248,829)	**(1,236,372)**	(862,368)
Gross profit		**796,092**	523,992	**21,693**	1,476
Other income		**2,044**	3,245	**24,500**	22,063
Sales and distribution expenses		**(286,669)**	(213,992)	**(5,763)**	(333)
Administrative expenses		**(79,206)**	(65,228)	**(42,602)**	(37,217)
Other expenses		**(7,152)**	(1,176)	**(8,280)**	(368)
Results from operating activities		**425,109**	246,841	**(10,452)**	(14,379)
Dividend income		**-**	-	**232,255**	181,076
Finance income		**784**	749	**2**	14
Finance costs		**(3,007)**	(3,197)	**(6,397)**	(5,005)
Operating profit	6	**422,886**	244,393	**215,408**	161,706
Share of profit of equity accounted associate, net of tax		**21,519**	15,180	**-**	-
Profit before taxation		**444,405**	259,573	**215,408**	161,706
Taxation	7	**(119,544)**	(55,208)	**3,293**	3,682
Profit for the financial year		**324,861**	204,365	**218,701**	165,388
Other comprehensive (loss)/income, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Cash flow hedge – fair value changes:					
Change in fair value of effective portion of cash flow hedges		**(5,152)**	5,573	**(5,152)**	5,573
Loss in fair value of cash flow hedges transferred to the income statement		**(1,889)**	(5,225)	**(1,889)**	(5,225)
Exchange differences on translation of foreign operations		**(39,884)**	(4,760)	**-**	-
Other comprehensive (loss)/income for the financial year, net of tax		**(46,925)**	(4,412)	**(7,041)**	348
Total comprehensive income for the financial year		**277,936**	199,953	**211,660**	165,736
Profit attributable to:					
Owners of the Company		**317,046**	200,988	**218,701**	165,388
Non-controlling interests		**7,815**	3,377	**-**	-
Profit for the financial year		**324,861**	204,365	**218,701**	165,388
Total comprehensive income attributable to:					
Owners of the Company		**270,121**	196,576	**211,660**	165,736
Non-controlling interests		**7,815**	3,377	**-**	-
Total comprehensive income for the financial year		**277,936**	199,953	**211,660**	165,736
Basic/Diluted earnings per ordinary share (sen)	8	**103.70**	65.74		

The notes on pages 142 to 210 are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		Group			Company	
	Note	31.12.2022 RM'000	31.12.2021 RM'000 Restated	1.1.2021 RM'000 Restated	2022 RM'000	2021 RM'000
ASSETS						
Non-current assets						
Property, plant and equipment	9	**306,730**	211,124	208,211	**286,223**	191,133
Intangible assets	10	**4,581**	5,533	7,235	**799**	751
Right-of-use assets	11	**10,716**	10,110	12,140	**6,272**	6,390
Investments in subsidiaries	12	**-**	-	-	**391,572**	391,572
Investment in an associate	13	**66,873**	94,748	92.486	**25,164**	25,164
Deferred tax assets	14	**6,170**	7,160	2,725	**-**	-
Total non-current assets		**395,070**	328,675	322,797	**710,030**	615,010
Current assets						
Inventories	15	**124,440**	78,953	85,822	**39,171**	39,621
Receivables, deposits and prepayments	16	**447,015**	321,731	295,266	**58,114**	40,892
Tax recoverable		**414**	3,384	3,107	**412**	3,373
Cash and cash equivalents	17	**91,251**	75,586	93,991	**6,639**	6,124
Total current assets		**663,120**	479,654	478,186	**104,336**	90,010
Total assets		**1,058,190**	808,329	800,983	**814,366**	705,020
EQUITY AND LIABILITIES						
Equity						
Share capital	18	**149,363**	149,363	149,363	**149,363**	149,363
Reserves	18	**(1,708)**	61,763	18,498	**174,383**	296,090
Total equity attributable to owners of the Company		**147,655**	211,126	167,861	**323,746**	445,453
Non-controlling interests		**6,462**	4,456	6,773	**-**	-
Total equity		**154,117**	215,582	174,634	**323,746**	445,453
LIABILITIES						
Non-current liabilities						
Deferred tax liabilities	14	**8,870**	15,023	18,559	**8,592**	14,635
Provision	19	**355**	334	329	**-**	-
Lease liabilities	11	**2,660**	2,590	3,769	**-**	-
Loans and borrowings	20	**4,046**	5,504	-	**-**	-
Total non-current liabilities		**15,931**	23,451	22,657	**8,592**	14,635

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		Group			Company	
	Note	31.12.2022 RM'000	31.12.2021 RM'000 Restated	1.1.2021 RM'000 Restated	2022 RM'000	2021 RM'000
Current liabilities						
Payables and accruals	19	**721,433**	502,464	445,526	**366,906**	234,932
Current tax liabilities		**47,639**	32,221	33,556	**-**	-
Lease liabilities	11	**2,138**	1,321	2,070	**-**	-
Loans and borrowings	20	**116,932**	33,290	122,540	**115,122**	10,000
Total current liabilities		**888,142**	569,296	603,692	**482,028**	244,932
Total liabilities		**904,073**	592,747	626,349	**490,620**	259,567
Total equity and liabilities		**1,058,190**	808,329	800,983	**814,366**	705,020

The notes on pages 142 to 210 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Attributable to owners of the Company								
		Non-distributable				Distributable				
	Note	Share capital RM'000	Exchange reserve RM'000	Cash flow hedge reserve RM'000	Capital reserve RM'000	Equity contribution reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group										
At 1 January 2022		149,363	(8,906)	2,307	3,931	2,131	62,300	211,126	4,456	215,582
Profit for the financial year		-	-	-	-	-	317,046	317,046	7,815	324,861
Other comprehensive income:										
- Exchange differences on translation of foreign operations		-	(39,884)	-	-	-	-	(39,884)	-	(39,884)
- Fair value loss on cash flow hedge		-	-	(7,041)	-	-	-	(7,041)	-	(7,041)
Total comprehensive income for the financial year		-	(39,884)	(7,041)	-	-	317,046	270,121	7,815	277,936
Dividends to owners of the Company	22	-	-	-	-	-	(333,265)	(333,265)	-	(333,265)
Dividends to non-controlling interests		-	-	-	-	-	-	-	(5,809)	(5,809)
Effects of share-based payment		-	-	-	-	289	(616)	(327)	-	(327)
Total transactions with owners of the Company		-	-	-	-	289	(333,881)	(333,592)	(5,809)	(339,401)
At 31 December 2022		149,363	(48,790)	(4,734)	3,931	2,420	45,465	147,655	6,462	154,117

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Attributable to owners of the Company								
		Non-distributable					Distributable			
	Note	Share capital RM'000	Exchange reserve RM'000	Cash flow hedge reserve RM'000	Capital reserve RM'000	Equity contribution reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group										
At 1 January 2021		149,363	(4,146)	1,959	3,931	(405)	17,159	167,861	6,773	174,634
Profit for the financial year		-	-	-	-	-	200,988	200,988	3,377	204,365
Other comprehensive income:										
- Exchange differences on translation of foreign operations		-	(4,760)	-	-	-	-	(4,760)	-	(4,760)
- Fair value income on cash flow hedge		-	-	348	-	-	-	348	-	348
Total comprehensive income for the financial year		-	(4,760)	348	-	-	200,988	196,576	3,377	199,953
Dividends to owners of the Company	22	-	-	-	-	-	(152,874)	(152,874)	-	(152,874)
Dividends to non-controlling interests		-	-	-	-	-	-	-	(5,694)	(5,694)
Effects of share-based payment		-	-	-	-	2,536	(2,973)	(437)	-	(437)
Total transactions with owners of the Company		-	-	-	-	2,536	(155,847)	(153,311)	(5,694)	(159,005)
At 31 December 2021		149,363	(8,906)	2,307	3,931	2,131	62,300	211,126	4,456	215,582

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		← Non-distributable		→	Distributable	
	Note	Share capital RM'000	Equity contribution reserve RM'000	Cash flow hedge reserve RM'000	Retained earnings RM'000	Total equity RM'000
Company						
At 1 January 2022		149,363	1,659	2,307	292,124	445,453
Profit for the financial year		-	-	-	218,701	218,701
Other comprehensive income:						
- Fair value loss on cash flow hedge		-	-	(7,041)	-	(7,041)
Total comprehensive income for the financial year		-	-	(7,041)	218,701	211,660
Dividends to owners of the Company	22	-	-	-	(333,265)	(333,265)
Effects of share-based payment		-	370	-	(472)	(102)
Total transactions with owners of the Company		-	370	-	(333,737)	(333,367)
At 31 December 2022		149,363	2,029	(4,734)	177,088	323,746

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		← Non-distributable		→	Distributable	
	Note	Share capital RM'000	Equity contribution reserve RM'000	Cash flow hedge reserve RM'000	Retained earnings RM'000	Total equity RM'000
Company						
At 1 January 2021		149,363	(645)	1,959	282,215	432,892
Profit for the financial year		-	-	-	165,388	165,388
Other comprehensive income:						
- Fair value income on cash flow hedge		-	-	348	-	348
Total comprehensive income for the financial year		-	-	348	165,388	165,736
Dividends to owners of the Company	22	-	-	-	(152,874)	(152,874)
Effects of share-based payment		-	2,304	-	(2,605)	(301)
Total transactions with owners of the Company		-	2,304	-	(155,479)	(153,175)
At 31 December 2021		149,363	1,659	2,307	292,124	445,453

The notes on pages 142 to 210 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000 Restated	2022 RM'000	2021 RM'000 Restated
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		**444,405**	259,573	**215,408**	161,706
Adjustments for:					
Amortisation of:					
- Intangible assets	10	**2,237**	2,541	**592**	667
- Right-of-use assets	11	**2,413**	2,028	**118**	118
Dividend income from:					
- Unquoted subsidiaries		**-**	-	**(224,705)**	(173,545)
- A foreign quoted associate		**-**	-	**(7,550)**	(7,531)
Finance costs:					
- Interest on borrowings		**2,849**	3,003	**6,397**	5,005
- Interest on lease liability		**158**	194	**-**	-
Finance income		**(784)**	(749)	**(2)**	(14)
Inventories:					
- Allowance for written down	15	**4,314**	5,574	**1,894**	5,630
- Finished goods written off	15	**3,658**	2,465	**324**	-
Loss on unrealised foreign exchange		**1,577**	198	**1,638**	221
(Reversal)/loss of allowance on					
- Trade receivables		**(189)**	523	**-**	-
- Other receivables		**36**	-	**-**	-
Property, plant and equipment:					
- Depreciation	9	**41,705**	52,679	**34,224**	44,851
- Impairment losses		**2,445**	-	**2,445**	-
- Net gain on disposal		**(1,037)**	(722)	**(588)**	(523)
- Written off		**7,020**	464	**7,014**	119
Share based payment expense		**1,341**	1,127	**1,172**	863
Share of profit of equity - accounted associate, net of tax		**(21,519)**	(15,180)	**-**	-
Operating profit before changes in working capital		**490,629**	313,718	**38,381**	37,567
Changes in working capital:					
Inventories		**(53,459)**	(1,170)	**(1,768)**	(2,390)
Receivables, deposits and prepayments		**(134,691)**	(26,313)	**(26,655)**	(8,209)
Payables and accruals		**216,911**	54,756	**82,564**	9,224
Cash generated from operations		**519,390**	340,991	**92,522**	36,192
Tax (paid)/refund		**(104,884)**	(65,123)	**2,434**	(278)
Net cash generated from operating activities		**414,506**	275,868	**94,956**	35,914

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM'000	Group 2021 RM'000 Restated	Company 2022 RM'000	Company 2021 RM'000 Restated
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment		**(147,752)**	(56,822)	**(139,506)**	(51,844)
Acquisition of intangible assets	10	**(504)**	(600)	**(12)**	(5)
Dividends received from unquoted subsidiaries		**-**	-	**224,705**	173,545
Dividends received from a foreign quoted associate		**7,550**	7,531	**7,550**	7,531
Interest received		**784**	749	**2**	14
Proceeds from disposal of property, plant and equipment		**1,522**	1,329	**693**	549
Net cash (used in)/generated from investing activities		**(138,400)**	(47,813)	**93,432**	129,790
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to owners of the Company		**(333,265)**	(152,874)	**(333,265)**	(152,874)
Dividends paid to non-controlling interests	12	**(5,809)**	(5,694)	**-**	-
Interest paid		**(2,727)**	(4,435)	**(6,275)**	(6,444)
Repayment of loans and borrowings		**(157,640)**	(257,106)	**(110,000)**	(220,000)
Drawdown of loans and borrowings		**239,702**	174,792	**215,000**	115,000
Repayment of lease liabilities		**(2,264)**	(2,122)	**-**	-
Advances from subsidiary		**-**	-	**47,603**	94,761
Net cash used in financing activities		**(262,003)**	(247,439)	**(186,937)**	(169,557)
Net increase/(decrease) in cash and cash equivalents		**14,103**	(19,384)	**1,451**	(3,853)
Effect of exchange rate fluctuations on cash held		**1,562**	979	**(936)**	(15)
Cash and cash equivalents at 1 January		**75,586**	93,991	**6,124**	9,992
Cash and cash equivalents at 31 December	17	**91,251**	75,586	**6,639**	6,124

The notes on pages 142 to 210 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Reconciliation of changes in liabilities arising from financing activities

The following table summarises the changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes during the financial year:

Group

	Lease liabilities RM'000	Borrowings RM'000	Total RM'000
2022			
At 1 January 2022	**3,911**	**38,794**	**42,705**
Cash flows from financing activities:			
Drawdown from borrowings	**-**	**239,702**	**239,702**
Repayment of borrowings	**-**	**(157,640)**	**(157,640)**
Repayment of lease liabilities	**(2,264)**	**-**	**(2,264)**
Finance costs paid	**-**	**(2,727)**	**(2,727)**
Non-cash changes:			
Finance costs	**158**	**2,849**	**3,007**
Recognition of additional lease liabilities	**1,140**	**-**	**1,140**
Adjustment for lease modifications	**1,954**	**-**	**1,954**
Foreign exchange movement	**(101)**	**-**	**(101)**
At 31 December 2022	**4,798**	**120,978**	**125,776**
2021			
At 1 January 2021	5,839	122,540	128,379
Cash flows from financing activities:			
Drawdown from borrowings	-	174,792	174,792
Repayment of borrowings	-	(257,106)	(257,106)
Repayment of lease liabilities	(2,122)	-	(2,122)
Finance costs paid	-	(4,435)	(4,435)
Non-cash changes:			
Finance costs	194	3,003	3,197
At 31 December 2021	3,911	38,794	42,705

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Reconciliation of changes in liabilities arising from financing activities (continued)

The following table summarises the changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes during the financial year: (continued)

Company

	Amount due to a subsidiary (non-trade) RM'000	Borrowings RM'000	Total RM'000
2022			
At 1 January 2022	**94,761**	**10,000**	**104,761**
Cash flows from financing activities:			
Advances from a subsidiary	**47,603**	**-**	**47,603**
Drawdown from borrowings	**-**	**215,000**	**215,000**
Repayment of borrowings	**-**	**(110,000)**	**(110,000)**
Finance costs paid	**-**	**(6,275)**	**(6,275)**
Non-cash changes:			
Finance costs	**-**	**6,397**	**6,397**
At 31 December 2022	**142,364**	**115,122**	**257,486**
2021 (Restated)			
At 1 January 2021	-	116,439	116,439
Cash flows from financing activities:			
Advances from a subsidiary	94,761	-	94,761
Drawdown from borrowings	-	115,000	115,000
Repayment of borrowings	-	(220,000)	(220,000)
Finance costs paid	-	(6,444)	(6,444)
Non-cash changes:			
Finance costs	-	5,005	5,005
At 31 December 2021	94,761	10,000	104,761

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Carlsberg Brewery Malaysia Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follows:

No. 55, Persiaran Selangor,
Section 15, 40200 Shah Alam,
Selangor Darul Ehsan, Malaysia.

The consolidated financial statements as at and for the financial year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate. The financial statements of the Company as at and for the financial year ended 31 December 2022 do not include other entities.

The Company is principally engaged in the production of beer, stout, cider, shandy and non-alcoholic beverages for distribution in the domestic market and for export while the other Group entities are primarily involved in the marketing and distribution of beer, stout, cider, shandy, liquor and non-alcoholic beverages.

The immediate and ultimate holding companies during the financial year are Carlsberg Breweries A/S and Carlsberg A/S respectively. Both companies are incorporated in Denmark.

These financial statements were authorised for issue by the Board of Directors on 2 March 2023.

2 BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost basis except as disclosed in the significant accounting policies below.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(a) Standards, amendments to published standards and interpretations that are effective

The Group and the Company have applied the following standards and amendments for the first time for the financial year beginning on 1 January 2022:

- Amendments to MFRS 16 'COVID-19-Related Rent Concessions beyond 30 June 2021'
- Amendments to MFRS 116 'Proceeds before Intended Use'
- Amendments to MFRS 137 'Onerous Contracts – Cost of Fulfilling a Contract'
- Annual Improvements to MFRS 9 'Fees in the '10 percent' test for Derecognition of Financial Liabilities'
- Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives
- Amendments to MFRS 3 'Reference to the Conceptual Framework'

The adoption of amendments to standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

2 BASIS OF PREPARATION (CONTINUED)

(b) Standards and amendments to published standards and interpretations that have been issued but not yet effective

New standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2022:

- There are two amendments to MFRS 101 'Presentation of Financial Statements'. The first amendments, 'Classification of liabilities as current or non-current' clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

  The second amendments, 'Non-current Liabilities with Covenants' specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date.

  Both amendments are effective for the annual reporting periods beginning on or after 1 January 2024.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 108 'Definition of accounting estimates' redefined accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". To distinguish from changes in accounting policies, the amendments clarify that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate, if they do not arise from prior period errors.

- Amendments to MFRS 101 and MFRS Practice Statement 2 'Disclosure on accounting policies' (effective 1 January 2023) require companies to disclose material accounting policies rather than significant accounting policies. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosures on MFRS applications.

  The amendment explains an accounting policy is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

  Also, accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Accordingly, immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.

  MFRS Practice Statement 2 was amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures

- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (effective 1 January 2023) clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback' (effective 1 January 2024) specify the measurement of the lease liability arises in a sale and leaseback transaction that satisfies the requirements in MFRS 15 'Revenue from Contracts with Customers' to be accounted for as a sale. In accordance with the amendments, the seller-lessee shall determine the "lease payments" or "revised lease payments" in a way that it does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains.

  The amendments shall be applied retrospectively to sale and leaseback transactions entered into after the date when the seller-lessee initially applied MFRS 16.

The adoption of the above new standards and amendments are not expected to have any significant impact on the Group's and the Company's financial statements or accounting policies, as they cover areas that are not material and/or relevant for the Group and the Company.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below:

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The Group recognises any non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain or loss is recognised directly in equity.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(vi) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the exchange reserve ("ER") in equity.

(iii) Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations denominated in functional currencies other than RM, including fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at average exchange rates.

Foreign currency differences are recognised in other comprehensive income and accumulated in the ER in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the ER related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

(iii) Operations denominated in functional currencies other than Ringgit Malaysia ("RM") (continued)

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Assets in-progress are not depreciated until the assets are ready for their intended use.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	15 - 50 years
• Renovation	10 years
• Plant and machinery	3 - 20 years
• Motor vehicles	5 years
• Furniture and office equipment	3 - 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

(d) Leases

(i) Accounting by lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Leased assets (including leasehold land) are presented as a separate line item in statement of financial position.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassess the lease term upon the occurrence of a significant event or change in circumstances that is within control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases (continued)

(i) Accounting by lessee (continued)

ROU assets (continued)

ROU assets are subsequently measured at cost, less accumulated amortisation and impairment loss (if any). The ROU assets are generally amortised over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is amortised over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

The estimated useful lives for the current and comparative periods are as follows:

- Leasehold land 40 – 99 years
- Buildings 3 - 10 years

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments may include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions. To determine the incremental borrowing rate, the Group uses recent third-party financing received as a starting point, with adjustments made to reflect changes in financing conditions since the third-party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in profit or loss in the statement of comprehensive income.

Reassessment of lease liabilities

The Group may be exposed to potential future increase in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

Short-term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets includes the lease of copy and printing machines. Payments associated with short-term leases and leases of low-value asset are recognised on a straight-line basis as an expense in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases (continued)

(ii) Accounting by lessor

As a lessor, the Group or the Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group or the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group or the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Operating leases

The Group or the Company classified a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. The Group or the Company recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

Separating lease and non-lease components

If an arrangement contains lease and non-lease components, the Group or the Company allocates the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in MFRS 15.

(e) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(ii) Customised computer software

Customised computer software that is not integral to the functionality of the related equipment is recognised as an intangible asset. These intangible assets that are acquired by the Group or the Company are stated at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Intangible assets (continued)

(iv) Amortisation

Goodwill is not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in administrative expenses in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful life of customised computer software is 3-10 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Trade and other receivables

Trade receivables are amounts due from customers for goods sold performed in the ordinary course of business. Other receivables generally arise from transactions outside the ordinary course of business of the Group and the Company. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value. Other receivables are recognised initially at fair value.

Trade and other receivables are subsequently measured at amortised cost using the effective interest method and fair value through other comprehensive income, less loss allowance. Details on the Group's and the Company's impairment policies of trade and other receivables are provided in Note 3(u).

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitment. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(iv) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

(j) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's and the Company's contribution to the statutory pension funds and Carlsberg Brewery Malaysia Retirement Plan, a defined contribution plan, are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits (continued)

(iii) Share-based payment transactions

Certain employees of the Group and the Company are entitled to a share-based incentive programme established by Carlsberg A/S that is categorised as performance shares. Entitlement to performance shares requires fulfilment of service in the vesting period (2-3 years). The shares are transferred to the recipients based on the KPIs attached to the shares. The number of performance shares granted is the maximum number of performance shares that can vest. The number of shares outstanding at the end of the period is the numbers to vest, based on the extent to which the vesting conditions are expected to be met. The numbers of shares expected to vest is revised on a regular basis.

Any reimbursement to Carlsberg A/S in relation to the share-based incentive programme is treated as a capital distribution and would be recorded directly in equity.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group and the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits at the earlier of the following dates: (a) when the Group and the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of MFRS 137 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after end of the reporting period are discounted to the present value.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(l) Payables

Payables represent liabilities for sales tax payable to customs and goods or services provided to the Group and the Company prior to the end of financial year which are unpaid. Payables are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Payables are recognised initially at fair value. Payables are subsequently measured at amortised cost using the effective interest method.

(m) Borrowings and borrowing costs

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is capitalised as prepayment until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Borrowings and borrowing costs (continued)

(i) Borrowings (continued)

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the borrowings that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss within other income or finance costs.

Where the terms of borrowings are renegotiated and the Group issues equity instruments to a creditor to extinguish all or part of the borrowings (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the borrowings and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(ii) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(iii) Borrowings subject to interest rate benchmark ("IBOR") reform

When the basis to determine the future contractual cash flows of the borrowings are modified entirely as a result of IBOR reform, the Group applies the reliefs provided by the Phase 2 amendments related to IBOR reform to adjust the effective interest rate of the borrowings with no modification gain or loss is recognised.

In situations where some or all of a change in the basis for determining the contractual cash flows of the borrowings does not meet the criteria of the Phase 2 amendments, the Group first applies the practical expedient to the changes required by IBOR reform, including updating the effective interest rate of the borrowings. Any additional changes are accounted for as modification of borrowings in accordance with the requirement in MFRS 9 (that is, assessed for modification or derecognition, with the resulting modification gain or loss recognised immediately in profit or loss where the borrowings are not derecognised).

(n) Revenue and other income

Revenue from contracts with customers

(i) Goods sold

Revenue from contracts with customers comprises sales of beverages, sales of by-products and others.

Revenue from the sale of own-produced finished goods and by-products is recognised at the point in time when the control of goods and products is transferred to the customer with a right of return within a specified period, the Group and the Company consider the timing of recognition.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Revenue and other income (continued)

Revenue from contracts with customers (continued)

(i) Goods sold (continued)

Revenue from contracts with customers is measured at an amount that reflects the consideration to which the Group and the Company expects to be entitled in exchange for those goods. Amounts disclosed as revenue is net of discounts and trade offers.

Excise duties are imposed by the tax authorities and payable by the Group to the authorities at brewery or bonded warehouse upon leaving the warehouse. Sales tax are imposed by the tax authorities and payable by the Group to the authorities when the goods are sold to the customers.

Both excise duties and sales tax are borne by the Group and are not based on sales value sold to the customers, and therefore are recognised as part of the cost of the goods sold.

The Group and the Company consider whether contracts include other promises that constitute separate performance obligations and to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Group and the Company consider the effects of variable consideration such that the revenue is measured at an amount that reflects the expected consideration for those goods. No element of financing is deemed present, as payment is generally made on the basis of cash on delivery or up to 60 days of credit.

Variable consideration

The sales of beverages are often sold with various discounts depending on nature of customer and business. Customer discounts comprise off-invoice discounts, volume and activity-related discounts and other discounts.

Off-invoice discounts arise from sales transactions where the customer immediately receives a reduction in the sales price. This also includes cash discounts and incentives for early payments.

Volume discounts are incentives for customers to sustain continued business with the Group and the Company and may be related to a current campaign or a sales target measured in volumes or total value. Examples include discounts paid as a lump sum, discounts for meeting all or certain sales targets or for exceeding targets.

Activity-related discounts are incentives for customers related to an event or promotional campaign offered with specific promotion prices. Examples include discounts paid as lump sum or progressive discounts offered in step with increasing sales to a customer.

Other discounts in relation to consideration payable to a customer include listing fees, i.e. fees for certain listings on shelves, in coolers or in favourable store locations, as such specific promotions are closely related to the volumes sold. Consideration payable to a customer is recorded as a reduction of the arrangement's transaction price, thereby reducing the amount of revenue recognised, unless the payment is for a distinct good or service received from the customer. Consideration paid in excess of the fair value received reduces the transaction price of the arrangement with the customer and would represent a discount to the customer.

Significant accounting estimates and assumptions on trade offers are provided in Note 4(i).

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Revenue and other income (continued)

Other income

(i) Management fee

Fee from management is recognised in the period in which the services are rendered.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established. Dividend income that are not generated as part of the Company's principal activities are classified as investment income.

(iii) Interest income

Interest income on financial assets at amortised cost is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently became credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Earning per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(r) Contingencies

(i) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

(ii) Contingent assets

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(s) Financial instruments

Classification – financial assets

The Group and the Company classify its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost

The Group and the Company reclassify debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition – financial assets

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group and the Company commit to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

Measurement – financial assets

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely for payment of principal and interest ("SPPI").

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Financial instruments (continued)

IBOR modification – financial assets

When the basis to determine the future contractual cash flows of the financial assets measured using amortised cost measurement (e.g. financial assets classified as amortised cost or fair value through other comprehensive income "FVOCI") are modified entirely as a result of IBOR reform, the Group applies the reliefs provided by the Phase 2 amendments related to IBOR reform to adjust the effective interest rate with no modification gain or loss is recognised.

In situations where some or all of a change in the basis for determining the contractual cash flows of financial assets classified as amortised cost or FVOCI does not meet the criteria of the Phase 2 amendments, the Group first applies the practical expedient to the changes required by IBOR reform, including updating the effective interest rate. Any additional changes are accounted for as modification of financial assets in accordance with the requirement in MFRS 9 (that is, assessed for modification or derecognition, with the resulting modification gain or loss recognised immediately in profit or loss where the financial assets are not derecognised).

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The Group and the Company classify its debt instruments under the following categories:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains or losses together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

(ii) FVTPL

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income FVOCI are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes are recognised in profit or loss in the period which it arises.

(iii) FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gains or losses previously recognised in OCI is reclassified from equity to profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Derivative and hedging activities

Derivative financial instruments are initially recognised in the statement of financial position at fair value at the trade date and subsequently re-measured at fair value at the end of each reporting period. Attributable transaction costs are recognised in the profit or loss.

(i) Cash flow hedge

The Group and the Company designate and document, at the inception of a hedging transaction, the hedging relationship so that the risk being hedged, the hedged item and the hedging instrument are clearly identified and the risk in the hedged item is the risk being hedged with the hedging instrument. Hedge accounting is only applied when the Group expects the derivative financial instrument to be highly effective in offsetting the designated hedged risk associated with the hedged item.

Changes in the portion of fair value of derivative financial instruments designated as and qualifying as a cash flow hedge and which effectively hedge changes in the value of the hedged item, are recognised in OCI. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. When the hedged transaction results in gains or losses, amounts previously recognised in OCI are transferred to the same item as the hedged item when the hedged item is recognised in the profit or loss. When the hedged item is a non-financial asset, the amount recognised in OCI is transferred to the carrying amount of the asset when the non-financial asset is recognised.

The Group monitors the cash flow hedge relationship twice a year to assess whether the hedge is still effective.

(ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss.

(u) Impairment of assets

Impairment of financial assets

The Group and the Company apply the simplified approach to measure expected credit losses ("ECL") on trade receivables measured at amortised cost, FVOCI and trade intercompany balances. This entails recognising a lifetime expected loss allowance for all trade receivables. Loss rates are determined based on grouping of receivables sharing the same credit risk characteristics and past due days.

Management assesses the ECL for portfolios of trade receivables based on customer segments, historical information on payment patterns, terms of payment, concentration maturity, and information about the general economic situation in the countries.

No significant changes to estimation techniques or assumptions were made during the reporting period.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

A significant increase in credit risk is presumed if a debtor is more than 60 days past due in making a contractual payment which is based on past payment trends. Credit risk on trade receivables can be reduced through bank guarantees.

For other receivables and non-trade intercompany balances, the Group and the Company apply 3-stage approach to measure ECL which reflect their credit risk and how the loss allowance is determined. The Group and the Company assessed the intercompany receivables as performing category with a low risk of default and a strong capacity to meet contractual cash flows. The basis of measuring ECL are based on 12 months ECL.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Impairment of assets (continued)

Groupings of instruments for ECL measured on collective basis

(i) Collective assessment

To measure ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

(ii) Individual assessment

Trade receivables that are in default or credit impaired are assessed individually.

Impairment of other assets

The carrying amounts of other assets (except for inventories and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, an annual impairment will be performed and the recoverable amount is estimated at the end of each reporting period.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units "CGUs". Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value-in-use ("VIU") and its fair value less costs of disposal. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amounts of the other assets in the CGU (groups of CGUs) on a pro rata basis. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

(w) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

NOTES TO THE FINANCIAL STATEMENTS

4 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The application of accounting standards and policies requires the Group to make estimates and assumptions about future events that directly affect its reported financial condition and operating performance. The accounting estimates and assumptions discussed below are those that the Group consider to be most critical to its financial statements. An accounting estimate is considered critical if both (a) the nature of estimates or assumptions is material due to the level of subjectivity and judgement involved, and (b) the impact within a reasonable range of outcomes of the estimates and assumptions is material to the Group's financial condition of operating performance.

(i) Trade offer accruals

The Group estimates trade offer accruals using either the expected value method or the most likely amount method depending on which method better predicts the amount of consideration to which the customers will be entitled.

The expected value method is used for contracts with more than one threshold due to the complexity and the activities agreed with the individual customer during the year.

Trade offer accruals consist primarily of trade discounts and sales volume rebates which are recognised based on agreed trading terms and promotional activities with trade customers and distributors. Volume related discounts are typically associated with certain sales targets to be achieved by the customers and distributors. Activity related discounts are typically associated with conditional events or promotional campaigns based on the agreed promotional prices with the customers. These trade offers represent variable considerations which the Group estimates using either expected value method or the most likely amount method depending on which method better predicts the amount of consideration based on the terms of the contracts and historical experience. Management is required to make estimates on the sales volume to be achieved by the customers and distributors to determine the trade offers.

The senior management of the Group regularly reviews and updates its estimate of trade offers accruals at each reporting date until the uncertainty is resolved.

(ii) Impairment review of investments in subsidiaries

The Company assesses impairment indicator of its investments in its subsidiaries at the end of each reporting period, in accordance with the accounting policy stated in Note 3(u).

The Company's cost of investment in Carlsberg Singapore Pte. Ltd. is higher than its recoverable amount as of 31 December 2022. Accordingly, impairment assessment has been performed by the Company. The recoverable amount of the CGU is based on its VIU calculations. The VIU of the CGU is determined by discounting the future cash flows forecasted to be generated from the continuing use of the CGU.

The 5-year cash flow forecasts are based on the average annual growth of sales volume based on past performance and management's expectations of market development. The discount rates used to discount the future cash flows are pre-tax and reflect the specific risks relating to the CGU.

4 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(ii) Impairment review of investments in subsidiaries (continued)

The key assumptions used for the CGU Carlsberg Singapore Pte. Ltd. were as follows:

	2022	2021
Sales volume (% annual growth)	**-1.7%**	2.1%
Long-term growth rate (% per annum)	**1.0%**	1.0%
Pre-tax discount rate (% per annum)	**8.3%**	6.7%

For Carlsberg Singapore Pte. Ltd., the recoverable amount computed in its VIU analysis was higher than the carrying amount of its cost of investment and therefore, no impairment was recognised during the financial year. The Company's cost of investment in Carlsberg Singapore Pte. Ltd. as at 31 December 2022 was RM389,663,000.

There are no reasonable possible changes in any of the key assumptions used that would cause the carrying amount of the CGU to materially exceed its recoverable amount.

5 REVENUE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
- Sales of beverages	**2,410,683**	1,771,497	**1,256,587**	862,875
- Sales of by-products and others	**1,782**	1,324	**1,478**	969
Revenue from contracts with customers	**2,412,465**	1,772,821	**1,258,065**	863,844

NOTES TO THE FINANCIAL STATEMENTS

6 OPERATING PROFIT

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Operating profit is arrived at after charging:				
Amortisation of:				
- Intangible assets	**2,237**	2,541	**592**	667
- Right-of-use assets	**2,413**	2,028	**118**	118
Audit fees:				
- Payable to PricewaterhouseCoopers PLT	**352**	288	**224**	183
- Payable to PricewaterhouseCoopers International Limited	**226**	139	**-**	-
- Payable to other auditor	**15**	11	**15**	11
Audit related services				
- Payable to PricewaterhouseCoopers PLT	**9**	9	**9**	9
Excise duties and sales tax	**1,178,773**	913,710	**909,196**	626,477
Finance costs:				
- Interest on borrowings	**2,849**	3,003	**6,397**	5,005
- Interest on lease liability	**158**	194	**-**	-
Foreign exchange loss:				
- Realised	**-**	-	**238**	-
- Unrealised	**1,577**	198	**1,638**	221
Inventories:				
- Written down	**4,314**	5,574	**1,894**	5,630
- Finished goods written off	**3,658**	2,465	**324**	-
Loss allowance on:				
- Trade receivables	**-**	523	**-**	-
- Other receivables	**36**	-	**-**	-
Personnel expenses (including key management personnel):				
- Wages, salaries and others	**143,864**	122,809	**40,453**	36,314
- Contributions to Employees Provident Fund	**13,209**	10,767	**3,657**	2,934
- Contributions to other defined contribution plan	**1,253**	1,217	**548**	536
- Share based payment expense	**1,341**	1,127	**1,172**	863
- Termination benefits	**19**	4	**-**	-
Property, plant and equipment:				
- Depreciation*	**41,705**	52,679	**34,224**	44,851
- Impairment losses	**2,445**	-	**2,445**	-
- Written off	**7,020**	464	**7,014**	119
Management fees charged from related companies	**11,340**	12,081	**7,416**	7,074
Lease expenses relating to short-term and low value assets	**1,012**	819	**121**	134

* Included in the depreciation of property, plant and equipment of the Group and the Company are accelerated depreciation on 'plant and machinery' amounting to RM1,042,000 (2021: RM5,267,000) arising from the discontinuation of the bottling line that had been replaced in 2022.

6 OPERATING PROFIT (CONTINUED)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Operating profit is arrived at after crediting:				
Dividend income from:				
- Unquoted subsidiaries	**-**	-	**224,705**	173,545
- A foreign quoted associate	**-**	-	**7,550**	7,531
Finance income	**784**	749	**2**	14
Realised gain on foreign exchange	**190**	420	**-**	324
Gain on disposal of property, plant and equipment	**1,037**	722	**588**	523
Management fees charged to a subsidiary	**-**	-	**22,618**	19,010
Operating lease income from a subsidiary	**-**	-	**954**	780
Reversal of loss allowance on:				
- Trade receivables	**189**	-	**-**	-

7 TAXATION

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current taxation				
Current tax:				
- Malaysian income tax	**103,335**	54,564	**-**	3
- foreign income tax	**15,680**	9,992	**-**	-
- under/(over) provision in prior years	**3,397**	(1,269)	**527**	-
	122,412	63,287	**527**	3
Deferred taxation (Note 14):				
- Reversal of temporary differences	**(2,868)**	(8,079)	**(3,820)**	(3,685)
Tax expense/(credit)	**119,544**	55,208	**(3,293)**	(3,682)

NOTES TO THE FINANCIAL STATEMENTS

7 TAXATION (CONTINUED)

A reconciliation of income tax expense/(credit) applicable to profit before taxation at the statutory income tax rate to income tax expense/(credit) at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Profit before taxation	**444,405**	259,573	**215,408**	161,706
Statutory income tax at rate of 24% (2021: 24%)	**106,657**	62,298	**51,698**	38,809
Tax effects of:				
- different tax rates in foreign jurisdiction	**(6,259)**	(4,039)	**-**	-
- income not subject to tax	**-**	-	**(55,742)**	(43,458)
- expenses not deductible for tax purposes	**1,281**	2,018	**1,126**	782
- share of results of an associate	**(5,165)**	(3,644)	**-**	-
- expenses qualified for double deduction	**-**	(446)	**-**	-
- effects of changes in tax rate*	**21,828**	(191)	**-**	-
- Recognition of previously unrecognised temporary differences	**(2,195)**	481	**(902)**	185
	116,147	56,477	**(3,820)**	(3,682)
Under/(over) provision in prior years	**3,397**	(1,269)	**527**	-
Total tax charge/(credit)	**119,544**	55,208	**(3,293)**	(3,682)

In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognised in other comprehensive income:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Deferred tax				
Items that will not be reclassified subsequently to profit or loss:				
- fair value of financial instruments treated as cash flow hedges	**(2,223)**	110	**(2,223)**	110

* Additional statutory income tax expense (2021: deferred tax income) relating to changes in tax rates due to the One-off "Cukai Makmur" tax rate (33%) imposed on the portion of Year of Assessment 2022 chargeable income of non- Micro, Small and Medium Enterprises (non-MSMEs) exceeding RM100 million. This is only applicable to Malaysian subsidiary.

8 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share as at 31 December 2022 and 2021 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2022 RM'000	2021 RM'000
Profit for the financial year attributable to shareholders	**317,046**	200,988

Weighted average number of ordinary shares:

	Group	
	2022 RM'000	2021 RM'000
Issued ordinary shares	**305,748**	305,748
Basic earnings per ordinary share (sen)	**103.70**	65.74

The diluted earnings per share of the Group is equal to the basic earnings per share as the Group does not have any dilutive potential ordinary shares in issue.

9 PROPERTY, PLANT AND EQUIPMENT

	Note	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Assets in-progress RM'000	Total RM'000
Group									
Cost									
At 1 January 2021		18,952	68,966	4,170	507,606	13,970	12,643	15,733	642,040
Additions		-	372	732	19,621	259	1,479	34,359	56,822
Disposals		-	(68)	-	(9,981)	(1,554)	(7)	-	(11,610)
Written off		-	(405)	(1,375)	(13,788)	-	(774)	-	(16,342)
Transfers		-	479	-	11,581	-	311	(12,371)	-
Transfer to intangible assets	10	-	-	-	-	-	-	(226)	(226)
Effect of movements in exchange rates		-	-	48	76	-	57	-	181
At 31 December 2021/1 January 2022		**18,952**	**69,344**	**3,575**	**515,115**	**12,675**	**13,709**	**37,495**	**670,865**
Additions		**-**	**329**	**1,733**	**42,489**	**1,179**	**1,267**	**100,755**	**147,752**
Disposals		**-**	**-**	**-**	**(24,470)**	**(2,049)**	**(6)**	**-**	**(26,525)**
Written off		**-**	**(210)**	**-**	**(99,118)**	**-**	**(2,713)**	**-**	**(102,041)**
Transfers		**-**	**23,673**	**170**	**102,458**	**-**	**369**	**(126,670)**	**-**
Transfer to intangible assets	10	**-**	**-**	**-**	**-**	**-**	**-**	**(747)**	**(747)**
Effect of movements in exchange rates		**-**	**-**	**215**	**330**	**-**	**271**	**-**	**816**
At 31 December 2022		**18,952**	**93,136**	**5,693**	**536,804**	**11,805**	**12,897**	**10,833**	**690,120**

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Assets in-progress RM'000	Total RM'000
Group									
Less: Accumulated depreciation									
At 1 January 2021		-	39,204	2,064	375,430	6,732	10,399	-	433,829
Depreciation for the financial year	6	-	2,851	1,001	45,888	1,987	952	-	52,679
Disposals		-	(42)	-	(9,926)	(1,031)	(4)	-	(11,003)
Written off		-	(129)	(1,314)	(13,666)	-	(769)	-	(15,878)
Effect of movements in exchange rates		-	-	24	54	-	36	-	114
At 31 December 2021/1 January 2022		**-**	**41,884**	**1,775**	**397,780**	**7,688**	**10,614**	**-**	**459,741**
Depreciation for the financial year	6	**-**	**2,705**	**887**	**35,509**	**1,287**	**1,317**	**-**	**41,705**
Disposals		**-**	**-**	**-**	**(24,452)**	**(1,583)**	**(5)**	**-**	**(26,040)**
Written off		**-**	**(160)**	**-**	**(92,152)**	**-**	**(2,709)**	**-**	**(95,021)**
Impairment losses		**-**	**-**	**-**	**2,445**	**-**	**-**	**-**	**2,445**
Effect of movements in exchange rates		**-**	**-**	**133**	**233**	**-**	**194**	**-**	**560**
At 31 December 2022		**-**	**44,429**	**2,795**	**319,363**	**7,392**	**9,411**	**-**	**383,390**
Carrying amounts									
At 31 December 2022		**18,952**	**48,707**	**2,898**	**217,441**	**4,413**	**3,486**	**10,833**	**306,730**
At 31 December 2021		18,952	27,460	1,800	117,335	4,987	3,095	37,495	211,124

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Assets in-progress RM'000	Total RM'000
Company								
Cost								
At 1 January 2021		18,952	66,807	479,812	549	7,485	15,664	589,269
Additions		-	372	16,898	-	543	34,031	51,844
Disposals		-	(68)	(9,882)	-	-	-	(9,950)
Written off		-	(3)	(10,686)	-	(120)	-	(10,809)
Transfers		-	479	11,581	-	311	(12,371)	-
Transfer to intangible assets	10	-	-	-	-	-	(118)	(118)
At 31 December 2021/1 January 2022		**18,952**	**67,587**	**487,723**	**549**	**8,219**	**37,206**	**620,236**
Additions		**-**	**242**	**37,490**	**720**	**299**	**100,755**	**139,506**
Disposals		**-**	**-**	**(24,145)**	**(549)**	**(6)**	**-**	**(24,700)**
Written off		**-**	**(210)**	**(96,305)**	**-**	**(2,140)**	**-**	**(98,655)**
Transfers		**-**	**23,673**	**102,458**	**-**	**369**	**(126,500)**	**-**
Transfer to intangible assets	10	**-**	**-**	**-**	**-**	**-**	**(628)**	**(628)**
At 31 December 2022		**18,952**	**91,292**	**507,221**	**720**	**6,741**	**10,833**	**635,759**

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Assets in-progress RM'000	Total RM'000
Company								
Less: Accumulated depreciation								
At 1 January 2021		-	38,369	359,037	301	7,159	-	404,866
Depreciation for the financial year	6	-	2,719	41,755	99	278	-	44,851
Disposals		-	(42)	(9,882)	-	-	-	(9,924)
Written off		-	(1)	(10,569)	-	(120)	-	(10,690)
At 31 December 2021/1 January 2022		**-**	**41,045**	**380,341**	**400**	**7,317**	**-**	**429,103**
Depreciation for the financial year	6	**-**	**2,563**	**31,204**	**59**	**398**	**-**	**34,224**
Disposals		**-**	**-**	**(24,140)**	**(450)**	**(5)**	**-**	**(24,595)**
Written off		**-**	**(160)**	**(89,344)**	**-**	**(2,137)**	**-**	**(91,641)**
Impairment losses		**-**	**-**	**2,445**	**-**	**-**	**-**	**2,445**
At 31 December 2022		**-**	**43,448**	**300,506**	**9**	**5,573**	**-**	**349,536**
Carrying amounts								
At 31 December 2022		**18,952**	**47,844**	**206,715**	**711**	**1,168**	**10,833**	**286,223**
At 31 December 2021		18,952	26,542	107,382	149	902	37,206	191,133

NOTES TO THE FINANCIAL STATEMENTS

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

9.1 Leasing arrangements

The Company leases certain buildings with carrying amount of RM6,814,000 (2021: RM7,284,000) to a subsidiary under operating leases with rentals payable monthly.

Minimum lease receivable on buildings are as follows:

	Company	
	2022 RM'000	**2021 RM'000**
Within 1 year	**954**	954
Between 1 and 2 years	**954**	954
Between 2 and 3 years	**954**	954
Between 3 and 4 years	**954**	954
Between 4 and 5 years	**954**	954
More than 5 years	**1,020**	1,020
	5,790	5,790

NOTES TO THE FINANCIAL STATEMENTS

10 INTANGIBLE ASSETS

	Note	Goodwill RM'000	Computer software RM'000	Total RM'000
Group				
Cost				
At 1 January 2021		2,634	12,460	15,094
Acquisition		-	600	600
Transfer from property, plant and equipment	9	-	226	226
Written off		-	(1,574)	(1,574)
Effect of movements in exchange rates		-	35	35
At 31 December 2021/1 January 2022		**2,634**	**11,747**	**14,381**
Acquisition		**-**	**504**	**504**
Transfer from property, plant and equipment	9	**-**	**747**	**747**
Effect of movements in exchange rates		**-**	**202**	**202**
At 31 December 2022		**2,634**	**13,200**	**15,834**
Amortisation				
At 1 January 2021		-	7,859	7,859
Amortisation for the financial year	6	-	2,541	2,541
Written off		-	(1,574)	(1,574)
Effect of movements in exchange rates		-	22	22
At 31 December 2021/1 January 2022		**-**	**8,848**	**8,848**
Amortisation for the financial year	6	**-**	**2,237**	**2,237**
Effect of movements in exchange rates		**-**	**168**	**168**
At 31 December 2022		**-**	**11,253**	**11,253**
Carrying amounts				
At 31 December 2022		**2,634**	**1,947**	**4,581**
At 31 December 2021		2,634	2,899	5,533

NOTES TO THE FINANCIAL STATEMENTS

10 INTANGIBLE ASSETS (CONTINUED)

	Note	Computer software RM'000
Company		
Cost		
At 1 January 2021		3,602
Additions		5
Transfer from property, plant and equipment	9	118
Written off		(23)
At 31 December 2021/1 January 2022		**3,702**
Additions		**12**
Transfer from property, plant and equipment	9	**628**
At 31 December 2022		**4,342**
Amortisation		
At 1 January 2021		2,307
Amortisation for the financial year	6	667
Written off		(23)
At 31 December 2021/1 January 2022		**2,951**
Amortisation for the financial year	6	**592**
At 31 December 2022		**3,543**
Carrying amounts		
At 31 December 2022		**799**
At 31 December 2021		751

10 INTANGIBLE ASSETS (CONTINUED)

10.1 Impairment testing for CGUs containing goodwill

For the purpose of impairment testing, goodwill of RM2,634,000 (2021: RM2,634,000) is arising from the Group's previous acquisition on Maybev Pte. Ltd., a 51% owned subsidiary incorporated in Singapore which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of the CGU was based on its VIU calculations. The recoverable amount for the CGU was higher than the aggregate carrying amount of the identifiable net assets and goodwill allocated and hence, no impairment was recognised during the financial year.

The VIU of the CGU was determined by discounting the future cash flows forecasted to be generated from the continuing use of the CGU. The key assumptions used for the CGU were as follows:

	2022	2021
Sales volume (% annual growth)	**2.3%**	9.4%
Long-term growth rate (% per annum)	**1.0%**	1.0%
Pre-tax discount rate (% per annum)	**8.3%**	6.7%

The 5-year cash flows forecast were based on the average annual growth of sales volume based on past performance and management's expectation of market development. The discount rates used to discount the future cash flows are pre-tax and reflect the specific risks relating to the CGU.

The Directors of the Company believe that any reasonable possible changes in the key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

11 RIGHT-OF-USE ASSETS/LEASES

11.1 Amounts recognised in the statements of financial position:

Right-of-use assets

	Note	Leasehold land RM'000	Offices and warehouse RM'000	Total RM'000
Group				
Net book value				
At 1 January 2022		**6,454**	**3,656**	**10,110**
Additions		**-**	**1,140**	**1,140**
Amortisation charge for the financial year	6	**(122)**	**(2,291)**	**(2,413)**
Adjustment due to lease modifications		**-**	**1,954**	**1,954**
Effect of movements in exchange rates		**-**	**(75)**	**(75)**
At 31 December 2022		**6,332**	**4,384**	**10,716**
At 31 December 2022				
Cost		**10,571**	**12,424**	**22,995**
Accumulated amortisation		**(4,239)**	**(8,040)**	**(12,279)**
		6,332	**4,384**	**10,716**
Net book value				
At 1 January 2021		6,576	5,564	12,140
Amortisation charge for the financial year	6	(122)	(1,906)	(2,028)
Effect of movements in exchange rates		-	(2)	(2)
At 31 December 2021		6,454	3,656	10,110
At 31 December 2021				
Cost		10,571	9,330	19,901
Accumulated amortisation		(4,117)	(5,674)	(9,791)
		6,454	3,656	10,110

11 RIGHT-OF-USE ASSETS/LEASES (CONTINUED)

11.1 Amounts recognised in the statements of financial position: (continued)

Right-of-use assets (continued)

	Note	Leasehold land RM'000
Company		
Net book value		
At 1 January 2022		**6,390**
Amortisation charge for the financial year	6	**(118)**
At 31 December 2022		**6,272**
At 31 December 2022		
Cost		**10,399**
Accumulated amortisation		**(4,127)**
		6,272
At 1 January 2021		6,508
Amortisation charge for the financial year	6	(118)
At 31 December 2021		6,390
At 31 December 2021		
Cost		10,399
Accumulated amortisation		(4,009)
		6,390

Lease liabilities

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current	**2,138**	1,321	**-**	-
Non-current	**2,660**	2,590	**-**	-
	4,798	3,911	**-**	-

11 RIGHT-OF-USE ASSETS/LEASES (CONTINUED)

11.2 Amounts recognised in the statements of comprehensive income and statements of cash flows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Amortisation charge of right-of-use assets				
Leasehold land	**122**	122	**118**	118
Buildings	**2,291**	1,906	**-**	-
	2,413	2,028	**118**	118
Interest expense (included in finance cost)	**158**	194	**-**	-
Lease expenses relating to short-term and low value assets that are not shown above (included in sales, distribution and administrative expenses)	**1,012**	819	**121**	134

The Group's and the Company's total cash outflow for all leases including leases expenses relating to short-term and low value assets in 2022 are RM3,276,000 (2021: RM2,941,000) and RM121,000 (2021: RM134,000) respectively.

11.3 The Group's leasing activities

The Group leases offices and a warehouse. Rental contracts are typically made for fixed periods of 5 to 6 years, but may have extension or termination options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

12 INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM'000	2021 RM'000
Unquoted shares – at cost	**391,572**	391,572

Note 4(ii) sets out the key assumptions and judgements used in impairment testing. The recoverable amounts of Carlsberg Singapore Pte. Ltd. assessed were higher than the respective carrying costs of investment and therefore no impairment was recognised during the financial year.

The following are the subsidiaries of the Group:

Name of company	Principal activities	Principal place of business/ country of incorporation	Effective ownership interest 2022 %	Effective ownership interest 2021 %
Carlsberg Marketing Sdn. Bhd.	Marketing and distribution of beer, stout, cider, shandy and non-alcoholic beverages	Malaysia	**100**	100
Euro Distributors Sdn. Bhd.	Marketing and distribution of non-alcoholic beverages	Malaysia	**100**	100
Carlsberg Singapore Pte. Ltd.#	Importation and marketing of beer and liquor products	Singapore	**100**	100
MayBev Pte. Ltd.#	Importation and marketing of beer and liquor products	Singapore	**51**	51

Audited by a member firm of PricewaterhouseCoopers International Limited which are separate and independent legal entities from PricewaterhouseCoopers PLT, Malaysia.

The Group's subsidiary that has material non-controlling interest ("NCI") is as follows:

	Effective ownership interest held by NCI	
	2022 %	2021 %
MayBev Pte. Ltd.	**49**	49

NOTES TO THE FINANCIAL STATEMENTS

12 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Set out below is the summarised financial information for MayBev Pte. Ltd., the subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed are before inter-company eliminations.

	MayBev Pte. Ltd.	
	2022 RM'000	**2021 RM'000**
At 31 December		
Non-current assets	**4,287**	6,424
Current assets	**41,758**	27,564
Non-current liabilities	**(5,647)**	(2,966)
Current liabilities	**(23,912)**	(19,637)
Net assets	**16,486**	11,385
Accumulated non-controlling interests	**6,462**	4,456
Year ended 31 December		
Revenue	**134,678**	78,447
Profit for the financial year	**15,950**	6,892
Total comprehensive income	**15,950**	6,892
Profit allocated to non-controlling interests	**7,815**	3,377
Dividend paid to non-controlling interests	**5,809**	5,694
Cash flow generated from operating activities	**20,527**	10,278
Cash flow used in investing activities	**(153)**	(215)
Cash flow used in financing activities	**(14,849)**	(5,781)
Net changes in cash and cash equivalents	**5,525**	4,282

13 INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Quoted shares, outside Malaysia	**25,164**	25,164	**25,164**	25,164
Share of post-acquisition reserves	**41,709**	69,584	**-**	-
	66,873	94,748	**25,164**	25,164
Market value				
Quoted shares, outside Malaysia	**135,298**	221,655	**135,298**	221,655

13 INVESTMENT IN AN ASSOCIATE (CONTINUED)

The fair value of the investment in the associate falls under Level 1 in the fair value level hierarchy.

Name of company	Principal activities	Principal place of business/ country of incorporation	Effective ownership interest 2022 %	Effective ownership interest 2021 %
Lion Brewery (Ceylon) PLC	Manufacturing, marketing and distribution of beer, stout, cider, shandy and non-alcoholic beverages	Sri Lanka	**25**	25

Summary financial information on associate:

	2022 RM'000	2021 RM'000
At 31 December		
Non-current assets	**261,675**	424,938
Current assets	**374,006**	363,187
Non-current liabilities	**(89,672)**	(163,947)
Current liabilities	**(278,522)**	(245,185)
Net assets	**267,487**	378,993
Year ended 31 December		
Revenue	**1,253,821**	1,133,878
Interest income	**17,747**	11,802
Interest expense	**(21,994)**	(18,113)
Tax expense	**(54,661)**	(37,425)
Profit for the financial year	**86,074**	60,719
Total comprehensive income	**86,074**	60,719
Dividends received from associate	**7,550**	7,531

Reconciliation to carrying amount:

	2022 RM'000	2021 RM'000
Net assets as at 1 January	**378,993**	369,944
Profit for the financial year	**86,074**	60,719
Dividend paid	**(30,201)**	(30,124)
Exchange differences	**(167,379)**	(21,546)
Net assets as at 31 December	**267,487**	378,993
Group share at 25%	**66,873**	94,748
Carrying amount	**66,873**	94,748

In conjunction with the investment undertaken in Lion Brewery (Ceylon) PLC, the Company had written a call option with the principal licensor, Carlsberg A/S, its ultimate holding company incorporated in Denmark, allowing Carlsberg A/S to acquire the Company's interest in the associate, should certain events occur. The purchase consideration is to be based on an agreed formula and in any event to be a minimum of the original purchase price paid by the Company. The Directors of the Company consider the likelihood of occurrence of such events as remote and therefore, has deemed the option's fair value to be insignificant.

14 DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Group						
Property, plant and equipment	**-**	-	**(21,234)**	(23,974)	**(21,234)**	(23,974)
Right-of-use assets	**-**	-	**(272)**	(635)	**(272)**	(635)
Trade and other receivables	**-**	1,893	**(736)**	-	**(736)**	1,893
Trade and other payables	**18,110**	15,311	**-**	-	**18,110**	15,311
Lease liabilities	**346**	679	**-**	-	**346**	679
Others	**1,086**	-	**-**	(1,137)	**1,086**	(1,137)
Tax assets/(liabilities)	**19,542**	17,883	**(22,242)**	(25,746)	**(2,700)**	(7,863)
Offsetting	**(13,372)**	(10,723)	**13,372**	10,723	**-**	-
Net tax assets/(liabilities)	**6,170**	7,160	**(8,870)**	(15,023)	**(2,700)**	(7,863)
Company						
Property, plant and equipment	**-**	-	**(18,951)**	(21,428)	**(18,951)**	(21,428)
Trade and other payables	**9,273**	7,930	**-**	-	**9,273**	7,930
Others	**1,086**	-	**-**	(1,137)	**1,086**	(1,137)
Tax assets/(liabilities)	**10,359**	7,930	**(18,951)**	(22,565)	**(8,592)**	(14,635)
Offsetting	**(10,359)**	(7,930)	**10,359**	7,930	**-**	-
Net tax liabilities	**-**	-	**(8,592)**	(14,635)	**(8,592)**	(14,635)

14 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movement in temporary differences during the financial year:

	At 1.1.2021 RM'000	Recognised to profit or loss (Note 7) RM'000	Recognised to other comprehensive income (Note 7) RM'000	Foreign exchange differences RM'000	At 31.12.2021 RM'000	Recognised to profit or loss (Note 7) RM'000	Recognised to other comprehensive income (Note 7) RM'000	Foreign exchange differences RM'000	At 31.12.2022 RM'000
Group									
Property, plant and equipment	(24,206)	237	-	(5)	(23,974)	2,767	-	(27)	(21,234)
Right-of-use assets	(948)	324	-	(11)	(635)	387	-	(24)	(272)
Trade and other receivables	(628)	2,521	-	-	1,893	(2,629)	-	-	(736)
Trade and other payables	9,980	5,325	-	6	15,311	2,704	-	95	18,110
Lease liabilities	995	(328)	-	12	679	(361)	-	28	346
Others	(1,027)	-	(110)	-	(1,137)	-	2,223	-	1,086
	(15,834)	8,079	(110)	2	(7,863)	2,868	2,223	72	(2,700)
Company									
Property, plant and equipment	(21,508)	80	-	-	(21,428)	2,477	-	-	(18,951)
Trade and other payables	4,325	3,605	-	-	7,930	1,343	-	-	9,273
Others	(1,027)	-	(110)	-	(1,137)	-	2,223	-	1,086
	(18,210)	3,685	(110)	-	(14,635)	3,820	2,223	-	(8,592)

NOTES TO THE FINANCIAL STATEMENTS

15 INVENTORIES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Finished goods	**101,966**	57,798	**17,190**	18,846
Work-in-progress	**3,574**	3,728	**3,574**	3,728
Raw, packaging and other materials	**13,277**	10,754	**13,215**	10,705
Spare parts for machinery	**5,623**	6,673	**5,192**	6,342
	124,440	78,953	**39,171**	39,621
Recognised in profit or loss:				
Allowance for inventories written down	**4,314**	5,574	**1,894**	5,630
Finished goods written off	**3,658**	2,465	**324**	-
Inventories recognised as Cost of Sales	**278,472**	202,193	**218,453**	142,751

16 RECEIVABLES, DEPOSITS AND PREPAYMENTS

		Group			Company	
	Note	31.12.2022 RM'000	31.12.2021 RM'000 Restated	1.1.2021 RM'000 Restated	2022 RM'000	2021 RM'000
Current						
Trade						
Trade receivables from contracts with customers	16.1	**397,041**	273,820	241,364	**-**	-
Less: Loss allowance		**(1,177)**	(1,366)	(1,017)	**-**	-
		395,864	272,454	240,347	**-**	-
Prepayments	16.3	**41,952**	39,993	40,019	**27,418**	34,539
Amount due from immediate holding company	16.2	**-**	1,959	2,082	**-**	1,959
Amount due from subsidiaries	16.2	**-**	-	-	**25,072**	-
Amounts due from related companies	16.2	**2,210**	3,568	8,771	**2,210**	3,531
		440,026	317,974	291,219	**54,700**	40,029

16 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

	Note	Group 31.12.2022 RM'000	Group 31.12.2021 RM'000 Restated	Group 1.1.2021 RM'000 Restated	Company 2022 RM'000	Company 2021 RM'000
Non-trade						
Amount due from immediate holding company	16.2	**253**	-	-	**-**	-
Amount due from a subsidiary	16.2	**-**	-	-	**63**	281
Amount due from related companies	16.2	**-**	-	191	**-**	-
Amount due from an associate	16.2	**2,450**	-	-	**2,450**	-
Other receivables		**2,402**	1,532	2,576	**741**	507
Deposits		**1,471**	1,848	1,180	**55**	45
Prepayments		**413**	377	100	**105**	30
		6,989	3,757	4,047	**3,414**	863
		447,015	321,731	295,266	**58,114**	40,892

16.1 Trade receivables from contracts with customers

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 60 days and therefore are all classified as current.

Included in trade receivables is a portfolio of receivables which are subject to factoring arrangement. Under this arrangement, the Group will transfer the relevant trade receivables to a bank in exchange for cash with no recourse to the Group subsequent to the transfer. The Group considers the hold to collect and sell business model remains appropriate for these receivables and therefore continues to measure these financial assets at FVOCI as disclosed in Note 24.1. This instrument is carried under the Level 3 fair value hierarchy which is determined through discounting future cash flows at agreed bank charges rates. The fair value of the debt instruments is equivalent to the carrying amount as the initial cost assessed is insignificant.

16.2 Amounts due from immediate holding company, subsidiaries, associate and related companies

The trade balances have a credit term of 30 days (2021: 30 days).

The non-trade balances are unsecured, interest free and repayable on demand.

16.3 Prepayments

Prepayments comprise excise duties and upfront cash payments in relation to listing fees provided to the sales outlets. The listing fees are amortised over the duration of the contracts entered with these outlets. The amortised upfront listing fee payments are recognised as a discount to revenue.

Refer to Note 24.7 for disclosure of fair value information.

NOTES TO THE FINANCIAL STATEMENTS

17 CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash at bank	**91,200**	75,537	**6,639**	6,124
Cash held on hand	**51**	49	**-**	-
	91,251	75,586	**6,639**	6,124

18 SHARE CAPITAL

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Issued and fully paid-up:				
- 305,748,000 ordinary shares with no par value				
At beginning/end of financial year	**149,363**	149,363	**149,363**	149,363

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

Reserves

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other reserves:					
Capital reserve	18.1	**3,931**	3,931	**-**	-
Exchange reserve	18.2	**(48,790)**	(8,906)	**-**	-
Equity contribution reserve	18.3	**2,420**	2,131	**2,029**	1,659
Cash flow hedge reserve	18.4	**(4,734)**	2,307	**(4,734)**	2,307
		(47,173)	(537)	**(2,705)**	3,966
Distributable reserves:					
Retained earnings		**45,465**	62,300	**177,088**	292,124
		(1,708)	61,763	**174,383**	296,090

18 SHARE CAPITAL (CONTINUED)

18.1 Capital reserve

Capital reserve comprises reserve capitalised by a subsidiary for bonus issue of shares in prior years.

18.2 Exchange reserve

Translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

18.3 Equity contribution reserve

Equity contribution reserve comprises the cumulative value of employee services received for the performance shares granted by the ultimate holding company. The grant date fair value of the performance share granted to these employees is recognised as an employee expense in profit or loss and a corresponding increase in equity, over the period that the employees become unconditionally entitled to the performance shares. Any reimbursement to Carlsberg A/S in relation to the share-based incentive programme is treated as a capital distribution and would be recorded directly in equity.

18.4 Cash flow hedge reserve

During the financial year, the Group and the Company have applied cash flow hedge. Cash flow hedges comprise aluminium hedges where the hedged item is aluminium cans that will be used by the Company. Aluminium swaps are used to hedge the risk of volatile aluminium prices associated with the purchase of cans.

The fair value changes of effective cash flow hedge on aluminium hedge contracts are recognised in other comprehensive income and attributed to this reserve.

As at 31 December 2022, the unrealised fair value loss on cash flow hedge included in the amount due from immediate holding company (trade) was RM6,229,000 (2021: fair value gain of RM3,036,000).

19 PAYABLES AND ACCRUALS

	Note	Group 31.12.2022 RM'000	Group 31.12.2021 RM'000 Restated	Group 1.1.2021 RM'000 Restated	Company 2022 RM'000	Company 2021 RM'000
Non-current						
Provision		**355**	334	329	**-**	-
Current						
Trade						
Trade payables	19.1	**530,891**	401,915	363,007	**124,841**	103,122
Amount due to immediate holding company	19.2	**18,003**	2,294	3,338	**8,001**	-
Amount due to a subsidiary	19.2	**-**	-	-	**-**	2,017
Amounts due to related companies	19.2	**5,039**	11,697	9,361	**-**	-
		553,933	415,906	375,706	**132,842**	105,139
Non-trade						
Other payables	19.3	**71,846**	21,314	11,448	**53,403**	12,339
Accrued expenses		**79,174**	57,600	49,243	**24,771**	16,188
Amount due to immediate holding company	19.4	**3,403**	547	1,077	**3,403**	417
Amount due to a subsidiary	19.5	**-**	-	-	**142,364**	94,761
Amounts due to related companies	19.4	**13,077**	7,097	8,052	**10,123**	6,088
		167,500	86,558	69,820	**234,064**	129,793
		721,433	502,464	445,526	**366,906**	234,932
		721,788	502,798	445,855	**366,906**	234,932

19.1 Trade payables carry credit terms ranging from 0 to 130 days (2021: 0 to 130 days).

Included in trade payables of the Group are trade offer accruals amounting to RM244,114,000 (2021: RM186,858,000) which is payable in the next twelve months.

Note 24.5 and Note 24.7 set out disclosures of liquidity risk and fair value information respectively.

19.2 Amounts due to immediate holding company, subsidiary and related companies

Amounts due to immediate holding company, subsidiary and related companies are unsecured, interest free and subject to credit terms of 90 days (2021: 90 days).

19.3 These amounts comprise liabilities of goods and services provided to the Group and the Company. The amounts are unsecured and are usually paid within 30 days of recognition.

19 PAYABLES AND ACCRUALS (CONTINUED)

19.4 Amounts due to immediate holding company and related companies

Amounts due to immediate holding company and related companies are unsecured, interest free and repayable on demand.

19.5 Amounts due to a subsidiary

The Company has entered into a cash pooling arrangement with its subsidiary. The cash pooling arrangement is repayable on demand, unsecured, and subjected to fixed interest rate of 2.5% (2021: 2.5%) based on an overnight sweep arrangement. Interest expenses from the cash pooling arrangement amounting to RM4,730,000 (2021: RM2,811,000) is presented within the finance cost in the statements of comprehensive income.

20 LOANS AND BORROWINGS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current - unsecured				
Term loan	**4,046**	5,504	**-**	-
	4,046	5,504	**-**	-
Current – unsecured				
Term loan	**1,810**	1,667	**-**	-
Revolving credits	**115,122**	31,623	**115,122**	10,000
	116,932	33,290	**115,122**	10,000

The term loan of the Group is subjected to fixed interest rate of 2% per annum.

The revolving credits of the Group and the Company are subjected to interests ranging from 3.24% to 3.50% (2021: 0.84% to 2.17%) per annum.

As at 31 December 2022, the Group and the Company has undrawn facilities of RM249 million and RM185 million (2021: RM331 million and RM292 million) respectively.

The maturity analysis of the loans and borrowings at end of reporting date is disclosed in Note 24.5 under liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS

21 KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors:				
- Fees	**402**	311	**402**	311
- Defined contribution plan	**172**	178	**172**	178
- Short-term employee benefits (including estimated monetary value of benefits-in-kind)	**3,436**	3,115	**3,436**	3,115
	4,010	3,604	**4,010**	3,604
- Share-based payments	**523**	521	**523**	521
	4,533	4,125	**4,533**	4,125
Other key management personnel:				
- Defined contribution plan	**1,027**	1,059	**399**	318
- Short-term employee benefits	**15,418**	13,887	**3,893**	4,134
- Share-based payments	**818**	606	**411**	54
	17,263	15,552	**4,703**	4,506
	21,796	19,677	**9,236**	8,631

Other key management personnel comprise persons other than the Directors of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

22 DIVIDENDS

Dividends declared by the Company are:

	Sen per ordinary share	Total amount RM'000	Date of payment
2022			
Final 2021	**46.0**	**140,644**	**12 May 2022**
First interim 2022	**22.0**	**67,265**	**22 June 2022**
Second interim 2022	**22.0**	**67,264**	**15 September 2022**
Third interim 2022	**19.0**	**58,092**	**9 December 2022**
Total amount		**333,265**	
2021			
Interim 2020	10.0	30,575	2 April 2021
Final 2020	30.0	91,724	18 May 2021
Interim 2021	10.0	30,575	17 November 2021
Total amount		152,874	

22 DIVIDENDS (CONTINUED)

The Board of Directors recommended for shareholders' approval at the forthcoming Annual General Meeting a final single-tier dividend of 25.0 sen per ordinary share in respect of the financial year ended 31 December 2022.

	Sen per ordinary share	Total amount RM'000
For the financial year ended 31 December 2022		
Final	**25.0**	**76,437**

23 OPERATING SEGMENTS

The Group has three operating segments, which are the Group's geographical segments. The strategic business units offer similar products but are managed separately because they require different marketing strategies due to the geographical locations. For each of the strategic business unit, the Group's Managing Director (the chief operating decision maker) reviews internal management reports at least on a quarterly basis.

The following summary describes the operations in each of the Group's operating segments:

- Malaysia Includes manufacturing, marketing and distribution of both alcoholic and non-alcoholic beverages by entities in Malaysia.
- Singapore Includes marketing and distribution of both alcoholic and non-alcoholic beverages by entities in Singapore.
- Others Includes manufacturing, marketing and distribution of both alcoholic and non-alcoholic beverages in geographical locations other than Malaysia and Singapore.

Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

Segment assets, liabilities and capital expenditures

Segment assets, liabilities and capital expenditures information is neither included in the internal management reports nor provided regularly to the Group's Managing Director who is considered the Group's chief operating decision maker. Hence no such disclosures are provided below.

23 OPERATING SEGMENTS (CONTINUED)

	Malaysia RM'000	Singapore RM'000	Others RM'000	Total RM'000
2022				
Segment profit	**332,490**	**89,859**	**-**	**422,349**
Included in the measure of segment profit are:				
Revenue from external customers	**1,732,561**	**679,904**	**-**	**2,412,465**
Inter-segment revenue*	**48,546**	**-**	**-**	**48,546**
Depreciation and amortisation	**40,923**	**5,432**	**-**	**46,355**
Impairment	**2,445**	**-**	**-**	**2,445**
Not included in the measure of segment profit but provided to Group's Managing Director:				
Finance costs	**(2,558)**	**(449)**	**-**	**(3,007)**
Finance income	**784**	**-**	**-**	**784**
Income tax expense	**(103,641)**	**(15,903)**	**-**	**(119,544)**
Share of profit of equity - accounted associate, net of tax	**-**	**-**	**21,519**	**21,519**
2021				
Segment profit	189,851	58,014	-	247,865
Included in the measure of segment profit are:				
Revenue from external customers	1,211,766	561,055	-	1,772,821
Inter-segment revenue*	56,387	-	-	56,387
Depreciation and amortisation	52,601	4,647	-	57,248
Not included in the measure of segment profit but provided to Group's Managing Director:				
Finance costs	(2,890)	(307)	-	(3,197)
Finance income	749	-	-	749
Income tax expense	(46,227)	(8,981)	-	(55,208)
Share of profit of equity - accounted associate, net of tax	-	-	15,180	15,180

* Inter-segment revenue derived from Singapore.

23 OPERATING SEGMENTS (CONTINUED)

Reconciliation of segment profit or loss

	2022 RM'000	2021 RM'000
Profit		
Total segment profit	**422,349**	247,865
Inter-segment elimination	**2,760**	(1,024)
Finance costs	**(3,007)**	(3,197)
Finance income	**784**	749
Share of profit of equity - accounted associate, net of tax	**21,519**	15,180
Consolidated profit before taxation	**444,405**	259,573

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Non-current assets are based on the geographical location of the assets.

	Revenue		Non-current assets*	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Geographical location				
Malaysia	**1,691,202**	1,171,040	**308,114**	214,285
Singapore	**691,925**	574,347	**13,914**	12,482
Other countries	**29,338**	27,434	**66,872**	94,748
	2,412,465	1,772,821	**388,900**	321,515

* Non-current assets comprise of property, plant and equipment, intangible assets, ROU assets and investment in associate.

Major customers

The revenue derived from transactions with single external customer that amounted to 10% or more of the Group's revenue for the financial year was RM465,144,000 (2021: RM685,239,000 was derived from transactions with two external customers).

NOTES TO THE FINANCIAL STATEMENTS

24 FINANCIAL INSTRUMENTS

24.1 Financial instruments by categories

The table below provides an analysis of financial instruments categorised as follows:

	Group			Company	
	31.12.2022 RM'000	31.12.2021 RM'000 Restated	1.1.2021 RM'000 Restated	2022 RM'000	2021 RM'000
Financial assets at FVOCI					
Receivables	**81,442**	86,675	45,216	**-**	-
Financial assets at amortised cost					
Receivables and deposits	**323,208**	194,686	209,931	**30,591**	6,323
Cash and cash equivalents	**91,251**	75,586	93,991	**6,639**	6,124
	414,459	270,272	303,922	**37,230**	12,447
Financial liabilities at amortised cost					
Payables and accruals*	**(678,677)**	(475,626)	(425,307)	**(352,819)**	(225,799)
Loans and borrowings	**(120,978)**	(38,794)	(122,540)	**(115,122)**	(10,000)
Lease liabilities	**(4,798)**	(3,911)	(5,839)	**-**	-
	(804,453)	(518,331)	(553,686)	**(467,941)**	(235,799)

* Net of provisions and payroll liabilities

24.2 Net gains/(losses) arising from financial instruments

Net gains/(losses) arising from financial instruments comprises finance income/(expense), unrealised foreign exchange gains/(losses) and impairment losses.

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial assets at FVOCI and amortised cost	**(250)**	646	**(1,104)**	175
Financial liabilities at amortised cost	**(3,397)**	(3,814)	**(6,930)**	(5,387)

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.3 Financial risk management

The Group and the Company have exposure to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

24.4 Credit risk

Trade receivables (including intercompany balances) using simplified approach

(a) The credit risks concentration profile for trade receivables (including intercompany balances), net of loss allowance, as at the end of the reporting period analysed by geographic region was:

	Group			Company	
	31.12.2022 RM'000	31.12.2021 RM'000 Restated	1.1.2021 RM'000 Restated	2022 RM'000	2021 RM'000
Malaysia	**295,594**	198,612	162,953	**25,072**	-
Singapore	**99,712**	74,150	77,478	**-**	-
Others	**2,768**	5,219	10,769	**2,210**	5,490
	398,074	277,981	251,200	**27,282**	5,490

(b) Reconciliation on loss allowance

The loss allowance for trade and other receivables as at 31 December 2022 reconciles to the opening loss allowance for that provision as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	**(1,366)**	(1,017)	**-**	-
Loss allowance recognised	**(87)**	(1,110)	**-**	-
Loss allowance reversed	**276**	587	**-**	-
Loss allowance written off	**-**	174	**-**	-
At 31 December	**(1,177)**	(1,366)	**-**	-

The loss allowance account in respect of trade and other receivables are used to record loss allowance. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Trade receivables (including intercompany balances) using simplified approach (continued)

(c) Maximum exposure to credit risk

The grouping of trade receivables (including intercompany balances) for ECL assessment is as below:

	Group			Company	
	31.12.2022 RM'000	**31.12.2021 RM'000 Restated**	**1.1.2021 RM'000 Restated**	**2022 RM'000**	**2021 RM'000**
Assessed collectively	**399,251**	279,347	252,217	**27,282**	5,490
Total trade receivables (including intercompany balances)	**399,251**	279,347	252,217	**27,282**	5,490

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised:

Group	Current	1 - 30 days past due	More than 30 days past due	More than 60 days past due	Total
31.12.2022					
Expected loss rate	**-**	**-**	**-**	**35%**	
RM'000					
Gross carrying amount					
- Trade receivables (assessed collectively)	**375,860**	**14,992**	**2,974**	**3,215**	**397,041**
- Amounts due from related companies	**1,151**	**826**	**116**	**117**	**2,210**
Carrying amount	**377,011**	**15,818**	**3,090**	**3,332**	**399,251**
Loss allowance	**-**	**-**	**-**	**(1,177)**	**(1,177)**
Carrying amount (net of loss allowance)	**377,011**	**15,818**	**3,090**	**2,155**	**398,074**

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Trade receivables (including intercompany balances) using simplified approach (continued)

(c) Maximum exposure to credit risk (continued)

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised: (continued)

Group	Current	1 - 30 days past due	More than 30 days past due	More than 60 days past due	Total
31.12.2021 (Restated)					
Expected loss rate	-	-	16%	71%	
RM'000					
Gross carrying amount					
- Trade receivables (assessed collectively)	267,192	4,082	824	1,722	273,820
- Amounts due from related companies	1,723	1,808	37	-	3,568
- Amount due from immediate holding company	1,959	-	-	-	1,959
Carrying amount	270,874	5,890	861	1,722	279,347
Loss allowance	-	-	(139)	(1,227)	(1,366)
Carrying amount (net of loss allowance)	270,874	5,890	722	495	277,981
1.1.2021 (Restated)					
Expected loss rate	-	-*	4%	65%	
RM'000					
Gross carrying amount					
- Trade receivables (assessed collectively)	233,851	5,247	747	1,519	241,364
- Amounts due from related companies	3,866	4,875	30	-	8,771
- Amount due from immediate holding company	2,082	-	-	-	2,082
Carrying amount	239,799	10,122	777	1,519	252,217
Loss allowance	-	(4)	(33)	(980)	(1,017)
Carrying amount (net of loss allowance)	239,799	10,118	744	539	251,200

* Less than 1%

The Company's trade intercompany balances were considered fully recoverable, and no loss allowance has been recognised during the current financial year (2021: Nil).

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Intercompany balances

Risk management objectives, policies and processes for managing the risk

The Group has transactions with related companies. The Group monitors the collectability of the amounts owing from related companies regularly.

The Company has transactions with subsidiaries and related companies. The Company monitors the collectability of the amounts owing from subsidiaries and related companies regularly.

Exposure to credit risk

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Credit quality

As at the end of the reporting period, there was no indication that the amounts due from subsidiaries and related companies are not recoverable. The amounts due from subsidiaries and related companies have been outstanding for less than a year.

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's short-term deposits are placed as fixed rate investments and daily short-term deposits and upon which management endeavours to obtain the best rate available in the market.

Cash and cash equivalents are placed only with licensed financial institutions.

Exposure to credit risk

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Credit quality

Counterparties with external credit rating:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
AAA	**25,096**	21,185	**6,549**	6,062
AA1	**77**	37	**61**	33
AA2	**-**	-	**-**	-
AA3	**95**	849	**29**	29
A1	**65,932**	53,466	**-**	-
	91,200	75,537	**6,639**	6,124

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

The Group's and the Company's current liabilities exceeded its current assets by RM225.0 million and RM377.7 million (2021: RM89.6 million and RM154.9 million) respectively as of 31 December 2022. In considering liquidity risk, the Group has reviewed the cash flow and funding requirements for the next 12 months from the date of approval of the financial statements. The cash flow forecasts have been prepared, taking into consideration sources of liquidity to fund anticipated operating activities, investing activities, repayments of financing obligations and returns to shareholders.

The key assumption underpinning the Group's and the Company's cash flow and funding requirements is the continuous profitable performance of both the Group and Company in the next 12 months from the date of approval of the financial statements based on market expectations and forecasts to generate sufficient net cash inflow from its operating activities. In the current financial year, both the Group and the Company have registered net profits of RM324.9 million and RM218.7 million (2021: RM204.4 million and RM165.4 million) respectively and generated net cash inflow from operating activities of RM414.5 million and RM95.0 million (2021: RM275.9 million and RM35.9 million) respectively.

As disclosed in Note 20, as of 31 December 2022, the Group and Company has undrawn credit facilities of RM249.0 million and RM185.0 million respectively. These undrawn credit facilities are available as and when it is needed, for the next 12 months from the date of approval of the financial statements to fund the working capital and financing requirements of its business.

At Company level, the Company would be able to meet its obligations or liabilities as and when it is needed, through the available funds from the undrawn banking facilities and dividend income from its profitable subsidiaries.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.5 Liquidity risk (continued)

Maturity analysis

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000
Group						
31.12.2022						
Payables and accruals*	**678,677**	**-**	**678,677**	**678,677**	**-**	**-**
Loans and borrowings	**120,978**	**2.00-3.50**	**121,221**	**117,082**	**1,910**	**2,229**
Lease liabilities	**4,798**	**0.71-4.05**	**5,111**	**2,421**	**2,421**	**269**
	804,453		**805,009**	**798,180**	**4,331**	**2,498**
31.12.2021 (Restated)						
Payables and accruals*	475,626	-	475,626	475,626	-	-
Loans and borrowings	38,794	0.84-2.17	39,155	33,470	1,795	3,890
Lease liabilities	3,911	4.05	4,162	1,471	1,346	1,345
	518,331		518,943	510,567	3,141	5,235
1.1.2021 (Restated)						
Payables and accruals*	425,307	-	425,307	425,307	-	-
Loans and borrowings	122,540	0.95-3,47	123,568	123,568	-	-
Lease liabilities	5,839	4.05	6,257	2,095	1,471	2,691
	553,686		555,132	550,970	1,471	2,691

* Net of provisions, payroll liabilities and amount due to a subsidiary (non-trade)

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000
Company						
2022						
Payables and accruals*	**210,455**	**-**	**210,455**	**210,455**	**-**	**-**
Loans and borrowings	**115,122**	**3.24-3.50**	**115,171**	**115,171**	**-**	**-**
Amount due to a subsidiary (non-trade)	**142,364**	**2.50**	**142,364**	**142,364**	**-**	**-**
	467,941		**467,990**	**467,990**	**-**	**-**
2021						
Payables and accruals*	131,038	-	131,038	131,038	-	-
Loans and borrowings	10,000	2.17	10,017	10,017	-	-
Amount due to a subsidiary (non-trade)	94,761	2.50	94,761	94,761	-	-
	235,799		235,816	235,816	-	-

* Net of provisions, payroll liabilities and amount due to a subsidiary (non-trade)

24.6 Market risk

Market risk comprises currency risk, price risk and interest rate risk that will affect the Group's and the Company's financial position or cash flows.

24.6.1 Currency risk

The Group and the Company are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EUR") and Sri Lankan Rupee ("LKR").

The Group holds a number of investments in foreign subsidiaries and associate where the translation of net assets to Ringgit Malaysia ("RM") is exposed to foreign exchange risks. The revaluation of the net investments of the Group's foreign operations is recognised in OCI. The currency giving rise to the risk in terms of revaluation of the net investment is primarily from LKR due both to the size of the net investment and to the economic situation in Sri Lanka which resulted in high volatility of LKR currency.

Risk management objectives, policies and processes for managing the risk

The Group and the Company did not hedge on any net investments, foreign trade receivables and trade payables denominated in foreign currency during the financial year. In respect of other monetary assets and liabilities held in currencies other than RM and SGD, the Group ensures that the net exposure is kept to an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.1 Currency risk (continued)

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency (a currency which is other than the functional currency of any entity in the Group and the Company) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in			
	USD RM'000	SGD RM'000	EUR RM'000	LKR RM'000
Group				
31.12.2022				
Trade receivables	**2,545**	**-**	**-**	**-**
Cash and cash equivalents	**6,731**	**368**	**-**	**4,453**
Trade payables	**(22,620)**	**(343)**	**(2,874)**	**-**
Intercompany balances	**(4,964)**	**6,860**	**(385)**	**-**
Net exposure	**(18,308)**	**6,885**	**(3,259)**	**4,453**
31.12.2021 (Restated)				
Trade receivables	2,430	-	-	-
Cash and cash equivalents	7,118	399	-	6,584
Trade payables	(12,436)	(477)	(5,720)	-
Intercompany balances	(8,519)	-	(520)	-
Net exposure	(11,407)	(78)	(6,240)	6,584
1.1.2021 (Restated)				
Trade receivables	3,805	-	-	-
Cash and cash equivalents	7,165	6,551	-	-
Trade payables	(11,258)	(320)	(948)	-
Intercompany balances	(478)	-	(1,202)	-
Net exposure	(766)	6,231	(2,150)	-

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

	Denominated in			
	USD RM'000	SGD RM'000	EUR RM'000	LKR RM'000
Company				
2022				
Cash and cash equivalents	**1,848**	**209**	**-**	**4,453**
Trade payables	**(19,079)**	**-**	**(1,477)**	**-**
Intercompany balances	**2,210**	**6,860**	**-**	**-**
Net exposure	**(15,021)**	**7,069**	**(1,477)**	**4,453**
2021				
Cash and cash equivalents	239	89	-	6,584
Trade payables	(10,630)	(3)	(4,724)	-
Intercompany balances	3,531	-	-	-
Net exposure	(6,860)	86	(4,724)	6,584

Currency risk sensitivity analysis

Foreign currency risk arises primarily for transactions denominated in USD, SGD, EUR and LKR. The exposure to currency risk for transaction other than USD, SGD, EUR and LKR is not material and hence, sensitivity analysis is not presented.

A 2% (2021: 2%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and the Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases. A 2% (2021: 2%) weakening of the following currencies against RM would have the equal but opposite effect to the amounts shown below, on the basis that all other variables remain constant.

	Group			Company	
	31.12.2022 RM'000	31.12.2021 RM'000 Restated	1.1.2021 RM'000 Restated	2022 RM'000	2021 RM'000
USD	**366**	228	15	**300**	137
SGD	**(137)**	2	(125)	**(141)**	(2)
EUR	**65**	125	43	**30**	94
	294	355	(67)	**189**	229

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.1 Currency risk (continued)

Currency risk sensitivity analysis (continued)

The effects to the Group's and the Company's post-tax profit or loss if the LKR had further weakened by a similar basis comparable with current year at 40% (2021:2%) against RM are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
LKR	**1,781**	132	**1,781**	132

A 40% (2021: 2%) strengthening of LKR against RM would have the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

24.6.2 Price risk

The Group is exposed to price risk arising from the fluctuating prices of aluminium cans. To manage its price risk arising from prices of aluminium cans, the Group engages in the hedging of aluminium prices. Hedging is performed by fixed-price purchase agreement with suppliers. The fair value of the cash flow hedge is disclosed in the consolidated statement of changes in equity.

24.6.3 Interest rate risk

The Group's and the Company's borrowings are not exposed to a risk of change in their fair values due to changes in interest rates. The Group's and the Company's borrowings are exposed to a risk of change in cash flows due to changes in interest rate. Receivables and payables are not significantly exposed to interest rate risk.

The Group's and Company's borrowings are short term in nature. As such, the Group and the Company do not engage in any hedging activities to manage interest rate fluctuations. In year 2021, the Group entered into long-term bank loans at fixed interest rate. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Floating rate instruments				
Loan and borrowings	**(115,122)**	(31,623)	**(115,122)**	(10,000)

The Group has variable rate borrowing such as revolving credits and the Group considers the risk of significant changes to interest rate on these borrowings to be unlikely due to the relative short-term nature of the borrowings. The Group actively reviews it debt portfolio to manage the timings of repayment of these borrowings and monitors the interest rates on these borrowing closely to ensure they are maintained at favourable rates.

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.3 Interest rate risk (continued)

As at the reporting date, if the annual interest rates increase/decrease by 0.5% (2021: 0.5%) respectively and all other variables including tax and interest rates being held constant, the profit after tax will be higher/lower by RM713,000 (2021: RM188,000) as a result of higher/lower interest expense on these borrowings. However, since all fixed-rate borrowings are measured at amortised cost, there is no impact on profit or loss. The sensitivity analysis is based on the financial instruments recognised at the reporting date.

24.7 Fair value of financial instruments

The carrying amounts of the current financial assets and liabilities of the Group and the Company measured at amortised cost as at the reporting date approximate their fair values due to the relatively short-term nature of these financial instruments.

25 CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of total equity, less amounts accumulated in equity related to cash flow hedges.

The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with regulatory requirements. The ratio is calculated as total debt divided by total capital. Total debt is calculated as sum of total borrowings (including "current and non-current loan and borrowing" and "lease liabilities" as shown in the statement of financial position). Total capital is calculated as sum of total equity and total debt.

The gearing ratio as at 31 December 2022 and 2021 are as follows:

	Group	
	2022 RM'000	2021 RM'000
Total debt	**125,776**	42,705
Total equity	**154,117**	215,582
Total capital	**279,893**	258,287
Gearing ratio	**45%**	17%

26 CAPITAL COMMITMENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Authorised and contracted for				
- Property, plant and equipment	**4,929**	73,196	**4,021**	71,210

27 EFFECT OF IBOR REFORM

As at reporting date, there is no change to the Group's KLIBOR-linked contracts. The Group will closely monitor the regulators' announcement on the alternative benchmark rate or discontinuation of publication of the KLIBOR for the relevant tenors; and engage the counterparties to discuss necessary changes to the related contracts.

28 SIGNIFICANT EVENTS DURING THE YEAR

Devaluation in Sri Lanka Rupees "LKR"

On 7 March 2022, the Central Bank of Sri Lanka (CBSL) announced that it would allow greater flexibility in the exchange rate and hence devalued the currency to LKR.230 per US dollar. For the Group's books, the closing rate as at 31 December 2022 was LKR.82.71 per RM1 compared with the December 2021 closing rate of LKR.48.73 per RM1, approximately 70% devaluation against RM. As a result, under the Group's investment in its associate, Lion Brewery (Ceylon) PLC ("LBCP"), an unrealised foreign exchange loss amounting to approximately RM41.8 million was recorded as at 31 December 2022.

One-time surcharge tax in Sri Lanka

In the 2022 Sri Lanka's National Budget, the Sri Lanka government proposed a one-time retrospective surcharge tax at a rate of 25% for companies with a taxable income exceeding Sri Lankan Rupee 2 billion for the year of assessment 2020/2021. The Surcharge Tax Act No. 14 of 2022 was passed by the Sri Lanka parliament on 8 April 2022. Consequently, LBCP incur a surcharge tax of LKR.1,194 million (approximately RM14.8 million) attributable to its taxable income of LKR.4,776 million (approximately RM59.4 million) in respect of its financial year ended 31 March 2021. The Group has accounted for Carlsberg Malaysia's share of the additional tax expense amounts to approximately LKR.298.5 million, equivalent to RM3.7 million in the current financial year.

29 RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has related party relationship with the ultimate holding company and its related corporations, its subsidiaries (see Note 12), an associate (see Note 13), Directors and key management personnel.

The relationship of related parties are identified as below:

Name of company	Country of incorporation	Classes of Related parties
Carlsberg A/S	Denmark	Ultimate holding company
Carlsberg Breweries A/S	Denmark	Immediate holding company
Carlsberg Marketing Sdn. Bhd.	Malaysia	Subsidiary
Carlsberg Singapore Pte. Ltd.	Singapore	Subsidiary
Euro Distributors Sdn. Bhd.	Malaysia	Subsidiary
MayBev Pte. Ltd.	Singapore	Subsidiary
Lion Brewery (Ceylon) PLC	Sri Lanka	Associate
Carlsberg Supply Company AG	Switzerland	Fellow subsidiary
Brasseries Kronenbourg SAS	France	Fellow subsidiary
Carlsberg Croatia D.O.O.	Croatia	Fellow subsidiary
Carlsberg Brewery Hong Kong Ltd.	Hong Kong	Fellow subsidiary
Carlsberg Supply Co. Asia Ltd.	Hong Kong	Fellow subsidiary
Carlsberg Vietnam Breweries Limited	Vietnam	Fellow subsidiary
Lao Brewery Co. Ltd.	Laos	Fellow subsidiary
Carlsberg Brewery (Anhui) Company Ltd	China	Fellow subsidiary
Cambrew Limited	Cambodia	Fellow subsidiary
Monster the Cat GmbH	Switzerland	Fellow subsidiary
Saku Õlletehase AS	Estonia	Fellow subsidiary
Carlsberg Taiwan Trading Company Ltd.	Taiwan	Associate company of immediate holding company

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel includes all the Directors of the Group and of the Company, and certain members of senior management of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

29 RELATED PARTIES (CONTINUED)

Details of the related party transactions (other than key management personnel remuneration disclosed in Note 21 to the financial statements) with the Group and the Company are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ultimate holding company				
Reimbursement for share based payments granted to employees	**1,668**	1,564	**1,274**	1,164
Immediate holding company				
Purchases of materials and products	**-**	18	**-**	-
Purchases of services	**9,488**	7,465	**4,993**	4,143
Royalties	**41,947**	29,603	**10,242**	5,237
Net settlements in respect of gain from hedging contracts	**(2,485)**	(6,875)	**(2,485)**	(6,875)
Related companies				
Management fees	**11,340**	12,081	**7,416**	7,074
Purchases of materials and products	**41,495**	37,382	**-**	-
Purchase of kegs	**1,560**	-	**-**	-
Purchases of services	**5,035**	5,373	**2,589**	2,616
Sale of goods and services	**(28,684)**	(27,196)	**(28,684)**	(27,196)
Royalties	**62**	5	**-**	-

	Company	
	2022 RM'000	2021 RM'000
Subsidiaries		
Sale of goods and services	**1,229,584**	837,296
Management fee received	**22,618**	19,010
Operating leases income	**954**	780
Dividend income	**224,705**	173,545
Interest expenses on cash pooling arrangement	**4,730**	2,811
Associate		
Dividend income	**7,550**	7,531

The terms and conditions for the above transactions are based on negotiated terms. All the amounts outstanding are unsecured and expected to be settled with cash.

Outstanding balances are disclosed accordingly in Notes 16 and 19.

30 RECLASSIFICATION

The Group has made certain reclassifications in its comparative financial information to conform with the current year's presentation. This reclassifications only impact the presentation of the Group's Statements of Financial Position and both the Group's and the Company's Statements of Cash Flows with no impact to the other statements.

30.1 In the current financial year, the Group has reclassified its trade offer accruals which was previously offset against the trade receivables from receivables, deposits and prepayments (Note 16) to payables and accruals (Note 19) as the Group does not have a legally enforceable right to offset these receivables with the trade offers accruals in all circumstances with its customers. Accordingly, the Group has also restated its comparative financial information to conform with the current year's presentation. The trade offer accruals are presented under trade payables under Note 19.

Impact to the Statements of Financial Position

	Before reclassification RM'000	Reclassification RM'000	After reclassification RM'000
At 31 December 2021			
Current assets			
Receivables, deposits and prepayments	**134,873**	**186,858**	**321,731**
Current liabilities			
Payables and accruals	**(315,606)**	**(186,858)**	**(502,464)**
At 1 January 2021			
Current assets			
Receivables, deposits and prepayments	**130,830**	**164,436**	**295,266**
Current liabilities			
Payables and accruals	**(281,090)**	**(164,436)**	**(445,526)**

Impact to the Statements of Cash Flows

	Before reclassification RM'000	Reclassification RM'000	After reclassification RM'000
For the financial year ended 31 December 2021:			
Changes in working capital			
Receivables, deposits and prepayments	**(3,891)**	**(22,422)**	**(26,313)**
Payables and accruals	**32,334**	**22,422**	**54,756**

NOTES TO THE FINANCIAL STATEMENTS

30 RECLASSIFICATION (CONTINUED)

30.2 In the current financial year, the Company has reclassified the cash inflow of the advances from a subsidiary arising from its cash pooling arrangement as described in Note 19.5 from net cash generated from operating activities to net cash used in financing activities. These advances from a subsidiary are non-trade in nature and it is part of the Company's financing arrangement with its subsidiary. Accordingly, the Company has also restated its comparative financial information to conform with the current year's presentation.

Impact to the Company's Statement of Cash Flows

	Before reclassification RM'000	Reclassification RM'000	After reclassification RM'000
For the financial year ended 31 December 2021:			
Cash flows from operating activities:			
Changes in working capital: Payables and accruals	103,985	(94,761)	9,224
Cash generated from operations	130,953	(94,761)	36,192
Net cash generated from operating activities	130,675	(94,761)	35,914
Cash flows from financing activities:			
Advances from a subsidiary	-	94,761	94,761
Net cash used in financing activities	(264,318)	94,761	(169,557)

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Stefano Clini and Chew Hoy Ping, two of the Directors of Carlsberg Brewery Malaysia Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 131 to 210 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and the financial performance and cash flows of the Group and of the Company for the financial year ended 31 December 2022 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 2 March 2023.

STEFANO CLINI
MANAGING DIRECTOR

CHEW HOY PING
INDEPENDENT NON-EXECUTIVE DIRECTOR

Selangor Darul Ehsan

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Vivian Gun Ling Ling, the officer primarily responsible for the financial management of Carlsberg Brewery Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 131 to 210 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

VIVIAN GUN LING LING
(MIA No. CA 48041)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 2 March 2023.

Before me:

COMMISSIONER FOR OATH

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CARLSBERG BREWERY MALAYSIA BERHAD
(Incorporated in Malaysia)
Registration No. 196901000792 (9210-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Carlsberg Brewery Malaysia Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 131 to 210.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CARLSBERG BREWERY MALAYSIA BERHAD
(Incorporated in Malaysia)
Registration No. 196901000792 (9210-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Accruals for trade discounts and volume rebates We continue to focus on this area as trade discounts and volume rebates are very significant to the Group. These discounts and rebates which are volume or activity related are typically associated with certain sales targets, measured in volumes or total value, to be achieved by the trade customers and distributors. In addition, each type of product of the Group has a different discount and rebate structure. The determination and calculation of the accruals for trade discounts and volume rebates required is therefore complex as it requires management to make critical estimates and assumptions regarding sales targets to be achieved by each customer, multiplied with the contracted rates of the different products for each customer based on their respective trading agreements. This is a significant area for our audit as it requires us to exercise judgement in evaluating management's estimation of the amount of trade discounts and volume rebates required. As the trade discounts and volume rebates is accounted for as a reduction of revenue from contracts with customers under MFRS 15, there is accordingly an inherent risk to the revenue recognition process in view of the complexity of the trade discounts and volume rebates as explained. Refer to Note 3(n)(i) - Significant accounting policies on revenue recognition and measurement and Note 4(i) - Use of estimates and judgements.	With respect to the appropriateness of management's estimates used in the calculations of the accruals of trade discounts and volume rebates, we performed the following procedure: • We tested effectiveness of the relevant controls and reliability of information generated from the systems which the Group used in estimating the achievement of sales targets and the trade discounts and volume rebates accruals required; • Developed an expectation of the current year trade discounts and volume rebates accruals balance based on our understanding of key factors and relationship between revenue and trade discounts and volume rebates, which included consideration of historical data of trade discounts and volume rebates given by the Group against the accruals recorded by management as at the reporting date; • We reviewed the reconciliation performed by management between the trade discounts and volume rebates balance payable per the sales system to the accruals recorded by the Group as at 31 December 2022. We test checked the material reconciling items to management's supporting documentation and discussed this with management to ensure the appropriateness of these reconciling items; • We discussed the critical accounting estimates and assumptions used in the determination of the trade discounts and volume rebates accruals with management and evaluated the reasonableness of the estimates and assumptions particularly those estimates and assumptions that were different from previous years; and • Where there were changes in the rates used to calculate the trade discounts and volume rebates accruals, we assessed the reasonableness of those changes in the rates by comparing to the actual claims made by the trade customers and distributors in respect of the recent sales or revised terms in the trading agreements. Based on the procedures performed, we noted the results of management's assessment and computation of the trade discounts and volume rebates accruals are not materially different with the outcome of our procedures.

We have determined that there are no key audit matters to report for the Company.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CARLSBERG BREWERY MALAYSIA BERHAD
(Incorporated in Malaysia)
Registration No. 196901000792 (9210-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and other sections of the 2022 Integrated Annual Report of Carlsberg Brewery Malaysia Berhad, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CARLSBERG BREWERY MALAYSIA BERHAD
(Incorporated in Malaysia)
Registration No. 196901000792 (9210-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 12 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
PLT LLP0014401-LCA & AF 1146
Chartered Accountants

TAN ENG HONG
03424/03/2023 J
Chartered Accountant

Kuala Lumpur
2 March 2023

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We believe in providing our stakeholders with transparency and accountability and hope that this report has provided you with the information that you need to better understand our business. Further reference material can be accessed from our website at https://www.carlsbergmalaysia.com.my/.

CARLSBERG MALAYSIA'S SALES OFFICES

BINTULU
c/o Sin Yew Hin Sdn Bhd
Lot 1957, Swee Joo Jetty,
Kampung Baru, P.O.Box 269,
97000 Bintulu, Sarawak.
Tel: 086-331 136
Fax: 086-338 923

BUTTERWORTH
No. 32-A-TKT 1 & TKT 2, Jalan Oren,
Pusat Perniagaan Oren,
13000 Butterworth, Pulau Pinang
Tel : 04-390 3077 / 390 5231
Fax: 04-399 1488

IPOH
c/o Core Synergy Trading Sdn Bhd
Lot 3898, Off Jalan Lahat,
31500 Lahat, Perak.
Tel: 05-321 9204 / 321 9344
Fax: 05-321 1571

JOHOR BAHRU
No. 41, 41-01 & 41-02,
Jalan Austin Perdana 2/22,
Taman Mount Austin,
81100 Johor Bahru, Johor.
Tel: 07-355 5078
Fax: 07-354 6092

KOTA KINABALU
No. 34 Towering Industrial Estate,
Mile 4 1/2, Jalan Penampang,
88300 Kota Kinabalu, Sabah.
P.O.Box 13435,
88838 Kota Kinabalu, Sabah.
Tel: 088-715 091 / 715 019
Fax: 088-717 480

KUANTAN
No. 25, Jalan IM14/3,
Kawasan Perindustrian Ringan
Indera Mahkota,
25200 Kuantan, Pahang.
Tel: 09-573 0135 / 573 0136
Fax: 09-573 0136

KUCHING
No. 287, Section 9, KTLD,
Ground & 1st Floor, Rubber Road,
93400, Kuching, Sarawak.
Tel: 082-425 319/425 320
Fax: 082-421 660

MALACCA
No. 23-23A, Jalan Malinja 1,
Taman Malinja, Bukit Baru,
75150 Melaka
Tel: 06-282 7709 / 284 1530
Fax: 06-282 7930

MENTAKAB
c/o Lit Tat Trading Sdn Bhd
PT 1303B, Jalan Industri 4,
Taman Industri Park,
28400 Mentakab, Pahang.
Tel : 09-278 3710
Fax : 09-278 3161

MIRI
Lot 1415, Ground Floor & 1st Floor,
Lorong 5, Jalan Krokop,
P.O. Box 1301,
98000 Miri, Sarawak.
Tel: 085-417 821 / 427 821
Fax: 085-437 821

SANDAKAN
c/o Kwong Hin (Sandakan) Sdn Bhd
Lot D-2, CL 075410454, Batu 8.5,
Jalan Kampung Melayu,
90007 Sandakan, Sabah.
HP : 012-836 6063

SEREMBAN
No. 15-2, 2nd Floor
Jalan Haruan 5/1
Oakland Commercial Square
70300 Seremban, Negeri Sembilan.
Tel: 06-603 7065 / 603 7056
Fax: 06-603 7096

SHAH ALAM
Lot 22, Jalan Pengapit 15/19,
Seksyen 15,
40200 Shah Alam,
Selangor.
Tel: 03-5522 6688
Fax: 03-5510 1135

SIBU
c/o Ee Chung Han Co. Sdn Bhd
Lot 1248-1249 Lorong Sukun 18,
Off Jalan Teng Kung Suk,
Upper Lanang,
96007 Sibu, Sarawak.
Tel : 084-213 389 / 213 398
Fax: 084-213 323

TAWAU
c/o Kwong Hin (Sandakan) Sdn Bhd
TB 5341, Leeka Light Industrial Estate,
Batu 3, Jalan Apas
91000 Tawau, Sabah
H/P : 019-813 6568

PARTICULARS OF GROUP PROPERTIES

The Properties included in land and buildings and rights-of-use assets as at 31 December 2022 and their net book values are indicated below :-

Address	Area (Acres)	Existing Use	Land Tenure	Approx. Age of Building (Years)	Description	2022 Net Book Value RM'000	Date of Acquisition Or Revaluation
55, Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor Darul Ehsan.	20.00	Factory and Office	Leasehold expiring 23.2.2070	52	Land Building	3,306 21,060	31/03/81 (revaluation)
No. 34, Towering Industrial Estate Mile 4 1/2, Jalan Penampang, P.O. Box 13435, 88838 Kota Kinabalu, Sabah.	0.06	Office and Warehouse	Leasehold expiring 31.12.2037	43	Land Building	60 135	28/3/95 (acquisition)
Lot 22, Jalan Pengapit 15/19, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan.	1.81	Office and Warehouse	Leasehold expiring 23.2.2082	32	Land Building	2,966 3,912	12/03/96 (acquisition)
No. 25, Jalan IM14/3, Kawasan Perindustrian Ringan, Indera Mahkota, 25200 Kuantan, Pahang Darul Makmur.	0.05	Office and Warehouse	Leasehold expiring 29.3.2097	25	Land and Building	123	17/12/97 (acquisition)
No. EMR 3099, Lot No. 9 & No. EMR 3100, Lot No. 10, No. GM 76, Lot No. 35 & No. GM 77, Lot No. 36, In the Village of Batu Tiga / Mukim of Damansara, District of Petaling, Selangor Darul Ehsan.	6.41	Factory	Freehold	-	Land	15,953	24/7/98 (acquisition)
Lot 1071, Mukim Damansara, District of Petaling, Selangor Darul Ehsan.	1.30	Factory	Freehold	-	Land	2,999	18/9/03 (acquisition)
						50,514	

ANALYSIS OF SHAREHOLDINGS

AS AT 14 FEBRUARY 2023

Total number of issued shares	:	305,748,000 ordinary shares
Class of shares	:	Ordinary Shares
Voting Rights	:	One Vote Per Ordinary Share

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
Less than 100	1,002	6.651	8,389	0.002
100 - 1,000	7,681	50.985	4,281,045	1.400
1,001 - 10,000	5,010	33.255	18,300,569	5.985
10,001 - 100,000	1,180	7.832	34,754,458	11.367
100,001 - 15,287,399*	191	1.267	92,471,039	30.244
15,287,400 and above**	1	0.006	155,932,500	51.00
TOTAL	**15,065**	**100.00**	**305,748,000**	**100.00**

* *Less than 5% of issued shares*
** *5% and above of issued shares*

THIRTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	% OF SHARES
1	DB (MALAYSIA) NOMINEE (ASING) SDN BHD CARLSBERG BREWERIES A/S	155,932,500	51.000
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	7,050,800	2.306
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	6,236,820	2.039
4	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	3,066,900	1.003
5	WONG YOKE FONG @ WONG NYOK FING	2,716,000	0.888
6	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	2,167,046	0.708
7	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	2,058,700	0.673
8	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	2,035,300	0.665
9	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	2,017,181	0.659
10	CITIGROUP NOMINEES (ASING) SDN BHD CB SPORE GW FOR GOVERNMENT OF SINGAPORE (GIC C)	1,967,500	0.643
11	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	1,894,200	0.619
12	HSBC NOMINEES (ASING) SDN BHD JPMSE LUX FOR JPMORGAN FUNDS	1,779,200	0.581
13	YEOH SAIK KHOO SENDIRIAN BERHAD	1,719,800	0.562
14	TAI TAK ESTATES SDN BHD	1,500,000	0.490
15	CARTABAN NOMINEES (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR VIRTUS KAR EMERGING MARKETS SMALL-CAP FUND	1,468,000	0.480

ANALYSIS OF SHAREHOLDINGS

AS AT 14 FEBRUARY 2023

THIRTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	% OF SHARES
16	CARTABAN NOMINEES (TEMPATAN) SDN BHD PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND	1,267,600	0.414
17	HO HAN SENG	1,100,000	0.359
18	CARTABAN NOMINEES (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR FLORIDA RETIREMENT SYSTEM	1,081,200	0.353
19	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND JNDP FOR JNL MULTI-MANAGER EMERGING MARKETS EQUITYFUND	1,080,900	0.353
20	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR JPMORGAN GLOBAL EMERGING MARKETS INCOME TRUST PLC	1,051,100	0.343
21	KEY DEVELOPMENT SDN.BERHAD	1,038,000	0.339
22	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	992,900	0.324
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE(MALAYSIA) BERHAD (PAR 3)	952,000	0.311
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE(MALAYSIA) BERHAD (PAR 1 ACB FUND)	943,000	0.308
25	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	906,331	0.296
26	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE(MALAYSIA) BERHAD (SHF)	900,000	0.294
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE(MALAYSIA) BERHAD (LSF)	896,300	0.293
28	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II	857,900	0.280
29	GAN TENG SIEW REALTY SDN.BERHAD	845,000	0.276
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE(MALAYSIA) BERHAD (LBF)	725,500	0.237

ANALYSIS OF SHAREHOLDINGS
AS AT 14 FEBRUARY 2023

SUBSTANTIAL SHAREHOLDER

	NAME	DIRECT INTEREST		INDIRECT INTEREST	
		NO. OF SHARES	% OF SHARES	NO. OF SHARES	% OF SHARES
1	DB (Malaysia) Nominee (Asing) Sdn Bhd Carlsberg Breweries A/S	155,932,500	51.000	-	-

DIRECTORS' INTERESTS

	NAME	DIRECT		INDIRECT	
		NO. OF SHARES	% OF SHARES	NO. OF SHARES	% OF SHARES
1	Tan Sri Dato' Seri Chor Chee Heung	-	-	-	-
2	Chew Hoy Ping	10,000	0.003	-	-
3	Datuk Lee Oi Kuan	-	-	-	-
4	Joao Miguel Ventura Rego Abecasis	-	-	-	-
5	Gavin Stuart Brockett	-	-	-	-
6	Chan Po Kei Kay	-	-	-	-
7	Stefano Clini	-	-	-	-

MATERIAL CONTRACTS

The particulars of material contracts of the Group and its related parties, subsisting as at 31 December 2022 or entered into since the end of the previous financial year 2021, are as follows:

1. A call option agreement between CBMB and Carlsberg A/S ("CAS") dated 18 November 1996, allowing CAS to acquire CBMB's interest in Lion Brewery (Ceylon) Limited, should certain events occur. The purchase consideration is to be based on an agreed formula and in any event, to be a minimum of the original purchase price paid by CBMB. CAS is the holding company of Carlsberg Breweries A/S ("CBAS"), which in turn is the holding company and major shareholder of CBMB

LIST OF RECURRENT RELATED PARTY TRANSACTIONS

The breakdown of the aggregate value of the recurrent related party transactions entered into by the Group pursuant to the shareholders' mandate obtained during the **52nd AGM held on 14 April 2022** is as follows:

Transacting Parties	Interested Related Parties	Nature of Transaction	(2) Actual Value Transacted (14 April 2022 – 31 December 2022) (RM' million)
CBAS and the Group	SC, JMVRA, LCJE, GSB, CPKK and CBAS	Purchase of raw materials (hops, yeasts, aroma etc) and related services from CBAS	0.2
CBAS and the Group	SC, JMVRA, LCJE, GSB, CPKK and CBAS	Royalties payable to CBAS for inter alia, the exclusive use of trademark licences and supply of technical and commercial assistance	33.4
CVBL and the Group	SC, JMVRA, LCJE, GSB, CPKK and CBAS	Purchase of beverage products from CVBL	18.7
CDTL and the Group	SC, JMVRA, LCJE, GSB, CPKK and CBAS	Sale and supply of goods to CDTL and the Group	1.1
CBHKL and the Group	SC, JMVRA, LCJE, GSB, CPKK and CBAS	Provision of administrative support services from CBHKL	11.3
CCDOO and the Group	SC, JMVRA, LCJE, GSB, CPKK and CBAS	Purchase of beverage products from CCDOO	0.4
LAO and the Group	SC, JMVRA, LCJE, GSB, CPKK and CBAS	Sale and supply of goods to LAO	0.3
CSCAL and the Group	SC, JMVRA, LCJE, GSB, CPKK and CBAS	Purchase of beverage products and provision of administrative support services from CSCAL	2.3
CSCAG and the Group	SC, JMVRA, LCJE, GSB, CPKK and CBAS	Purchase of beverage products, materials (Advertising & Promotion items and services from CSCAG)	0.7
CBHKL and the Group	SC, JMVRA, LCJE, GSB, CPKK and CBAS	Sale and supply of goods to CBHKL	15.8
CL and the Group	SC, JMVRA, LCJE, GSB, CPKK and CBAS	Sale and supply of goods to CL	0.0
CBAC and the Group	SC, JMVRA, LCJE, GSB, CPKK and CBAS	Purchase of beverage products from CBAC	1.4
CSCAG and the Group	SC, JMVRA, LCJE, GSB, CPKK and CBAS	Sale and supply of goods to CSCAG	0.0
SOAS and the Group	SC, JMVRA, LCJE, GSB, CPKK and CBAS	Purchase of beverage products from SOAS	0.3
LAO and the Group	SC, JMVRA, LCJE, GSB, CPKK and CBAS	Purchase of beverage products from LAO	8.9

Notes:

(1) The above actual value of the recurrent related party transactions "RRPT" is for the period 14 April 2022 to 31 December 2022.

(2) The nature of relationship with the above Related Parties is as follows as at 31 December 2022:

(i) CBAS is the holding company and Major Shareholder of the Company, holding an equity interest of 51.0% in the Company. The Company in turn holds 100% interest in both CMSB, EDSB and CSPL.

(ii) JMVRA (appointed on 1 October 2022), GSB (appointed on 17 February 2022) and CPKK, who are Non-Executive Directors of the Company are the Executive Vice President, Asia of CBAS, Vice President Finance, Asia of CBAS and Vice President Human Resources, Asia of CBAS respectively. SC is the Managing Director of the Company. All the four (4) Directors namely, JMVRA, GSB, CPKK and SC are nominees/representatives of CBAS and do not hold any shares in CBAS or the Company.

(iii) LCJE was the Executive Vice-President, Asia of CBAS and has ceased to be the interested related party upon his resignation as Non-Independent Non-Executive Director on 1 July 2022.

(iv) CBAC, CBHKL, CCDOO, CL, CSCAG, CSCAL, CVBL, LAO and SOAS are subsidiaries of CBAS and do not hold any direct equity interest in the Company.

(v) CBAS holds 49.6% equity interest in CDTL.

LIST OF RECURRENT RELATED PARTY TRANSACTIONS

Abbreviations:

CBAC	-	Carlsberg Brewery (Anhui) Company Ltd, a fellow subsidiary of CBAS
CBAS	-	Carlsberg Breweries A/S, an immediate holding company and a Major Shareholder of the Company
CBHKL	-	Carlsberg Brewery Hong Kong Ltd, a fellow subsidiary of CBAS
CCDOO	-	Carlsberg Croatia D.O.O., a fellow subsidiary of CBAS
CDTL	-	Carlsberg Distributors Taiwan Limited, on associated company of CBAS
CL	-	Cambrew Limited, a fellow subsidiary of CBAS
CMSB	-	Carlsberg Marketing Sdn. Bhd., a wholly-owned subsidiary of the Company
CPKK	-	Chan Po Kei Kay
CSCAG	-	Carlsberg Supply Company AG, a fellow subsidiary of CBAS
CSCAL	-	Carlsberg Supply Co Asia Ltd, a fellow subsidiary of CBAS
CSPL	-	Carlsberg Singapore Pte. Ltd., a wholly-owned subsidiary of the Company
CVBL	-	Carlsberg Vietnam Breweries Ltd, a fellow subsidiary of CBAS
EDSB	-	Euro Distributors Sdn. Bhd., a wholly-owned subsidiary of the Company
Group	-	Company and its wholly-owned subsidiaries, namely Carlsberg Marketing Sdn. Bhd., Euro Distributors Sdn. Bhd. and Carlsberg Singapore Pte. Ltd.
GSB	-	Gavin Stuart Brockett
JMVRA	-	João Miguel Ventura Rego Abecasis
LAO	-	Lao Brewery Co Ltd, a fellow subsidiary of CBAS
LCJE	-	Leonard Cornelis Jorden Evers
SC	-	Stefano Clini
SOAS	-	Saku Õlletehase AS, a fellow subsidiary of CBAS

CORPORATE INFORMATION

DIRECTORS

TAN SRI DATO' SERI CHOR CHEE HEUNG
Chairman

STEFANO CLINI
Managing Director

CHEW HOY PING
Senior Independent Non-Executive Director

DATUK LEE OI KUAN
Independent Non-Executive Director

CHAN PO KEI KAY
Non-Independent Non-Executive Director

JOÃO MIGUEL VENTURA REGO ABECASIS
Non-Independent Non-Executive Director

GAVIN STUART BROCKETT
Non-Independent Non-Executive Director

COMPANY SECRETARIES

KOH POI SAN
(SSM PC No. 201908000044)
(L.S. No. 0009701)

CHIA CAI JIN
(SSM PC No. 202108000488)
(MAICSA 7075997)

AUDITORS

PRICEWATERHOUSECOOPERS PLT
Chartered Accountants
Level 10, 1 Sentral, Jalan Rakyat,
Kuala Lumpur Sentral, P.O. Box 10192,
50706 Kuala Lumpur.
Tel : +603 2173 1188
Fax : +603 2173 1288

PRINCIPAL BANKERS

CITIBANK BERHAD
Registration No. 199401011410 (297089-M)

PUBLIC BANK BERHAD
Registration No. 196501000672 (6463-H)

DEUTSCHE BANK (MALAYSIA) BERHAD
Registration No. 199401026871 (312552-W)

BNP PARIBAS MALAYSIA BERHAD
Registration No. 201001034168 (918091-T)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

No. 55, Persiaran Selangor,
Section 15, 40200 Shah Alam,
Selangor Darul Ehsan.
Tel : +603 5522 6688
Fax : +603 5519 1931
Email : MYCorpAffairs@carlsberg.asia
Website : www.carlsbergmalaysia.com.my

SHARE REGISTRAR

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Registration Number: 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South.
No.8, Jalan Kerinchi, 59200 Kuala Lumpur.
Tel : +603 2783 9299
Fax : +603 2783 9222
Email : is.enquiry@my.tricorglobal.com

STOCK EXCHANGE LISTING

MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Third (53rd) Annual General Meeting ("AGM") of Carlsberg Brewery Malaysia Berhad ("the Company") will be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue") on Wednesday, 19 April 2023 at 10.00 a.m. to transact the following businesses:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Directors' and Auditors' Reports thereon. **Please refer to Explanatory Note A.**

2. To approve the payment of a Final Single-Tier Dividend of 25 sen per ordinary share in respect of the financial year ended 31 December 2022. **Resolution 1**

3. To re-elect Stefano Clini, who retires pursuant to Article 21.6 of the Constitution of the Company, as Director of the Company. **Resolution 2**

4. To re-elect Chan Po Kei Kay, who retires pursuant to Article 21.6 of the Constitution of the Company, as Director of the Company. **Resolution 3**

5. To re-elect Tan Sri Dato' Seri Chor Chee Heung, who retires pursuant to Article 21.10 of the Constitution of the Company, as Director of the Company. **Resolution 4**

6. To re-elect João Miguel Ventura Rego Abecasis, who retires pursuant to Article 21.10 of the Constitution of the Company, as Director of the Company. **Resolution 5**

7. To approve the payment of Directors' fees and benefits up to an amount of RM600,000 for the period from 20 April 2023 until the next Annual General Meeting of the Company. **Resolution 6**

8. To re-appoint Messrs Pricewaterhouse Coopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

Special Business

To consider, and if thought fit, to pass the following Resolution, with or without modifications, as Ordinary Resolution of the Company.

9. ORDINARY RESOLUTION **Resolution 8**
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.3 of the Circular to Shareholders dated 16 March 2023 ("the Related Parties") provided that such transactions are:-

(a) necessary for the Group's day-to-day operations;
(b) undertaken in the ordinary course of business at arm's length basis and on normal commercial terms and transaction prices which are not more favourable to the Related Parties than those generally available to the public; and
(c) are not to the detriment of the minority shareholders of the Company

("Proposed Shareholders' Mandate").

NOTICE OF ANNUAL GENERAL MEETING

THAT such approval shall continue to be in force until: -

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed; or
(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by resolution passed by the shareholders at a general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

10. To consider any other business of which due notice shall be given in accordance with the Companies Act 2016 and the Company's Constitution.

NOTICE OF DIVIDEND PAYMENT AND CLOSURE OF REGISTER

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the 53rd AGM to be held on Wednesday, 19 April 2023, a Final Single-Tier Dividend of 25 sen per ordinary share in respect of the financial year ended 31 December 2022 will be payable on 18 May 2023 to shareholders registered in the Register of Members and Record of Depositors at the close of business on 21 April 2023.

A depositor shall qualify for entitlement to the dividends only in respect of:

(a) Shares transferred into the Depositor's securities account before 4.30 p.m. on 21 April 2023 in respect of transfers;
(b) Shares deposited into the Depositor's securities account before 12.30 p.m. on 18 April 2023 (in respect of shares which are exempted from mandatory deposit); and
(c) Shares brought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

Koh Poi San (SSM PC No. 201908000044) (LS No. 0009701)
Chia Cai Jin (SSM PC No. 202108000488) (MAICSA 7075997)
Company Secretaries

Shah Alam
16 March 2023

1. **IMPORTANT NOTICE**

   The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 ("the Act")** which requires the Chairperson of the meeting to be present at the main venue of the meeting.

   Members **WILL NOT BE ALLOWED** to attend the 53rd AGM in person at the Broadcast Venue on the day of the meeting.

   Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 53rd AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at https://tiih.online. **Please follow the Procedures for RPV in the Administrative Notes on 53rd AGM and take note of Notes (2) to (15) below in order to participate remotely via RPV.**

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 11 April 2023**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.

NOTICE OF ANNUAL GENERAL MEETING

3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.

4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via RPV.

5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad.

6. If a member wishes to participate in this AGM him/herself, please do not submit any Form of Proxy for the AGM. Members will not be allowed to participate in the AGM together with a proxy.

7. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

8. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

9. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

10. A member who has appointed a proxy or attorney or authorised representative to participate at this AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online. **Please follow the Procedures for RPV in the Administrative Notes on 53rd AGM.**

11. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

    (i) In hard copy form
    In the case of an appointment made in hard copy form, the Form of Proxy must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

    (ii) By electronic form

    The Form of Proxy can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the procedures for electronic lodgement of Form of Proxy via TIIH Online.

12. Please ensure ALL the particulars as required in the Form of Proxy are completed, signed and dated accordingly.

13. Last date and time for lodging the Form of Proxy is on **Monday, 17 April 2022 at 10.00 a.m.**.

14. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

15. For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment should be executed in the following manner:

    (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

    (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:

        (a) at least two (2) authorised officers, of whom one shall be a director; or
        (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTE

1. Note A

This Agenda item is meant for discussion only as under the provisions of Section 340(1)(a) of the Companies Act 2016, the audited financial statements do not require formal approval of shareholders and hence the matter will not be put forward for voting.

2. Resolution 1 - Declaration of a Final Single-Tier Dividend

Pursuant to Paragraph 8.26(2) of the MMLR of Bursa Malaysia Securities Berhad, the final single-tier dividend, if approved, will be paid no later than three (3) months from the date of shareholders' approval.

3. Resolutions 2 to 5 – Re-election of Directors

Stefano Clini, Chan Po Kei Kay, Tan Sri Dato' Seri Chor Chee Heung and João Miguel Ventura Rego Abecasis ("Retiring Directors") are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 53rd AGM.

The Board had through the Nomination and Remuneration Committee ("NRC") carried out fit and proper assessment on the Retiring Directors and agreed that they met the criteria as prescribed by Paragraph 2.20A of the MMLR of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time to effectively discharge their role as Directors.

The Board had also through the NRC carried out assessment on the independence of Tan Sri Dato' Seri Chor Chee Heung and is satisfied that he met the criteria of independence as prescribed in the MMLR of Bursa Malaysia Securities Berhad.

4. **Resolution 6 – Directors' Fees and Benefits**

Pursuant to Section 230(1) of the Act, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The proposed Directors' fees and benefits for the period from 20 April 2023 until the next AGM are calculated based on the current Board size and the number of scheduled Board and Committee meetings for 2023 up to the next AGM. In the event the proposed amount is insufficient, e.g. due to additional meetings or enlarged Board size, approval will be sought at the next AGM for the shortfall.

The resolution, if passed, will allow the Company to make the payment to the Non-Executive Directors ("NEDs") on a monthly basis. The Board is of the view that it is just and equitable for the NEDs to be paid such payment on a monthly basis after they have discharged their responsibilities and rendered their services to the Company.

5. **Resolution 7 – Re-appointment of Auditors**

The Audit Committee and the Board had, on 2 March 2023, assessed the suitability, objectivity and independence of the Auditors, Messrs. PricewaterhouseCoopers PLT and considered the re-appointment of Messrs PricewaterhouseCoopers PLT as Auditors of the Company. The Audit Committee and the Board collectively agreed and are satisfied that Messrs PricewaterhouseCoopers PLT meets the relevant criteria prescribed by Paragraph 15.21 of the MMLR of Bursa Malaysia Securities Berhad.

EXPLANATORY NOTE ON SPECIAL BUSINESS

1. **Resolution 8 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature (collectively "Proposed Shareholders' Mandate")**

This resolution, if passed, will authorise the Company and each of its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature in the ordinary course of business.

The detailed text on Resolution 8 on the Proposed Shareholders' Mandate is included in the Circular to Shareholders dated 16 March 2023.

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Number of Shares held:	
CDS Account No.	
If more than 1 proxy, please specify number of shares represented by each proxy	
Name of Proxy 1	
Name of Proxy 2	

CARLSBERG BREWERY MALAYSIA BERHAD
[Registration No. 196901000792 (9210-K))
(Incorporated in Malaysia

FORM OF PROXY

I/We, ______________________________ I.C./Passport/Company No. ______________
of ______________________________
being a member of the above named Company, hereby appoint ______________________________
I.C./Passport No. ______________ of ______________________________
AND/OR* (*delete as appropriate) him/her ______________________________
______________________________ I.C./Passport No. ______________
of ______________________________ OR failing him/her, the Chairperson of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Fifty-Third (53rd) Annual General Meeting ("AGM") of the Company to be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue") on Wednesday, 19 April 2023 at 10.00 a.m., and at any adjournment thereof. The proxy is to vote on the business before the meeting as indicated below (if no indication is given, the proxy will vote as he thinks fit or abstain from voting):

Item	AGENDA	FOR	AGAINST
1	Payment of a Final Single-Tier Dividend of 25 sen per ordinary share.		
2	Re-election of Stefano Clini as Director.		
3	Re-election of Chan Po Kei Kay as Director.		
4	Re-election of Tan Sri Dato' Seri Chor Chee Heung as Director.		
5	Re-election of João Miguel Ventura Rego Abecasis as Director.		
6	Approval of Directors' fees and benefits of RM600,000 from 20 April 2023 until the next Annual General Meeting.		
7	Re-appointment of Messrs PricewaterhouseCoopers PLT as Auditors and authorise the Directors to fix their remuneration.		
8	Proposed renewal of shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature and proposed new shareholders' mandate for additional recurrent Related Party Transactions of a revenue or trading nature.		

Please indicate with a tick (√) how you wish your vote to be cast in respect of each resolution above. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

As witness my/our hand this ______________ day of ______________________________ 2023.

Signed by the said ______________________________

* Manner of execution:
(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this Form of Proxy should be executed under seal in accordance with the Constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this Form of Proxy should be affixed with the rubber stamp of your corporation (If any) and executed by:-
(i) at least two (2) authorised officers, of whom one shall be a director; or
(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

1. The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting.
Members **WILL NOT BE ALLOWED** to attend the 53rd AGM in person at the Broadcast Venue on the day of the meeting.
Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 53rd AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at https://tiih.online. **Please follow the Procedures for RPV in the Administrative Notes on 53rd AGM and take note of Notes (2) to (15) below in order to participate remotely via RPV**.
2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 11 April 2023**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via RPV.
5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad.
6. If a member wishes to participate in this AGM him/herself, please do not submit any Form of Proxy for the AGM. Members will not be allowed to participate in the AGM together with a proxy.
7. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
8. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
9. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
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In the case of an appointment made in hard copy form, the Form of Proxy must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
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13. Last date and time for lodging the Form of Proxy is on **Monday, 17 April 2023 at 10.00 a.m.**.
14. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
15. For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment should be executed in the following manner:-
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(ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
(a) at least two (2) authorised officers, of whom one shall be a director; or
(b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

FIRST FOLD

Affix stamp

SHARE REGISTRAR
CARLSBERG BREWERY MALAYSIA BERHAD [196901000792 (9210-K)]
Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South No. 8 Jalan Kerinchi,
59200 Kuala Lumpur

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