Carlsberg Malaysia

INTEGRATED ANNUAL REPORT 2021

Navigate The Storm

NAVIGATE **THE STORM**

We navigated the storm caused by COVID-19 by adapting to the new norm. Guided by the SAIL'22 strategy, we remain committed to finding effective and sustainable ways to optimise our business, while ensuring that our people, consumers, customers and communities continued to be well-supported. We are confidence that with continued focus on cost optimisation, innovation and premiumisation, we will navigate the uncharted waters in 2022.

TOWARDS INTEGRATED REPORTING


OUR VALUE-CREATION BUSINESS MODEL

This Integrated Annual Report marks the first year of our three-year integrated reporting journey.

It is a significant move to ensure our sustainability strategies, priorities and performance are communicated to stakeholders in a globally recognised framework.

With a more integrated approach in thinking and reporting in line with the International <IR> framework, we believe this report improves our disclosure on the Company's allocation of capitals and values we created in 2021.

We also present our Environment, Social & Governance (ESG) commitment in a dashboard launched in 2021. It serves as our quarterly performance review of Together Towards ZERO priorities with the Board of Directors and Management; and annual communication on our progress in supporting the United Nations Development Goals (UN SDGs).

The cover of this report is printed on environmentally friendly paper.

ABOUT THIS **REPORT**

Reporting Framework

Carlsberg Malaysia Group has commenced its journey into Integrated Reporting with the publication of this annual report. Guided by the Value Reporting Foundation's integrated reporting framework, this report covers the Group's activities between 1 January 2021 and 31 December 2021, and strives to present balanced and comprehensive information to our stakeholders regarding our strategic process and financial performance. This report also details the Group's non-financial performance in 2021, which comprises our Environmental, Social and Governance (ESG) performance, details of which are embedded throughout the report and framed by our Together Towards ZERO sustainability agenda.

Scope and Boundaries

Carlsberg Malaysia Group is a public company listed on the Main Board of Bursa Malaysia Securities Berhad. Besides reporting about the Group's activities in Malaysia, this report covers the business activities of our subsidiary companies in Singapore and associate company in Sri Lanka. In the context of sustainability, the Sustainability Statement 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 best practices as prescribed by international integrated reporting frameworks. Locally, we have adhered to:

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

In the area of sustainability, we have developed our reporting in line with Bursa Malaysia's Sustainability Reporting Guide 2nd Edition. This report is also guided by the Global Reporting Initiative (GRI) Standards and the Task Force on Climate-Related Financial Disclosures (TCFD).

All information presented is as at 31 December 2021, unless otherwise stated.

Board Approval

The Board acknowledges its responsibility for the integrity of the Group's Integrated Report, achieved through good governance practices and internal reporting procedures. The Board has oversight in this matter and approved the Integrated Report on 2 March 2022.

Forward-Looking Statements

This report contains certain forward-looking statements with respect to the business and financial performance of the Group and that, by their nature, involve risk and uncertainty 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, as well as the ongoing COVID-19 pandemic.

NAVIGATION TOOLS

Cross-referencing information in this report

Link to website

Strategic Priorities

Strengthen The Core

Position For Growth

Deliver Value For Shareholders

Enablers

Creating A Winning Culture

Defend Our License To Operate

Stakeholders

Consumers

Journalists

Customers

Suppliers

Employees

Sustainability Experts

Industry

Policymakers and regulators

Investors

Communities

OUR INTEGRATED APPROACH
KEY INTEGRATED CONCEPTS

VALUE CREATION

Our value creation extends beyond profits. We leverage various capitals to deliver both financial and non-financial value for stakeholders. Trade-offs between capitals are necessary to balance the best interests of all stakeholders.

Our value creation process is integrated into our Value-Creation Business Model as shown on page 79.

MATERIALITY

As a sustainable business, we apply the principle of materiality in formulating business decisions. Our strategies are shaped by the issues, opportunities and challenges that materially impact business and stakeholder value creation.

A detailed description of our material issues can be found on pages 71 to 78.

We create value by applying six types of capitals: Financial, Manufactured, Intellectual, Human, Social & Relationship and Natural. Our long-term relevance as a business depends on the availability of these capitals, their utilisation and the consequent values delivered.

Financial	Manufactured	Intellectual
Our income and earnings are used to operate and grow the business. We channel our financial funds to pay relevant stakeholders, finance other types of capitals and accelerate our innovations.	Our manufacturing operations and supply chain are crucial to make sure we always provide quality products.	Our legacy as a global reputable brewer is what stakeholders trust. We embrace innovation to strengthen our value proposition and competitive edge.
Near-term: Financial capital is used to grow the other capitals, which temporarily lowers its stock.	**Near-term:** Manufacturing operations utilise financial and natural capital.	**Near-term:** Investments in R&D and new category development reduce our immediate financial capital.
Long-term: Improvements in the other capitals ultimately replenishes and grows financial capital.	**Long-term:** Increase in manufactured capital will help deliver higher financial returns, which can be channelled into environmental initiatives to restock natural capital.	**Long-term:** New innovation boosts our competitive advantage for improved financial performance. The associated branding also improves our social and relationship capital.

Human	Social & Relationship	Natural
Our skilled, diverse and innovative workforce drives our strategies forward. We invest in our employees so that they have the tools, capabilities and opportunities to progress their careers with us.	Our corporate citizenship and strong stakeholder relationships allow us to meet our nation-building agenda. We take pride in providing platforms that build a resilient and thriving society.	Our operations rely on energy and other natural resources to run our premises. We strive to continuously reduce the impact of our activities on the environment through green initiatives and investments.
Near-term: Training and development programmes require financing and put pressure on our financial capital.	**Near-term:** Community and stakeholder engagement programmes cause an outflow of financial capital.	**Near-term:** Green technology and initiatives require capital expenditures that lower our financial capital.
Long-term: The new skills and knowledge acquired by employees will result in greater profitability later, thus refilling our financial capital.	**Long-term:** The trust created with stakeholders will provide opportunities to grow human, intellectual and financial capital.	**Long-term:** Resource-efficient operations help conserve both natural and financial capital in the long term. They also improve public trust, which strengthens social & relationship capital.

INSIDE THIS **REPORT**

NON-FINANCIAL INFORMATION

The table below, and the information it refers to, is intended to help stakeholders understand our position on these key non-financial matters. When determining what information to include in this Integrated Report, we took into account these non-financial matters and disclosed them in the relevant sections.

Discussion on the 6 Capitals of <IR> Framework	Page
• Value-Creation Business Model	79

Together Towards ZERO	Page
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• ZERO Water Waste	47
• ZERO Irresponsible Drinking	49
• ZERO Accidents Culture	53

Please scan the QR code to access the Carlsberg Malaysia Group Integrated Annual Report 2021

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Live By Our Compass	Page
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Policy, Risk & Audit	Page
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Our policies and our standards are available at:
https://carlsbergmalaysia.com.my/sustainability/sustainability-at-carlsberg/download-our-policies/

We welcome feedback on this Integrated Annual Report. Email us at mycorpaffairs@carlsberg.asia

Follow us on: facebook.com/CarlsbergMalaysia/ twitter.com/carlsbergmy instagram.com/carlsbergmalaysia/ Carlsberg Group

PURPOSE AND **AMBITION**

BREWING FOR A BETTER TODAY AND TOMORROW

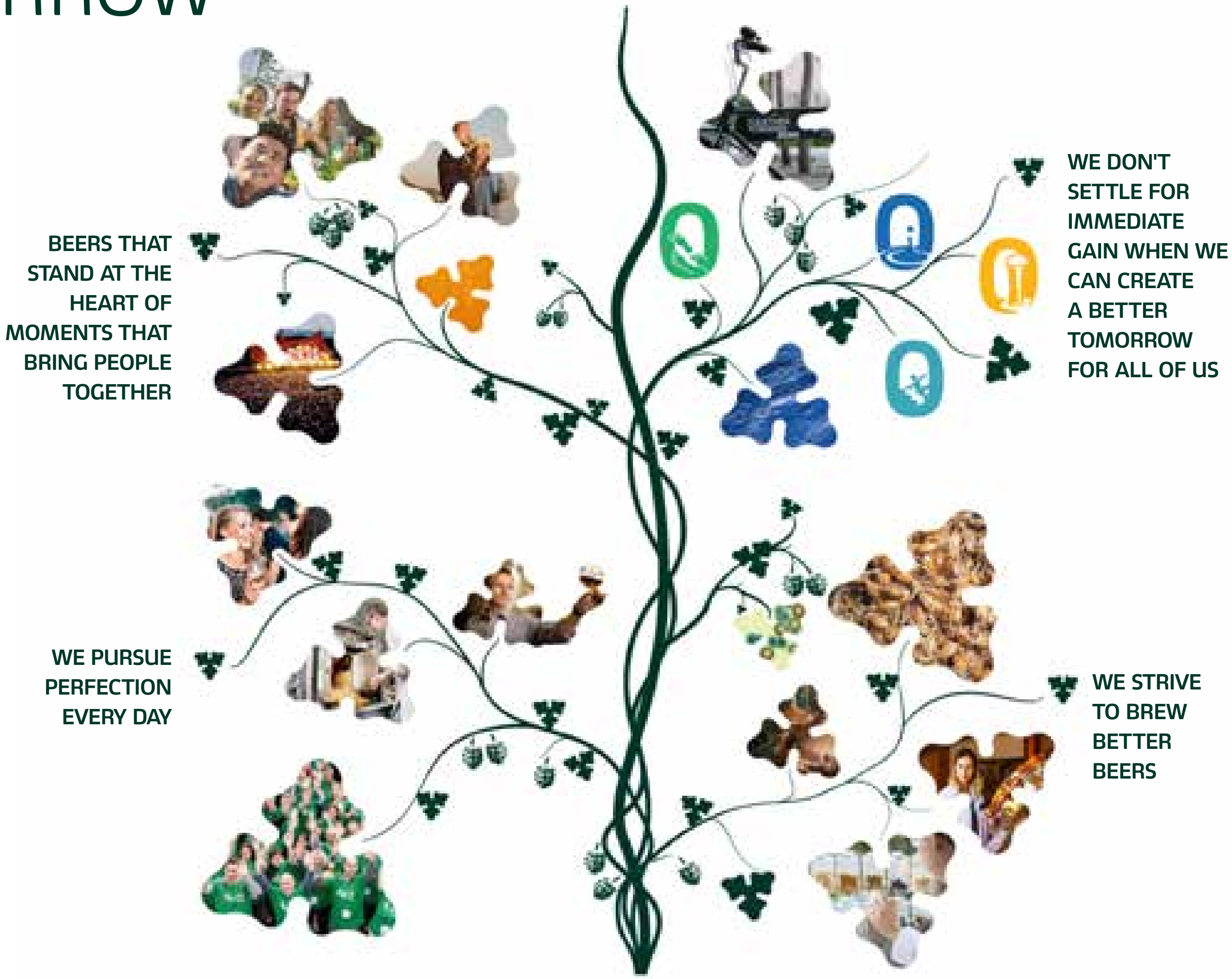
We pursue perfection every day. We strive to brew better beers – beers that stand at the heart of moments that bring people together. We do not settle for immediate gain when we can create a better tomorrow for all of us.

Our purpose is rooted in our heritage and in the mentality of our founders, who left a rich legacy that still greatly influences how we run our business today. Their pioneering spirit, passion for brewing and proactive contribution to society are what makes us who we are.

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

Our purpose demonstrated its value in the face of the unprecedented challenges of COVID-19. It was impressive to witness the high level of employee engagement and the innovative mindsets at all levels of the organisation to help local communities, support our customers and minimise the impact of the pandemic on our business, while at the same time finding flexible and safe ways of working.

We will continue to live our purpose, as it is key to the successful execution of our strategy and to achieving our ambition of being **successful, professional** and **attractive** in our markets.



OUR
BUSINESS MODEL

Our business model is rooted in our purpose and ambition.

It takes its starting point in our focus on our brands and the art of brewing, how we excite our consumers with quality brews and our continuous striving to do better.

WE FOCUS ON THE MARKETS WHERE WE HAVE MANAGEMENT CONTROL...

Malaysia and Singapore operations are our core business with 100% shareholding and management control of our top- and bottom-line.

BREWING FOR A BETTER TODAY AND TOMORROW

We aim to lead in sustainability because it is central to our purpose and we truly believe it is the right thing to do in delivering tangible benefits for our business and for society as a whole.

... WHERE WE OFFER QUALITY BREWS AND AN ATTRACTIVE BEER PORTFOLIO TO OUR CONSUMERS...

The strength of our beer portfolio lies in the strength our international brands supported by our local power brands, combined with our excellent craft & speciality brands.

BREWING FOR A BETTER TODAY AND TOMORROW

Our reputable brands enable us to reach and engage with consumers. Leveraging these occasions, we advocate the importance of moderate and responsible consumption of our products. We also offer alcohol-free brews as alternatives to our alcoholic brews.

... AND STRIVE TO EXCEL IN OUR SERVICE TO ON- AND OFF-TRADE CUSTOMERS AND E-COMMERCE PARTNERS...

Our customers range from on-trade to off-trade, from online to offline. We aim to become their preferred beer supplier, providing products and services that deliver value growth for them and us.

BREWING FOR A BETTER TODAY AND TOMORROW

We develop digital solutions and services to help our customers grow their business. We engage in developing sustainable packaging solutions and implementing initiatives to increase collection and recycling rates.

... BY OPTIMISING OUR SUPPLY CHAIN AND IMPROVING PROCESSES AND SYSTEMS.

Our Funding the Journey culture drives efficiencies and reduces costs. The focus of our supply chain is to optimise both asset utilisation and cost while brewing high-quality beer and enabling our commercial growth agenda.

BREWING FOR A BETTER TODAY AND TOMORROW

Recognising the need for strong action in the face of complex sustainability challenges, Together Towards ZERO sets clear and ambitious targets for carbon emissions, water usage and health & safety.

OUR **OPERATIONS**

ESTABLISHED IN 1969, CARLSBERG BREWERY MALAYSIA BERHAD (CARLSBERG MALAYSIA GROUP/ THE GROUP) IS PART OF CARLSBERG BREWERIES A/S (THE CARLSBERG GROUP), ONE OF THE WORLD'S LEADING BREWERS WITH STRONG MARKET POSITIONS ACROSS ASIA AND EUROPE.

We are a dynamic brewer with operations in Malaysia and Singapore, and with stakes in a brewery in Sri Lanka. We also have a regional presence via exports and intercompany sales to regional markets such as Hong Kong, Cambodia and Laos.

In 2021, the Carlsberg Malaysia Group posted a satisfactory result with net profit up 23.9% to RM201.0 million year-on-year, on the back of flat revenue of RM1.8 billion. The performance of its respective operations and associate company is shown on the right table.

Our Malaysia operations continued to further build and enhance our corporate reputation across our key stakeholders – the general public, customers and employees. We monitored our progress via the Reputation Institute, which uses RepTrak, a reputation intelligence tracking solution that enabled us to have a holistic view of how our product innovation, market reputation, organisational capability and social responsibility are perceived by the three groups of stakeholders.

REVENUE
RM1.8 billion
in 2021 vs 2020: RM1.8 billion

NET PROFIT
RM201.0 million
in 2021 vs 2020: RM162.2 million

EARNINGS PER SHARE
65.74 sen
in 2021 vs 2020: 53.04 sen

MALAYSIA

Ownership
100% Carlsberg Marketing Sdn. Bhd.

Revenue
2021
RM1.21 billion

2020
RM1.26 billion

Profit from Operations
2021
RM188.8 million

2020
RM135.4 million

SINGAPORE

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

Revenue
2021
RM561.1 million

2020
RM527.9 million

Profit from Operations
2021
RM58.0 million

2020
RM64.6 million

SRI LANKA

Ownership
25% Lion Brewery (Ceylon) PLC

Share of Profits
2021
RM15.2 million

2020
RM14.9 million

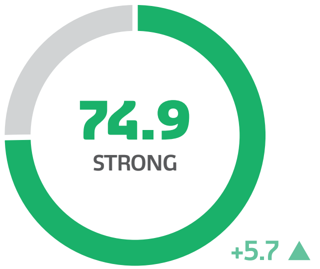
* Net profit refers to the Group's profit attributable to Owners of the Company
** Profit from operations refer to the results from operating activities

We are pleased to have recorded strong to excellent scores across all stakeholders in 2021 compared to the last surveys done in 2019 for customers and employees; and in 2020 for general public.

REPTRAK@ REPUTATION SCORE ACROSS STAKEHOLDERS

Carlsberg Malaysia

General public



General public: Strong 74.9 (+5.7pp); perception improved since 2020 and this could have been driven by strong leadership in crisis management and our efforts in providing COVID-19-related trade assistance and financial aid to our consumers and communities.

Customers

Customers: Excellent 80.5 (+1.8pp); perception remained favourable with double-digit growth across all reputation drivers despite several challenges we faced together with our customers due to business disruptions and COVID-19-related restrictions on trade.

Employees

Employees: Excellent 83.3 (+10.9pp); perception increased significantly, an indication that our "Leading with Care" people initiatives, which included bi-weekly swab tests, Company-wide vaccinations and various types of rewards and recognitions, were received positively.

indicates a **significant** positive/negative development

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

* Data compared to 2020 for General Public and to 2019 for Employees and Customers

These improvements indicate that we are on the right track in fulfilling our ambition of becoming a successful, professional and attractive brewer in our markets.

SUCCESSFUL	in achieving a sustainable balance of our top- and bottom-line.
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 Group's seven-year corporate strategy. With this journey almost complete, and a vast majority of our ambitions met, we will be setting forth with the next instalment of our corporate strategy, SAIL'27, from year 2023 onwards.

SAIL 27

OUR BRAND **PORTFOLIO**

Scan for the full portfolio of Probably the Best Beers, Stouts and Ciders

Our flagship brand Carlsberg Danish Pilsner is complemented by innovative brews such as Carlsberg Smooth Draught and Carlsberg Special Brew, as well as Carlsberg Alcohol Free Pilsner and Wheat variants.

Our range of premium craft and speciality brands features 1664 Blanc, Asahi Super Dry, Somersby Cider, Connor's Stout Porter, Brooklyn Breweries and Jing-A, while our value power brands include Royal Stout and SKOL. Our portfolio of innovative brands also includes low-calorie drinks such as Somersby Hard Seltzer.

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

Jing-A
Day Day Up

Danish Royal Stout
King of Stouts

SKOL
Cheers to Brotherhood!

Carlsberg Alcohol Free
Enjoy Great Taste. Wherever. Whenever

Carlsberg Special Brew
Full-Bodied Strong Lager with a Hint of Cognac

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

Carlsberg Danish Pilsner
Probably the Best Beer in the World

Kronenbourg 1664 Blanc
Good Taste With a Twist

Asahi
Japan's No. 1 Premium Beer

Somersby
No. 1 Cider in Malaysia & Singapore

Somersby Hard Seltzer
Alcoholic Sparkling Water, With < 100 calories

Connor's Stout Porter
Brewed with the Great Blend of 4 Malts

Brooklyn Lager
Award-winning Brooklyn Lager

- Pledged RM2 million in Food and Education Aid to underprivileged Malaysians

- More than 15,000 happy consumers in Malaysia received their 3-Litre Red Bottles and Luggage Bags

- Beautiful block displays setting the festive mood to usher in the Lunar New Year

Scan the QR Code to watch the CNY video

Exclusive Harvest design t-shirts and umbrellas to celebrate Gawai and Kaamatan festivals

40 consumers received Samsung Galaxy Tab S7s to celebrate their Harvest festival

Scan the QR Code to watch the Harvest festival video

20 consumers walked home RM10,000 richer as they emerged as the grand prize winners

Collectible Jerseys and Football Tees in 8 different designs, inspired by country flags, were up for grabs

Scan the QR Code to watch the Cheers To Football Fans video

NEW LOOK, SAME SMOOTH BREW

Refreshed look and availability on tap to offer better and smoother drinking experience

- #LoveOurCoffeeshops campaign in Singapore continued in 2021, with KOLs sharing their very own stories on what coffeeshops mean to them

- Bringing the bar to consumers via the Fizzics Draught Beer Machine, so they could enjoy draught beer in the comfort of their homes

- 5x fresher taste for longer with new fresh cap

Scan the QR Code to watch the Carlsberg Smooth Draught video

Driving the relevance of Alcohol Free beers through a new & refreshing occasion-based campaign

Scan the QR Code to watch our Alcohol Free Beer video

1664 BLANC
FASTEST GROWING PREMIUM BRAND IN MALAYSIA

Bon Appetit-lah with 1664 Blanc
France meets Malaysia in a twist of gastronomy featuring five unique fusion recipes curated by two award-winning chefs. Over 1,500 prizes redeemed in consumer promotion. Facebook Watch Party with 70.5k views

Bonjour 1664 ROSÉ
Expand good taste with the new 1664 ROSÉ – with a refreshing twist of raspberry. Now available nationwide in Malaysia. Over 100k sampling trials in two months

Premium Festive Campaign
1,000 sets of Festive Beer Advent Calendars sold out in e-commerce. Consumer promotion with 1,800 prizes redeemed

Scan the QR Code to visit our microsite

- *Unique serving ritual to get a creamy head*

- *Unique brew with double dosing of nitrogen to get cascading effect*

- *New communication method to increase awareness - 3.1 million reach*

- *Successful launch in April*
  - *50,000 samplings*
  - *Thousands of displays*

Scan the QR Code to watch the Shake & Pour Ritual

SOMERSBY

Celebrated Apple Day with consumer promotion & contest in October, giving out the latest Apple gadgets and limited edition Somersby kombi van cooler box

The second best-selling flavour after Apple within three months of launch. Available in 320 ml can and 330 ml pint bottle

Scan the QR Code to visit our Instagram page

Asahi Discover Tokyo
Asahi's focus campaign of the year. Scan, spin and discover Tokyo to unearth the four hidden sides of food, art, fashion and lifestyle in Tokyo

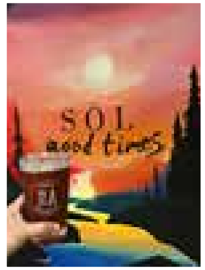
Limited Edition Discover Tokyo Can & Promo Pack
Sold over 14,000 sets of Asahi Discover Tokyo promo packs featuring the limited edition can and special Asahi glassware. Over 3,600 participants in consumer contest to win highly sought-after Sony PlayStation 5

Scan the QR code to Discover Tokyo

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

Jing-A was launched in Singapore as the premium Asian craft beer pioneer, first overseas market outside China



Scan the QR Code to visit our website

Tuborg Strong, in 490 ml, grew market share in the value strong beer segment since its launch in Singapore

Tuborg Strong provides a nice fruity aroma, low and pleasing bitterness for a smooth palate and refreshing taste

PRESTIGIOUS CORPORATE & SUSTAINABILITY AWARDS 2021

The Group won **"Highest Return-On-Equity"** at The Edge Billion Ringgit Club Awards in December 2021. This is our second consecutive year winning the awards for "Highest ROE over three years" in the Consumer Products and Services category.

The Safer School campaign won us the **"Company of the Year"** award under the manufacturing of beverages sector for the second time at the 6th edition of the Sustainability & CSR Malaysia Awards presentation in November 2021.

Our Malaysia operations clinched a hat-trick at the 2021 Employee Experience Awards taking home Gold for Best Crisis Management and Leadership, Silver for Best Succession Planning Strategy and Bronze for Best First-Time Manager Programme.

Scan the QR Code to read our Press Release

PUTRA BRAND AWARDS 2021

Carlsberg Malaysia received three Putra Brand Awards – a Platinum Award for Carlsberg and a Silver Award each for Somersby Cider and Connor's Stout Porter under the Beverage – Alcoholic category at the 2021 awards presentation ceremony in January 2022.

CONNOR'S STOUT PORTER

Connor's Stout Porter made its debut to the hall of fame by winning Silver.

SOMERSBY

Somersby, the only cider that made the cut, won Silver, marking its fifth consecutive win.

Carlsberg

Carlsberg emerged as Platinum Award winner and marked its 12th consecutive win at the prestigious awards.

More information on 'Chairman's Address' on page 22.

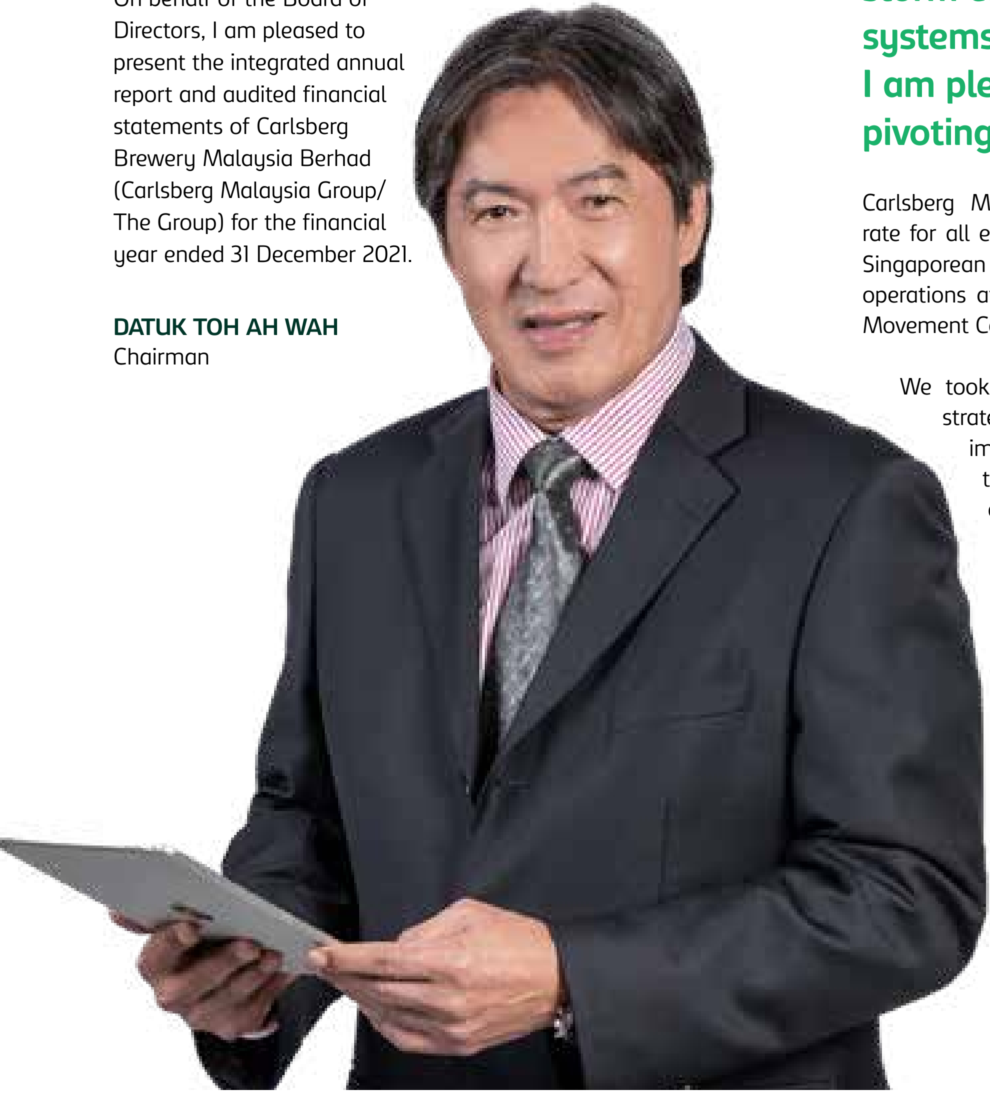
Scan the QR Code to read our Press Release

CHAIRMAN'S **ADDRESS**

DEAR SHAREHOLDERS,

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 2021.

DATUK TOH AH WAH
Chairman



If the year 2020 was unprecedented due to the pandemic, the unexpected storm continued into 2021 as the global economy and public health systems grappled with the impact of the COVID-19 pandemic. However, I am pleased to report that we navigated the storm by assimilating and pivoting our business according to the new norm.

Carlsberg Malaysia Group achieved a 100% vaccination rate for all eligible Malaysian employees in August and for Singaporean employees in October, and the brewery resumed operations after 75 days of enforced shutdown due to the Movement Control Order in Malaysia.

We took the lessons from 2020 and improvised our strategic priorities in 2021, and as we mitigated the impact of the pandemic, we continued to give back to the community through our "Safer Together" campaign.

In Malaysia and Singapore, the governments started to relax some restrictions after their respective adult populations achieved their targeted vaccination rates. In Malaysia, the reopening of all economic sectors and the resumption of interstate travel in October 2021 was a welcome respite for many businesses, including our own. In Singapore, the restrictions were relaxed for most of the year, but tightened periodically due to spikes in cases.

As we entered the new year, the threat of new variants once again put many parts of the world, including Malaysia, on high alert. However, a greater sense of optimism prevailed compared to the sentiment felt at the tail-end of 2020, as vaccinations largely mitigated the more severe health impacts on the populace.

BETTER PREPARED TO SUSTAIN GROWTH

We continued to be guided by the Carlsberg Group's COVID-19 Leadership Triangle that balances Situational Leadership, Defend Operating Profit and Cash and Prepare for the Rebound. This guided approach, together with our strong fundamentals, helped the Group to navigate the storm from a business continuity standpoint and gave us the fortitude to generate sustainable profits even during challenging times.

Health and safety, which have always been one of our strategic priorities, became more prominent. We continued to *Lead with Care*, as we grouped our employees into two teams with separate work schedules to ensure effective physical distancing and risk mitigation. In addition, we implemented mandatory swab tests every 14 days, with 13,467 tests carried out in 2021, and accelerated the vaccination of our entire workforce and other on-site contractors.

We are also proud to announce that we have achieved more than 1,000 consecutive days of Zero Lost-Time Accidents.

We are pleased to share that no COVID-19 clusters and related fatalities have been reported in the Group. We are also proud to announce that we have achieved more than 1,000 consecutive days of Zero Lost-Time Accidents.

We defended our operating profit and cash through better inventory, value and discount management. The Off-Trade volume continued to surpass the On-Trade volume, a phenomenon which we experienced for the first time in 2020. The pivot to Off-Trade, as well as the rapid growth of e-commerce, helped the Group mitigate the impact of dine-in restrictions at F&B outlets during the lockdowns.

Bolstered by the Carlsberg Group's SAIL'22 strategy, which has just concluded its penultimate year, we have remained committed to finding more effective and efficient ways to optimise our business, while ensuring that our people, customers and business partners continued to be well-supported. We continued to defend our core beer brand Carlsberg while accelerating the growth of our premium brands. We are proud of our innovative portfolio and will continue to grow our category and variants as they give us the agility and ability to leverage and market our wide array of products to a wider consumer base, especially as our markets and consumer preferences evolve.

With these strategic measures in place, I am pleased to share that the Group has emerged from the storm with RM1.8 billion in revenue in FY2021 (FY2020: RM1.8 billion) and net profit of RM201.0 million (FY2020: RM162.2 million).

REVENUE
RM1.8 BILLION
FY2020: RM1.8 billion

NET PROFIT
RM201.0 MILLION
FY2020: RM162.2 million

DIVIDEND PAYOUT RATIO
85.2%
FY2020: 75.4%

For more information regarding the performance of the business, please refer to our Managing Director's message on page 24.

DELIVERING VALUE DESPITE CHALLENGES

Committed to delivering sustainable shareholder value, the Board of the Group has proposed a final single-tier dividend of 46 sen per ordinary share for the financial year ended 31 December 2021, subject to the shareholders' approval at the upcoming Annual General Meeting. This is equivalent to a RM140.6 million payment of the Group's FY2021 net profit, to be paid on 12 May 2022, with the notice of entitlement to be announced in due course. The total declared and proposed dividend for FY2021 is 56 sen or equivalent to RM171.2 million, an increase of 40% versus FY2020.

Just as in 2020, the Board has decided to maintain a defensive stance on our financial position in order to maintain a level of rationality regarding COVID-19's impact on the economy and our business. Dividends for the financial year are not back to the levels of pre-COVID-19 years, as we took the strategic decision to reinvest in our brands, upgrade our production facilities to deliver better sustainability performance and maintain higher cash liquidity to support the trade.

As we evolve towards an ESG approach, we have prioritised our Together Towards ZERO sustainability agenda by espousing four pillars:

ZERO CARBON FOOTPRINT

ZERO IRRESPONSIBLE DRINKING

ZERO WATER WASTE

ZERO ACCIDENTS CULTURE

For more information regarding our sustainability practices under Together Towards ZERO, please refer to page 39.

CHAIRMAN'S ADDRESS

Driving Sustainability Forward

As we move into the final year of SAIL'22 before transitioning over to SAIL'27, I would like to share the significant progress we have made each year in building a stronger and more robust business while strengthening our reputation as a **responsible brewer**. We have strengthened our fundamentals and expanded our focus beyond commercial operations, by taking a more holistic view of the business.

We have integrated Environmental, Social and Governance (ESG) considerations into our strategies, in line with the United Nations Sustainable Development Goals (UN SDGs). In adopting the ESG approach, we have prioritised our Together Towards ZERO sustainability agenda by espousing four pillars: ZERO Carbon Footprint, ZERO Water Waste, ZERO Irresponsible Drinking and ZERO Accidents Culture.

And, without a doubt, we have worked closely with and will continue to support the communities in which we operate. Through our "Safer Together" initiative, the Group's focus was on ensuring our people and our communities remained safe during the prolonged pandemic. We launched the "Safer Schools" campaign for the second year in a row as part of this initiative, on which we spent RM1.6 million to create a safer school environment through our sponsorship of facial recognition infrared thermometers and full disinfection services.

Through our "SAFER TOGETHER" initiative, the Group focused on ensuring our people and our communities remained safe during the prolonged pandemic.

We continued to be recognised for our strong commitment to responsible business practices, transparency and robust disclosures on ESG priorities, maintaining our presence in the FTSE Russell FTSE4Good Bursa Malaysia (F4GBM) Index for the third consecutive year, being the only brewer among F4GBM constituents.

We are also proud to have our Morgan Stanley Capital International (MSCI) Ratings upgraded to "AA" from "A" in August 2021. This rating upgrade, our second in a row, was driven by our carbon mitigation strategy as well as lower water risk exposure.

In 2021, the Carlsberg Group also joined major consumer businesses and advertisers from around the world in signing up for the World Federation of Advertisers' Planet Pledge. Together, we will deliver change in our own organisations and supply chains and contribute to the global Race to Zero campaign to reach net zero carbon emissions by 2050. In addition, we will harness the power of our global brands to inspire consumers to adopt more sustainable behaviour.

Strengthening Our Governance Practices

In the year under review, the Group continued to strengthen its governance practices, cognisant of the growing calls to improve diversity and to integrate ESG considerations within the fabric of the organisation.

As part of this journey, I am pleased to share that the Group has commenced its first steps into Integrated Reporting, which will enable us to demonstrate our value creation activities more cohesively, as well as how they align with our sustainability priorities.

The key principles of Integrated Reporting compel organisations to discuss their operations in a balanced and transparent manner, which is important in maintaining the confidence of our stakeholders.

With regards to diversity, we are ahead of the curve with 56% of our senior leadership team being female, while 29% of our Directors are female.

Awards & Recognition

As a testament to our robust performance over the years and deep-rooted commitment to delivering long-term sustainable value to our shareholders, the Group was once again recognised at the prestigious The Edge Billion Ringgit Club Awards. For the second year running, we were accorded the top award for highest return-on-equity over three years in the Consumer Products & Services category. As one of only two winners within this category, we reported a strong track record for our return on shareholders' fund of 105.1% in 2020, 189.2% in 2019 and 122.5% in 2018.

The Group also won the Company of the Year award under the manufacturing of beverages sector at the 6th edition of the Sustainability & CSR Malaysia Awards 2021. Our "Safer Schools" campaign, in particular, was named as an exemplary project that provided meaningful intervention and solutions for the communities it sought to assist.

Our human capital initiatives were also recognised at the Employee Experience Awards 2021 organised by Singapore-based Human Resources Online. We took home three awards: Gold for Best Crisis Management and Leadership, Silver for Best Succession Planning Strategy and Bronze for Best First-Time Manager Programme.

Our marketing initiatives continued to shine as well. At the Putra Brand Awards 2021, Carlsberg bagged the Platinum Award while both Somersby and Connor's won Silver.

OUTLOOK & PROSPECTS

We remain prudent regarding next year's prospects given the uncertainty surrounding new COVID-19 variants. The possibility of lockdowns remains, depending on the severity of new variants and new cases, which we are closely monitoring.

The World Bank estimates that global economic growth will decrease by 4.1% in 2022. However, in Singapore[4], the economy expanded by 7.6% in 2021, its fastest annual pace in over a decade, and is expected to grow between 3 and 5% in 2022. Meanwhile, Malaysia's economy grew by 3.1% in 2021 and is set to grow 5.8% in 2022.

As economies rebound, we expect international tourism to gradually return. This will, in turn, boost demand, especially for our premium brands, as well as craft and speciality offerings. The increase in health awareness, driven by the public health crisis, is expected to drive demand for lower-alcohol and lower-calorie beverages.

We expect consumer sentiment, which has been suppressed for close to two years, to rebound. And we will definitely be well-positioned to capitalise on the rebound with our numerous new marketing campaigns and product innovations.

ACKNOWLEDGEMENTS

Despite several headwinds related to our operations and regulatory challenges, I would like to express my highest appreciation to our customers, shareholders, trade partners and employees for helping the Group to navigate the storm.

I would also like to express appreciation to the Malaysian and Singaporean governments for not raising excise duties for beer in their 2022 national budgets.

I am grateful that we have kept our employees and their families safe throughout this period. I would like to thank our employees for their amazing dedication to their roles and responsibilities.

To our distributors, suppliers and trade partners, thank you for standing together with us as we successfully navigated through these most trying of times. I would also like to express my appreciation to our loyal consumers for their unwavering support.

On behalf of the Board of Directors, I would like to extend our sincere gratitude to our Managing Director, Stefano Clini, and his Management Team for the strong and steadfast leadership they have demonstrated in guiding the Group to further success even within a difficult and challenging operating environment.

Lastly, the Board and I would like to bid farewell to Graham James Fewkes, Roland Arthur Lawrence and Michelle Tanya Achuthan. We will miss their strategic business acumen, wealth of knowledge in finance and strong insights into the beer industry. In their place, we warmly welcome Leonard Cornelis Jorden Evers, Gavin Stuart Brockett and Datuk Lee Oi Kuan.

DATUK TOH AH WAH
Chairman
Shah Alam
2 March 2022

MANAGING DIRECTOR'S **MESSAGE**

DEAR SHAREHOLDERS,

I am pleased to report that Carlsberg Brewery Malaysia Berhad (Carlsberg Malaysia Group / The Group) was in a state of good health in 2021, delivering satisfactory financial, people and sustainability performance.

STEFANO CLINI
Managing Director

The past two years have been challenging, with economic and public health recovery in 2021 being disrupted by the re-emergence of COVID-19 cases in both Malaysia and Singapore. Guided by the COVID-19 Leadership Triangle that balances Situational Leadership, Defend Operating Profit and Cash and Prepare for the Rebound, we weathered the storm and delivered satisfactory financial results, improved sustainability performance and kept all employees safe and engaged.

The resurgence of the pandemic led to large swathes of the economy being required to shut down in Malaysia with the strictest most prolonged lockdown taking place between 1 June and 15 August. In Singapore, intermittent lockdowns and the imposition of stringent restrictions periodically throughout the year also took a toll on our business.

FINANCIAL HEALTH

I am pleased to report that the Group posted a net profit of RM201.0 million for the full financial year ended 31 December 2021, an increase of 23.9% on the back of flat revenue of RM1.8 billion year-on-year. The strong growth in bottom-line was driven by cost optimisation, innovation and premiumisation, while lower sales due to the suspension of brewery operations and dine-in restrictions in both markets affected top-line.

The Board of Directors have proposed a final single-tier dividend of 46 sen per ordinary share, subject to the shareholders' approval at the upcoming Annual General Meeting. This is in addition to the interim single-tier dividend of 10 sen per ordinary share declared in FY21. If approved, the total dividend payout will represent RM171.2 million, equivalent to a dividend payout ratio of 85.2% of the Group's net profit for the year.

Detailed analysis of the Group's results, market performance in Malaysia and Singapore, earnings per share, dividends and return on shareholders' fund are reported under the strategic lever of "Deliver Value for Shareholders" on pages 32 to 35.

PEOPLE HEALTH

In 2021, the Group suffered another suspension of operations at our Shah Alam brewery for 75 days, far longer than the 47 days we experienced in 2020. All employees worked from home except a handful of essential employees who worked on-site to maintain the integrity of the brewery and ensure the safety of the machinery and equipment.

Thankfully, our quick action to support the nation's vaccination drive enabled our Malaysia brewery to resume operations when we reached a 100% full vaccination rate of all eligible employees and third-party contractors in August. For Singapore operations, all employees and sales promoters were fully inoculated in October.

We are happy to report that we did not have any COVID-19 clusters or related fatalities since the pandemic started in March 2020.

More information on our strict compliance with the COVID-19 health and safety standard operating procedures, including mandatory bi-weekly swab tests in Malaysia, is disclosed in the "ZERO Accidents Culture" section on pages 53 to 55, and our people agenda , diversity and inclusion are reported on pages 58 to 62.

STRATEGIC HEALTH

The implementation of the strategic levers and priorities of year five of the SAIL'22 strategy and disciplined execution of the business continuity plans we developed and fine-tuned throughout the two years of the pandemic held us in good stead.

We improved our mitigation of operational and commercial risks and effective implementation of our "Funding the Journey" initiatives to alleviate the impacts of supply disruptions on the domestic market and on exports. Our decision to intensify the acceleration of premium brands with new variants and packaging launches also helped to expand distribution and garner new consumers, especially for our craft and speciality brands.

In the trade, market dynamics evolved, with lockdowns skewing sales towards the off-trade channel as entertainment outlets remained closed, food and beverage (F&B) outlets suffered reduced capacity for dine-ins and consumers became accustomed to drinking in the comfort of their homes. We responded quickly to seize these opportunities with increased adoption of digital marketing and sampling, customised promotions for home consumption and by accelerating e-commerce sales with exclusive promotions.

BRAND PORTFOLIO HEALTH

Our premium brands' growth momentum remained strong as consumers sought out finer drinking experiences and experimented with different types of beers, such as wheat beer and stout, as they spent more time at home, even celebrating festivals there. The growth in premium brands complemented our mainstream brands as Carlsberg Danish Pilsner and Carlsberg Smooth Draught optimised their visibility and built brand equity through several nationwide campaigns and through-the-line promotions.

Last year, we accelerated premiumisation by offering a better premium mix in off-trade and launching new variants and product innovations, namely Connor's Stout Porter in cans, Somersby Watermelon Cider, 1664 Rosé and Tuborg Strong.

We doubled our total e-commerce sales in Malaysia and Singapore, and we have plans in place to expand touchpoints with e-tailers while continuing to invest in advertising and promotions to grow this channel in FY2022.

Read about our accomplishments in the strategic levers of "Strengthen Our Core" on pages 28 to 29 and "Position for Growth" on pages 30 to 31.

SUSTAINABILITY HEALTH

We believe profitability and sustainability can work in tandem and in harmony. Over the years, we have invested resources to achieve our ambitious Together Towards ZERO (TTZ) targets in carbon footprint, water waste, responsible drinking and accident culture. Our aim is to create sustainable value growth by shaping our business to deliver on organisational, commercial and social sustainability.

Considering the immense challenges in executing our ESG priorities amid the suspension of operations and other uncertainties, we are proud to note that we remained a counter of note within FTSE Russell's FTSE4GOOD Bursa Malaysia (F4GBM) Index, achieved an improved Morgan Stanley Capital International (MSCI) ESG ratings of "AA" and won the Company of the Year award at the Sustainability & CSR Malaysia Awards 2021.

MANAGING DIRECTOR'S MESSAGE

Specific projects and the progress of our ESG performance, encompassing our TTZ, people, community and responsible business priorities, which are also priorities under the SAIL'22 enabler of "Defend Our Licence to Operate", are reported under "Commitment to Sustainability" on pages 39 to 68.

Our sustainability priorities and programmes are also in support of the United Nation's Sustainable Development Goals (UN SDGs) and the Ten Principles of United Nations Global Compact.

BUSINESS RISK

In executing our strategy and operating our business amid the disruptions last year, we constantly reviewed regulatory changes, market dynamics and macroeconomic developments to manage, if not mitigate, risks to the best of our ability.

In 2021, our businesses in Malaysia and Singapore were subject to a number of risks and uncertainties, namely the outbreak of COVID-19, disruptions in the supply of raw materials, disruptions to production and distribution, an increase in contraband and online sales of illicit alcohol.

Refer to "Managing Business Risk" on pages 80 to 81 for our mitigation actions and outcomes.

OUTLOOK AND PROSPECTS

2022 will be another challenging year as it presents a prudent outlook. Malaysia and Singapore have forecast growth in GDP of 5.8% and 3% to 5%, respectively. Yet, the emergence of new variants and a surge in COVID-19 cases may take a toll on the countries' economic recoveries. We are also mindful of headwinds in the form of cost inflation.

We are proud of our strong Purpose *read page 2* and confident that our sustained efforts in executing the 2022 priorities of the SAIL'22 strategy *see page 37* will enable us to navigate the uncharted waters of COVID-19 during the third year of the pandemic. We remain committed to delivering on our ambition *read page 2* as we transition from the final year of the SAIL'22 corporate strategy to a new five-year strategy called SAIL'27.

In 2022, we will position our flagship brand, Carlsberg, in the various celebrations that exist in multicultural Malaysia, and we will continue to focus on Malaysia's large football fanbase. We will also continue building on the growth momentum of our premium brands 1664 Blanc, Somersby Cider, Connor's Stout Porter and Asahi Super Dry, while reigniting our value segment brand, SKOL.

In line with global trends, we will also introduce new craft and speciality brands and increase our focus in the alcohol-free segment. Following the introduction of alcohol-free pilsner and wheat beer in Singapore in 2020, we have plans to launch another alcohol-free beverage in Malaysia this year. In addition, we intend to add new variants to our existing portfolio in order to provide consumers with more options and lower-alcohol beverages.

In preparation for product innovation, we have set aside RM110 million in capital expenditure (capex) for our Shah Alam production facilities. Scheduled to be completed by the end of the year, this massive upgrade will improve the filling capacity and enable greater flexibility in packaging options, higher automation and deliver greater sustainability performance in energy, water and waste management.

APPRECIATION

I would like to convey my appreciation to the governments of Malaysia and Singapore for maintaining the rate of excise duties for beer in their 2022 national budgets. The excise duties for beer in these two markets are already the joint-second highest in the world, and any further increase may spur the growth of the contraband market.

I would also like to express the Board of Directors and Management Team's heartfelt appreciation to everyone who has supported us in being a healthier, safer and better brewer. We have been impressed by the perseverance, engagement and commitment of our employees and would like to say thank you to each and every one.

We sincerely appreciate our shareholders' continued encouragement and trust in us, as well as the cooperation and understanding of all suppliers and customers, particularly our on-trade customers, many of whom have supported the Group throughout another difficult year.

STEFANO CLINI
Managing Director
Shah Alam
2 March 2022

MANAGEMENT **DISCUSSION & ANALYSIS**

PERSISTENCE IN SAIL'22 MAKES US A RESILIENT BREWER

Our corporate strategy, SAIL'22, has served us well since its launch in 2016, resulting in a strong, resilient and reputable Company.

SAIL'22 has guided us towards our ambition of becoming a successful, professional and responsible brewer in our markets. It has focused on improving our business, setting clear priorities and delivering a commercial and socially sustainable brewer to bring to life our purpose of Brewing for a Better Today and Tomorrow.

Over the years, we have continuously adjusted the application of the strategy to reflect the lessons we have learned as well as the market environment, which has significantly changed, particularly due to COVID-19.

Our 2016-2017 headline was "Funding the Journey", and our main focus was on delivering efficiency and savings in order to reinvest in the SAIL'22 priorities to drive long-term value growth and improve operating profit.

From 2018 onwards, we shifted our focus to top-line growth and delivering consistent shareholder value while instilling a winning mindset and culture throughout our organisation. Our investments and execution paid off with a strong track record in our return on shareholders' fund of 122.5% in 2018, 189.2% in 2019 and 105.1% in 2020.

The resilience of our strategic priorities was stress-tested and proven during the significant challenges posed by COVID-19 across Malaysia and Singapore. Despite the setbacks and volatility caused by the pandemic, our financial results in 2021 were satisfactory, with a growth of 23.9% in net profit on the back of flat revenue, while profit from operations increased by 23.4%.

Given below are the three strategic levers and seven priorities of SAIL'22, supported by two enablers.

In tandem with SAIL'22, we have been guided by the Carlsberg Group's COVID-19 leadership triangle, which was introduced at the start of the pandemic and balances Situational Leadership, Defend Operating Profit and Cash and Prepare for the Rebound. This has provided us with adaptational strategies in addition to SAIL'22 to ensure we remain resilient as a business.

As we concluded FY2021, we progress into the final year of the SAIL'22 strategy, as 2022 is a year of transition to a new five-year strategy known as SAIL'27, which will begin in 2023.

The SAIL'27 strategy is an evolution from SAIL'22. In developing SAIL'27, we aimed to maintain and sharpen our strategies, as well as our organisational and financial dynamics, while also ensuring that our direction-setting was refreshed and that our new strategy reflected projected consumer, customer, societal, regulatory, economic and geopolitical trends that are likely to have direct impacts on the beer category.

STRENGTHEN THE CORE

GROW IN MAINSTREAM

The prolonged lockdown and various restrictions continued to weigh on the true growth potential of our mainstream brands as production, distribution and consumption were severely disrupted.

Our mainstream brands Carlsberg Danish Pilsner and Carlsberg Smooth Draught continued to be impacted with total volume for Malaysia and Singapore declining by 11% compared to 2020. With dine-in not permitted and entertainment outlets remaining closed for almost two years, we witnessed a shift in consumer behaviour and purchase to off-trade.

Nevertheless, building on the experience gained in 2020, we were better prepared to navigate the market dynamics through value management strategies, and defended brand equity through a series of nationwide campaigns.

To kickstart the year, we boosted the annual Chinese New Year (CNY) celebrations in Malaysia and Singapore with the launch of the "Celebrate Prosperity, Cheers Together" campaign to CELEBRATE the Year of the Golden Ox, despite a muted CNY celebration with tightened restrictions imposed for dine-in, reunions and social events.

For our consumers in East Malaysia, the CELEBRATE Abundance Harvest campaign was a stunning success, with almost 500 customers walking away with electronic gadgets that helped them to stay connected with their loved ones during the pandemic. In addition, we launched specially designed first-of-their-kind festive cans to commemorate the Kaamatan and Gawai festivals and celebrate Sabahan and Sarawakians' pride.

We also found it an opportune time to refresh our Carlsberg Smooth Draught in Malaysia and Singapore as we prepared for the market to rebound. We unveiled the brand-new modernistic look for the Carlsberg Smooth Draught brand with the tagline "New Look, Same Smooth Brew" and supported this packaging innovation with promotions and advertising. Flaunting a new bottle, fresher cap and new design, we also introduced the Carlsberg Smooth Draught on tap, completing the new refreshed look across the entire product range.

To CELEBRATE the passion of our football fans in Malaysia and Singapore, we launched a limited edition CHEERS TO FOOTBALL packaging to pay tribute to football fans for their undying support and love for the sport. Our limited edition Carlsberg tees were curated with the intention of keeping the excitement and frenzy for football alive so that they could continue to cheer for their favourite teams at home with Carlsberg limited edition bottles, cans and exclusive merchandise.

In 2022, we will continue to CELEBRATE all occasions, from cultural festivals to every goal scored in international football. And speaking of football, we will be toasting the longest partnership in the English Premier League's history with a soon-to-be-unveiled special edition Carlsberg X Liverpool set featuring six Liverpool legends.

WIN IN EACH STORE

2021 marked the second year that on-trade consumption was dampened by various restrictions on dine-ins, social distancing and operating hours, as well as the slower reopening of bars, pubs and restaurants and the temporary closure of entertainment outlets, which have yet to be allowed to reopen.

This adversely affected our modern on-trade channel and permanently changed the behaviour of a segment of consumers who now prefer to enjoy their drinks in the safety of their homes.

Our response since the first year of the pandemic has been agile, quick and consistent, as we re-channelled our focus and investment to the off-trade channel to capture the increased demand. We reorganised internal resources and re-strategised commercial activities to drive sales through e-commerce, convenience stores, mini markets, supermarkets and hypermarkets.

In 2020, off-trade sales surpassed on-trade and this trend continued to grow in 2021. We believe this will continue to be the case in 2022, despite the vaccination-induced herd immunity and relaxation of restrictions to allow for dine-in and travel, as this behaviour has now become the norm, especially in Singapore.

To capitalise on this trend in Malaysia, Carlsberg Smooth Draught collaborated with Fizzics, a draught beer dispenser manufacturer, and launched our very own beer dispenser to enable consumers to replicate the draught experience at home. The Fizzics draught beer dispenser utilises Micro-Foam Technology that converts a can or bottle of Carlsberg Smooth Draught into the perfect pour.

Towards the end of 2021, dine-in restrictions were gradually lifted and we witnessed a strong recovery in on-trade sales, especially in Malaysia, and we are hopeful that this trend will continue. The return of consumers to bars and restaurants, as well as the reopening of local tourism and, eventually, international travel, will help to drive footfall to and accelerate the slow recovery of on-trade outlets.

FUND THE JOURNEY

Despite the choppy waters, the Group continued to navigate the storm and successfully emerged with a higher bottom-line in 2021 compared to the preceding year. This was mainly driven by our discipline in executing cost control and optimisation initiatives while reallocating our investments to digital campaigns, e-commerce and off-trade.

With the pandemic driving consumers to off-trade and e-commerce, we rationalised marketing spend by shifting away from our usual large-scale samplings and on-ground activations and redirected our efforts and resources towards targeted samplings and digital-led marketing and exclusive promotions to grow retailers and channels.

We continued to realise savings from the redundancies of part-time sales promoters in Malaysia and Singapore stationed at coffee shops, restaurants and food courts. These unfortunate redundancies, equivalent to 757 full-time employees in 2020, was the result of the dine-in prohibitions on on-trade during the prolonged lockdowns.

Value management was also key to achieving higher efficiency and savings, and we will continue with this framework and step up our premium mix offerings. We also optimised our price and discount management, which helped to absorb the effect of lower volume in revenue.

We will continue to exercise prudence in the coming year to brace ourselves against any headwinds due to cost escalation and COVID-19. With years of disciplined implementation of "Funding the Journey" initiatives, we have embraced it as a way of life for the Group.

POSITION FOR GROWTH

GO BIG IN PREMIUM

In 2021, we continued to pay close attention to maximising the opportunities present in the premium segment as many customers sought finer or different drinking experiences. Last year, our premium brands 1664 Blanc, Somersby Cider, Connor's Stout Porter and Asahi Super Dry grew by 15%.

The launch of new variants and innovative packaging captured new and wider consumer groups. Our interesting portfolio offerings and intensified digital marketing kept the brands relevant, and their consumers rewarded and engaged with us amid softer consumer sentiment and limited samplings.

Riding on the growth momentum of 1664 Blanc as the best-selling wheat beer in Malaysia and Singapore, we launched the 1664 Rosé in 320 ml pints and cans. Malaysia is the second country in Asia to introduce this pink-amber brew that has a hint of raspberry, making it the second wheat beer in our portfolio. We are happy to report that the new variant has almost achieved its full-year 2022 volume target in just three months since launch, and without cannibalising the 1664 Blanc, which continues to grow. Carlsberg Singapore is also set to launch the 1664 Rosé in 2022.

In Malaysia, the 1664 Blanc brand brought French and Malaysian cuisine together during the lockdowns through its Bon Appetit-lah campaign. Five unique French-Malaysian fusion recipes were created by French chef Nathalie of Nathalie Gourmet Studio and Malaysian chef Isadora Chai of Bistro à Table for consumers to try on their own at home by referring to step-by-step video demonstrations. A gastronomic cook-off competition between the two chefs was also featured on the brand's social media platform to drive reach and engagement amid the lockdown.

Somersby Cider, Malaysia and Singapore's best-selling cider brand, released a new variant – Somersby Watermelon Cider – in March to further entrench its position in the cider market. This innovation is also doing well, becoming the second best-selling variant in our Somersby portfolio within a few months of launch. In Singapore, Somersby released the third variant of its Hard Seltzer range – White Peach, further cementing its brand image as an innovative leader in the alcopop category.

Connor's Stout Porter, which doubled its sales in 2021 in both markets, hit a home run with its brand-new innovation in can packaging that recreates the draught stout drinking experience.

Through an easy three-step process, consumers can now enjoy the taste of draught Connor's stout right out of a can together with its creamy head, the hallmark of a freshly pulled draught. This innovation was a runaway success.

INNOVATE WITH DIGITAL

The digital transformation of the Group has been accelerated by the pandemic. We quickly shifted online at the onset of the pandemic in 2020 – from the way we work to the way we sell. In 2021, we further refined our digitalisation efforts – ramping up marketing initiatives, upskilling via online training and accelerating the growth of e-commerce, among others.

The new and fast-growing e-commerce sector continued to improve, as digital content consumption and engagement grew beyond the lockdown periods and stay-at-home consumption further bolstered online orders and delivery. With everyone staying home to stay safe, e-commerce was a key platform for us to reach out to consumers. Total e-commerce sales in Malaysia and Singapore operations doubled in 2021.

We will continue to drive targeted digital campaigns, with exclusive e-commerce promotions and gift sets like Somersby Cider's Apple Day merchandise, Connor's Premium Kits, Asahi's Discover Tokyo limited edition sets, Festive Advent Calendars and Carlsberg Amazin' Graze CNY gift packs activated in recent months.

In addition to our flagship stores on Lazada and Shopee, we launched new platforms on ShopeeMart and SubPlace in Malaysia. Our existing partner PotBoy extended its reach with the opening of 50 PotBoy outlets, while PandaMart expanded to East Malaysia. In Singapore, our digital collaboration was extended to SCommerce, Qoo10, Redmart, Amazon and FoodPanda.

The way we work and learn has also changed, with virtual meetings and town halls the new norm as we continue to work on a split-team basis to ensure physical distancing and business continuity. The Group utilised digital measures to ensure our people were able to remain in constant contact while management issued frequent, detailed and informative Group-wide updates to keep us all abreast of Group developments throughout the movement controls in Malaysia and circuit breakers in Singapore.

During this time, the Group did not neglect the upskilling of our employees and leveraged virtual and online methods to ensure that training sessions could continue. In 2021, the number of training hours clocked was 26.3 hours per employee, exceeding the 10.8 hours and 18.2 hours logged per employee in 2020 and 2019, respectively.

DELIVER VALUE FOR SHAREHOLDERS

GROWTH IN NET PROFIT

The Group reported a net profit of RM201.0 million for the full financial year ended 31 December 2021 (FY2021), an increase of 23.9% compared to RM162.2 million, on the back of flat revenue of RM1.8 billion.

The Group's top-line was impacted by lower sales due to the suspension of brewery operations and several restrictions during the lockdowns in both Malaysia and Singapore. Its bottom-line growth was mainly driven by stringent cost controls, lower sales and administration expenses, coupled with better premium mix.

In Malaysia, profit from operations grew by 39.4% to RM188.8 million in FY2021, compared to the year before. Revenue declined by 3.6% to RM1.21 billion, and despite the 2.5-month shutdown of the brewery, we managed to sustain a satisfactory performance by implementing revenue management and driving premiumisation. The higher earnings were a result of lower costs sustained from restructuring efforts carried out in 2020 and the absence of the one-off RM6.4 million settlement paid to the Royal Malaysian Customs Department of Selangor in 2020.

In Singapore, revenue and volume grew but the growth momentum was disrupted by various COVID-19-related restrictions. However, profit declined by 10.2% to RM58.0 million in FY2021, despite revenue growth of 6.3% to RM561.1 million. This was mainly due to higher costs as a result of having to source products from other Carlsberg markets when the Malaysian brewery was closed. Higher costs were also accrued with the absence of the COVID-19 Job Support Scheme (JSS) Grant that was received in 2020.

In Sri Lanka, the Group's associate company, Lion Brewery (Ceylon) PLC, registered growth in share of profits of RM15.2 million in FY2021 compared to RM14.9 million the previous year, mainly as a result of the reopening of the country's economy.

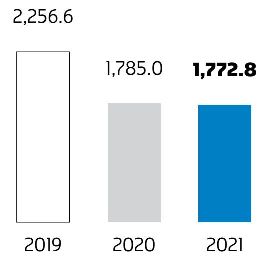
DELIVER STABLE DIVIDEND YIELD FOR SHAREHOLDERS

In our commitment to delivering sustainable shareholder value, the Board has proposed a final single-tier dividend of 46 sen per ordinary share for FY2021, subject to shareholders' approval at the forthcoming Annual General Meeting. This is equivalent to a RM140.6 million payment of the Group's FY2021 net profit. The total declared and proposed dividend for FY2021 is 56 sen or equivalent to RM171.2 million, an increase of 40% versus FY2020.

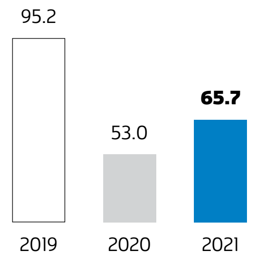
The Board continued to exercise prudence in conserving cash and protecting the business. As such, our dividend policy prioritised business sustainability while continuing to deliver shareholder value. We took into account prospects and capital requirements of the business, as well as possible expansion strategies.

Our cash flow and balance sheet remained strong. We have reduced our borrowings and strengthened our net cash position. This allows us access to higher borrowings should we experience a crisis, and also gives us the ability to set aside a capital expenditure (capex) of RM110 million to upgrade our production facilities and cater for new product innovations and packaging complexity.

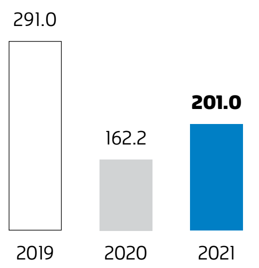
Revenue
(RM million)



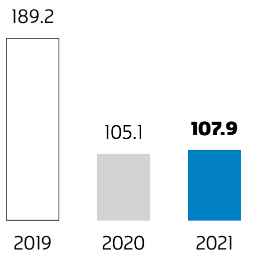
Earnings per Ordinary Share
(sen)

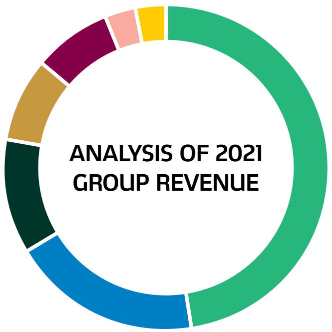


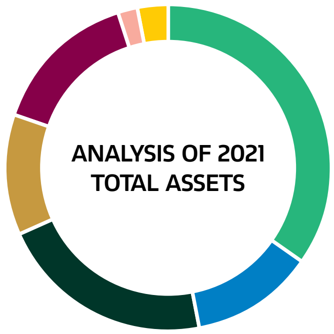
Net Profit
(RM million)

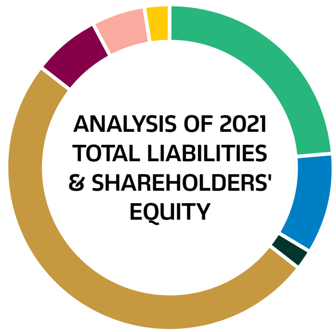


Return on Shareholders' Fund
(%)









EXCISE & CUSTOMS DUTIES
2021: 47.6% 2020: 50.2%

SALES, DISTRIBUTION, ADMINISTRATION & OTHER COSTS
2021: 18.6% 2020: 19.7%

PROFIT AFTER TAXATION
2021: 11.5% 2020: 9.3%

RAW & PACKAGING MATERIALS COSTS
2021: 8.3% 2020: 8.0%

STAFF COSTS
2021: 7.7% 2020: 8.0%

TAXATION
2021: 3.1% 2020: 2.4%

DEPRECIATION
2021: 3.2% 2020: 2.4%

PROPERTY, PLANT & EQUIPMENT AND RIGHT-OF-USE ASSETS
2021: 35.6% 2020: 34.6%

INVENTORIES
2021: 12.7% 2020: 13.5%

RECEIVABLES, DEPOSITS AND PREPAYMENTS
2021: 21.7% 2020: 20.6%

CASH AND CASH EQUIVALENTS
2021: 12.2% 2020: 14.8%

INVESTMENTS
2021: 15.2% 2020: 14.5%

INTANGIBLE ASSETS
2021: 0.9% 2020: 1.1%

OTHER ASSETS
2021: 1.7% 2020: 0.9%

SHARE CAPITAL
2021: 24.0% 2020: 23.4%

RESERVES
2021: 9.9% 2020: 2.9%

MINORITY INTEREST
2021: 0.7% 2020: 1.1%

PAYABLES AND ACCRUALS
2021: 50.9% 2020: 44.2%

LOANS & BORROWINGS AND LEASE LIABILITIES
2021: 6.9% 2020: 20.2%

CURRENT TAX LIABILITIES
2021: 5.2% 2020: 5.3%

DEFERRED TAX LIABILITIES
2021: 2.4% 2020: 2.9%

STATEMENTS OF COMPREHENSIVE INCOME (RM MILLION)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue	1,584.8	1,555.1	1,635.1	1,659.9	1,679.5	1,730.0*	1,982.3	2,256.6	1,785.0	**1,772.8**
Profit Before Taxation	245.7	236.4	274.2	283.6	283.8	294.8	361.3	382.2	209.8	**259.6**
Taxation	51.9	49.8	57.3	63.4	73.2	62.4	74.5	81.8	43.6	**55.2**
Profit for the Financial Year	193.8	186.6	216.9	220.2	210.6	232.4	286.8	300.4	166.2	**204.4**

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

STATEMENTS OF FINANCIAL POSITION (RM MILLION)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Issued and Paid-up Share Capital	142.0	142.0	142.0	142.0	142.0	149.4	149.4	149.4	149.4	**149.4**
Retained Earnings	148.7	140.0	165.1	163.9	148.8	133.7	17.3	(6.2)	15.3	**62.3**
Call and Put Option Reserve	-	(20.1)	(10.6)	-	-	-	-	-	-	**-**
Non-Distributable Reserves	8.3	11.8	15.7	29.7	30.9	15.9	2.4	5.3	3.2	**(0.5)**
Shareholders' Fund	299.0	273.7	312.2	335.6	321.7	299.0	169.1	148.5	167.9	**211.1**
Deferred Taxation	19.8	17.1	13.5	10.2	12.1	16.6	12.4	24.9	15.8	**7.9**
Net Non-Current Liabilities	-	-	-	-	1.7	0.3	0.3	6.2	4.1	**8.4**
Minority Interest	7.8	10.5	19.0	7.0	8.4	13.4	11.9	8.2	6.8	**4.5**
	326.6	301.3	344.7	352.8	343.9	329.3	193.7	187.8	194.6	**231.9**
Property, Plant and Equipment, Right-of-use Assets and Intangible Assets (Net Book Value)	168.2	174.3	164.4	167.5	176.6	181.2	196.2	229.2	227.6	**226.8**
Investment in an Associate	34.7	40.9	58.2	80.2	73.1	64.3	73.0	84.7	92.5	**94.7**
Net Current Assets / (Liabilities)	123.7	86.1	122.1	105.1	94.2	83.8	(75.5)	(126.1)	(125.5)	**(89.6)**
	326.6	301.3	344.7	352.8	343.9	329.3	193.7	187.8	194.6	**231.9**

FINANCIAL RATIO

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Earnings per Ordinary Share (Sen)*	62.68	60.16	69.20	70.62	67.04	72.34	90.65	95.18	53.04	**65.74**
Net Assets Backing per Ordinary Share (RM)*	0.98	0.90	1.02	1.10	1.05	0.98	0.55	0.49	0.55	**0.69**
Return on Shareholders' Fund (%)+	66.3	65.2	74.0	68.0	64.1	74.9	122.5	189.2	105.1	**107.9**
Current Ratio	1.5	1.3	1.4	1.3	1.3	1.3	0.8	0.7	0.7	**0.8**
Bursa Securities Price at 31 December (RM)	12.52	12.18	11.74	11.70	13.92	15.30	19.68	29.40	23.24	**20.08**
Net Dividend Yield (%)^	4.5	5.2	5.2	6.1	5.2	5.0	6.5	3.5	2.0	**2.5**

* *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

	2017	2018	2019	2020	2021
Group's Net Profit (RM Million)	221.2	277.2	291.0	162.2	**201.0**
Dividend Amount Declared and Proposed for the Year (RM Million)	266.0	305.7	305.7	122.3	**171.2**
Dividend as % of Net Profit	120.3%	110.3%	105.1%	75.4%	**85.2%**
Dividend per Ordinary Share (Sen)	87.0	100.0	100.0	40.0	**56.0**

CREATE A WINNING CULTURE

True to our commitment of "Leading with Care", the Group strived to make employees feel valued, accepted and respected within a high-performance culture. Thus, we continued to step up efforts to take care of the health, both physical and mental, safety and welfare of our employees, while ensuring that we provided the support and environment they required to reach their potential.

In 2021, we enhanced the Group's diversity and inclusion policies and practices, to cater to our employees' differing priorities & commitments at different stages of life.

For instance, the Group had implemented enhancements on the existing Flexi Working Arrangements (FWA), including Work-From-Home, Flexi Working Hours and also Time Off arrangements. This FWA policy aims to support the needs of the employees as they go through different phases of their lives. By promoting a flexible workplace, we believe that it will lead to increased levels of employee engagement, health and wellbeing of employees and ultimately create a high performing workforce who feels empowered and valued.

In addition, the upskilling of employees and the grooming of future leaders remained an important strategic thrust.

To read more about our people priorities, please refer to pages 58 to 62 of this Integrated Report.

DEFEND OUR LICENCE TO OPERATE

REGULATORY DEVELOPMENTS

The Group will continue to build on its strong stakeholder relationships to defend our licence to operate. This includes consistent engagement with the authorities, industry associations and non-governmental organisations to convey our views on matters relating to the right to operate and trade, as well as to understand their perspectives.

Some of the associations we are members of include the EU-Malaysia Chamber of Commerce and Industry (EUROCHAM) Advocacy, the Malaysian Danish Business Council (DANCHAM), the Federation of Malaysian Manufacturers (FMM) and the Malaysian International Chamber of Commerce & Industry (MICCI), and the industry collective – the Confederation of Malaysian Brewers Berhad (CMBB) and the Singapore Beer Industry Association (SBIA).

During the lockdown in Malaysia, a pressing matter that we sought to discuss with the authorities was the categorisation of the alcohol industry as "non-essential". The brewery industry was asked to suspend its operations and yet other beverage manufacturers were allowed to operate. Through the CMBB, and our own direct appeals, we persistently engaged with the Ministry of Finance and the Ministry of International Trade and Industry, as well as other relevant ministries, to allow us to resume operations.

The approval for us to resume operations was granted in August after almost 100% of our employees had received full vaccinations in early August. The suspension of brewery operations for 75 days was unprecedented and made a dent in our operational efficiency and financial performance.

The Group also maintained its position on other important matters that directly affected the industry and we constantly engaged with the relevant stakeholders to ensure, for example, that excise duties would not be increased as it would lead to a significant increase in contraband and online illicit trade.

We are of the view that there should be no introduction of adverse legislation to restrict the sale of alcohol. Regrettably, in 2021, some local authorities and state governments decided to curb alcohol sales. There were also plans to impose a federal-level requirement on all coffeeshops and restaurants to obtain a licence to sell beer that would have severely affected the industry. This plan has since been shelved, and we are thankful to the Ministry of Finance for stepping in to remedy the matter.

TOGETHER TOWARDS ZERO

We believe that our business and sustainability performance go hand in hand. One cannot thrive without the other. We conduct our business in a way that is sustainable over the long term, as well as optimise financial returns in the short term.

We are convinced that our commitment to sustainability bolstered our resilience through another very difficult year. COVID-19 is just one of the major crises the country faces. The extreme weather, with floods and mini-tornados, we experienced in different parts of Malaysia in 2021 underlines the need for urgent action to tackle climate change. No one company can tackle this global challenge alone – we need businesses, governments, non-governmental organisations and civil society to come together for a better tomorrow.

Consumers also have a critical role to play in a low-carbon future and it is encouraging that more people want to buy from brands with strong sustainability credentials. We are harnessing the power of our brands to encourage people to adopt more sustainable behaviour through the Planet Pledge that the Carlsberg Group took in September 2021, to which our Malaysian and Singapore operations are committed and will adapt into local campaigns to inspire consumers.

We do not just embrace the concepts of sustainability; we have made it our mission to influence our stakeholders to adopt sustainable practices as well. Through our Together Towards ZERO (TTZ) sustainability programme, we stepped up to report on our commitment towards ESG considerations, which also supports 10 out of the 17 United Nations Sustainable Development Goals (UN SDGs).

Read more on the Group's most material ESG issues and performance in the "Committing to Sustainability" section on pages 39 to 68.

ECONOMIC CONTRIBUTIONS

The Group is also proud of its contributions to the Malaysian and Singaporean economies. Our direct and indirect economic impacts are able to assist with the nations' subsidies and recovery from the COVID-19 pandemic. In 2021, the Group contributed RM843.5 million in excise duties, RM63.3 million in corporate taxes and RM79.2 million in sales and service taxes.

Read more on the Group's contributions in human capital, community and F&B industry in the 'Responsible Business' on pages 56 to 57, 'People, Diversity and Inclusion' on pages 58 to 62 and Community Relations on pages 63 to 64.

DELIVERING ON STRATEGY

RESILIENCY AND DELIVERY

The resilience of our SAIL'22 strategy was confirmed again in 2021. We saw strong progress on our strategic priorities despite the continuous challenges posed by COVID-19 in both Malaysia and Singapore. The Group is pleased to register improved performance in the most vital and material priorities despite increased business disruptions.

STRENGTHEN THE CORE

The Group continued to position the Carlsberg brand as the market leader by growing Carlsberg Danish Pilsner, Carlsberg Smooth Draught and Carlsberg Special Brew. Mainstream beer accounts for a significant portion of our total revenue. Ensuring availability, accessibility and quality is an important catalyst of growth in mainstream beer. We measure our brand performance by a combination of volume and gross brand contribution.

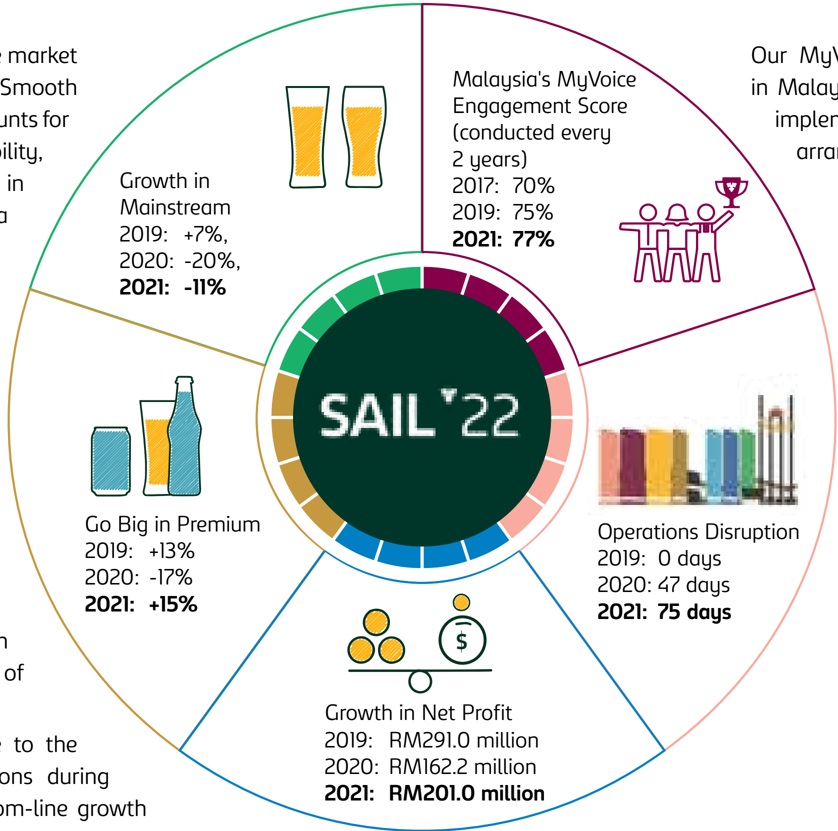
POSITION FOR GROWTH

We accelerated the growth of premium brands 1664 Blanc, Somersby Cider, Asahi Super Dry and Connor's Stout Porter. Driven by global trends of premiumisation, our premium and craft portfolio brands had another year of strong volume growth and contributed positively to profitability.

DELIVER VALUE FOR SHAREHOLDERS

The Group reported a net profit of RM201.0 million in FY2021, an increase of 23.9% on the back of flat revenue of RM1.8 billion year-on-year.

The Group's top-line was impacted by lower sales due to the suspension of brewery operations and several restrictions during the lockdowns in both Malaysia and Singapore. Its bottom-line growth was mainly driven by stringent cost control, discount optimisation and better premium mix through product innovation.



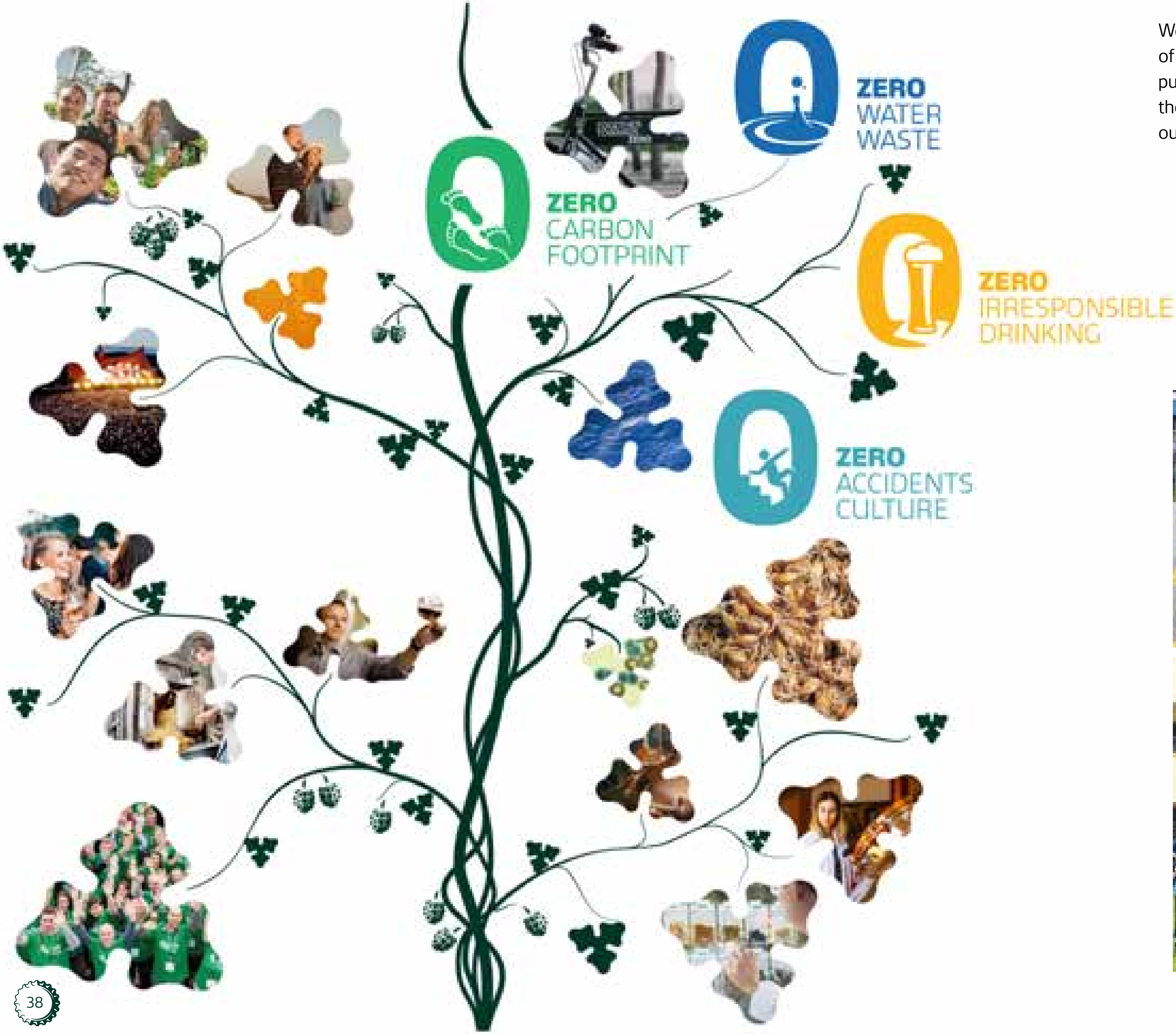
CREATE A WINNING CULTURE

Our MyVoice Engagement Score 2021 improved by 2pp to 77% in Malaysia. Driven by our "Leading with Care" culture, the Group implemented several enhancements to the existing work arrangements, including Flexi Working Arrangements (FWA), Work-from-home, Flexi Working Hours and also Time Off.

DEFEND OUR LICENCE TO OPERATE

Our Malaysian brewery operations were suspended for a total of 122 days, (47 days in 2020 and 75 days in 2021), due to COVID-19 lockdowns. With regular stakeholder engagement, there has been no increase in excise duty in Malaysia and Singapore since 2016 and 2014 respectively. For context, Malaysia and Singapore impose the second-highest excise duty in the world on alcoholic beverages.

BREWING FOR A BETTER TODAY & **TOMORROW**



We believe that sustainability is central to our purpose of Brewing for a Better Today & Tomorrow. Driven by our purpose, we are committed to create meaningful impacts in the areas of environment, social and governance to deliver on our sustainability ambition of

TOGETHER TOWARDS **ZERO**

OUR APPROACH

Conducting business responsibly and sustainably supports our purpose – and drives our efforts to deliver value for shareholders and society.

At Carlsberg, we are committed to brewing for a better today and tomorrow by conducting business responsibly and sustainably. This enables us to continue creating value for our shareholders and stakeholders and ensure long-term sustainable growth. Our efforts are anchored on our transformative Together Towards ZERO (TTZ) sustainability programme, which sets out our ambitions for ZERO carbon footprint, ZERO water waste, ZERO irresponsible drinking and a ZERO accidents culture by 2030. The year 2021 marked the fourth year of our journey and well on our way to achieving our interim targets by 2022.

Purpose: BREWING FOR A BETTER TODAY & TOMORROW

SAIL'22 priorities: STRENGTHEN THE CORE · POSITION FOR GROWTH · CREATE A WINNING CULTURE · DEFEND OUR LICENCE TO OPERATE > DELIVER VALUE FOR SHAREHOLDERS

Sustainability strategy: TOGETHER TOWARDS ZERO

Sustainability priorities	**ZERO** CARBON FOOTPRINT	**ZERO** WATER WASTE	**ZERO** IRRESPONSIBLE DRINKING	**ZERO** ACCIDENTS CULTURE
2030 targets	**ZERO carbon emissions at our breweries** **30% reduction in beer-in-hand carbon footprint**	**50% reduction in water usage at our breweries** **Partner to safeguard shared water resources in all high-risk areas**	**100% of our markets improve on responsible drinking year-on-year**	**ZERO lost-time accidents**
Progress in 2021	**13.4% reduction since 2015** **8.4% reduction from 2015-2019**	**21% reduction since 2015**	**100% availability of alcohol-free brews** **An estimated 1.1 million people reached through responsible drinking campaigns**	**More than 1,000 days of ZERO lost-time accidents in 2021 and counting** **27% reduction in on-the-road accidents in 2021**
2022 targets	50% reduction in carbon emissions at our breweries 15% reduction in beer-in-hand carbon footprint 100% electricity from renewable sources at our breweries 100% low-climate-impact cooling ZERO coal at our breweries	25% reduction in water usage at our breweries Explore going below 2.0 hl/hl at all high-risk breweries Partner to safeguard shared water resources in high-risk areas	100% availability of alcohol-free brews (AFBs) 100% responsible drinking messaging through packaging and brand activations 100% of our markets run partnerships to support responsible consumption	Reduction in accident rate year-on-year

Foundation: RESPONSIBLE BUSINESS

Live By Our Compass · Embracing diversity & inclusion · Developing & engaging with our people · Ensuring product quality, safety & human rights standards

OUR APPROACH

COMMITMENT TOWARDS ZERO

With the TTZ programme embedded in our corporate culture, it has instilled a sense of pride in our people while also generating business opportunities. The TTZ programme has enabled us to mitigate long-term risks, navigate environmental and societal global challenges and identify opportunities to develop sustainable products and healthier choices for consumers.

In 2021, the Carlsberg Group signed the World Federation of Advertisers' Planet Pledge, together with other major and global consumer businesses and advertisers, to transform our organisation and supply chain to contribute to the Race to Zero campaign and achieve net zero carbon emissions by 2050. In our Malaysia and Singapore operations, we support the commitments and set to inspire consumers to adopt more sustainable behaviour.

Carlsberg Malaysia Group is also a corporate friend of Climate Governance Malaysia and a participant of the UN Global Compact Network Malaysia & Brunei and our sustainability programme is aligned with the targets of the UN's Sustainable Development Goals (UN SDG). The Group has been committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labor, the environment, and anti-corruption.

As such, we are proud to present to you Carlsberg Malaysia Group's 2021 Sustainability Statement, which covers the progress of our TTZ sustainability agenda. The scope and boundaries, as well as the guidelines and standards of the statement, are in About This Report on page 2.

Key data are extracted from Enablon, an online sustainability reporting platform used by the Carlsberg Group of companies globally. Reporting is done on policy areas on a monthly, quarterly, half-yearly and annual basis, providing visibility on Malaysia and Singapore, as well as across the Carlsberg Group, on our journey towards the TTZ goals.

We are proud that our efforts are being recognised. In August 2021, Morgan Stanley Capital International (MSCI) upgraded our ESG ratings from "A" to "AA".

The Group has been a constituent of the FTSE4Good Bursa Malaysia (F4GBM) Index since 2019 following Bursa Malaysia's biannual review concluded that year. Being included among leading Malaysian public listed companies is testament to our class-leading commitments to responsible business practices and our comprehensive disclosures on environmental, social and governance (ESG) impacts. To date, we are the only brewer among the fast-moving consumer goods (FMCG) organisations that are constituents of the F4GBM Index.

We are grateful for the confidence placed in us by the investment community and we will continue to lead our business management and operations with sound governance and sustainability practices.

TOGETHER TOWARDS ZERO

ZERO CARBON FOOTPRINT

ZERO WATER WASTE

ZERO IRRESPONSIBLE DRINKING

ZERO ACCIDENTS CULTURE

FTSE4Good

MSCI ESG RATINGS AA

CCC | B | BB | BBB | A | AA | AAA

The Carlsberg Malaysia Group supports the UN Sustainable Development Goals and WFA's Planet Pledge; and is a corporate friend of Climate Governance Malaysia and a participant of the UN Global Compact Network Malaysia & Brunei.

SUSTAINABLE DEVELOPMENT GOALS

WFA Planet Pledge

WE SUPPORT UN GLOBAL COMPACT

OUR SUSTAINABILITY **DASHBOARD**

Our Environmental, Social and Governance (ESG) commitment encompasses our ambitious sustainability programme Together Towards ZERO (TTZ), which guides us in delivering our operations, commercial and social sustainability priorities, tackling global challenges such as climate change and developing more sustainable products and healthier choices. Beyond the TTZ, we look to empower our employees and the communities around us while remaining committed to strong corporate governance.

SUSTAINABLE DEVELOPMENT GOALS

ENVIRONMENTAL

ZERO CARBON FOOTPRINT

Thermal
19.8 kWh/hl
Target 19.8 (+0%)

Electricity
10.6 kWh/hl
Target 9.15 (+16%)

Carbon Emissions
10.4 kg CO_2/hl
Target 9.93 (+5%)

Beer-in-Hand Carbon Footprint
-8.3% (2019 vs. 2015)
Target -15% by 2022 vs. 2015

ZERO WATER WASTE

Total Water Usage
4.0 hl/hl
Target 4.1 (-4%)

NATURAL

SOCIAL

ZERO IRRESPONSIBLE DRINKING

Drink Driving Accidents
0
Target 0 (Nil since 2019)

#Celebrate Responsibly campaign
1,566
subsidised e-hailing rides redeemed vs 1,500 rides in 2020.

Availability of Alcohol-Free Brew
√
Nutrimalt in Malaysia; Carlsberg Alcohol Free Pilsner and Carlsberg Alcohol Free Wheat in Singapore.

PRIMARY PACKAGING

Age Restriction
100%
of our products in Malaysia carry legal purchasing age symbol.

Responsible Consumption
100%
compliance by Malaysia and Singapore operations.

Nutrition Info
10%
of our products in Malaysia and Singapore declare nutrition info.

ZERO ACCIDENTS CULTURE

Lost-Time-Accidents
0
Target 0 (1.139 LTA free days on 22/2/2022)

Traffic Accidents
11
Target 0 (15 in 2020)

Life-Saving Rules Commitment
√
Awareness on COVID-19 related H&S & workplace safety.

Communities
RM3.6 million
- RM2 million in Food & Education aid.
- RM1.6 million in Safer School donations.

People
99.8%
- employees & contractors inoculated.
- 627 direct employment vs 638 in 2020.

HUMAN, SOCIAL & RELATIONSHIP

GOVERNANCE

2021 focus:
- Anti-bribery & corruption
- Competition compliance
- Trade sanctions
- Data protection

Milestones:
- 100% completion of mandatory e-learning in every quarter of 2021.
- Zero cases reported of breaches of ABC, competition, trade sanctions and data protection.

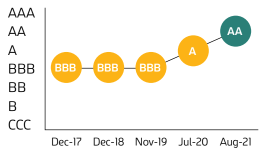
FINANCIAL, MANUFACTURED, INTELLECTUAL

INDICES

FTSE4Good

Remained as one of 80 constituents of FTSE4Good Bursa Malaysia Index.

MSCI ESG RATINGS AA



ESG Rating history shows five most recent rating actions

Rating: Upgraded to AA from A in the August 2021 review.

ENVIRONMENT

ZERO CARBON FOOTPRINT

2022 GLOBAL TARGETS	CARLSBERG MALAYSIA'S PROGRESS AGAINST THE 2022 GLOBAL TARGETS
50% reduction in carbon emissions at our breweries	13.4% reduction in carbon emissions since 2015
100% electricity from renewable sources at our breweries	Our electricity supply is from Malaysia's national utility company, Tenaga Nasional Berhad. We are exploring options for renewable energy, such as hydropower and solar energy.
Zero coal at our breweries	Not applicable as we use natural gas instead of coal.
30% reduction in beer-in-hand carbon footprint	-8.4% (2019 vs. 2015) * No beer-in-hand studies were conducted in Malaysia in 2020 and 2021
Zero low-climate-impact cooling	ZERO target achieved Our buildings use environmentally friendly refrigerant R410. Our market only buys new coolers/draught equipment that use natural refrigerants (no HFCs with high global warming potential or ozone-depleting potential), energy-efficient technology (lower energy consumption than previous cooling equipment) and are installed with LED lighting.

PHYSICAL IMPACTS OF CLIMATE CHANGE

The effects of climate change are taking place in every part of the world, affecting the environment, people and economy. Global warming, which is caused by heat-trapping greenhouse gases (GHG) due to human activities, impacts economic growth through extreme weather events such as frequent and intense droughts, storms and rising sea levels.

Carlsberg Group is committed to contributing towards the Paris Agreement goal to limit global warming to 1.5°C by setting ambitious global targets that have been approved by the Science Based Targets initiative (SBTi) in 2017. Carlsberg Group is set to achieve ZERO carbon brewing by 2030 and is making progress globally against its 2022 targets to cut carbon emissions by half, to use renewable energy and to eliminate the use of coal. Removing carbon from the source of the production of beer will cut beer-in-hand emissions, which is the value chain footprint from raw material to the end-product that consumers enjoy, as much as 30% by 2030 from 2015 levels.

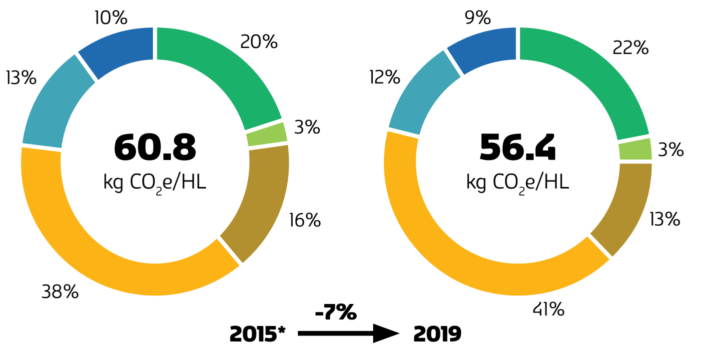
At Carlsberg Malaysia, we are committed to playing our part as a responsible corporate citizen to reduce our carbon footprint and contribute to a low-carbon future. We are committed to annual targets based on Carlsberg Group's ultimate ambition of ZERO carbon emissions at our brewery in Shah Alam and the 2022 global targets. Our Supply Chain Director, Management Team and functional heads are responsible for the implementation of our carbon emissions reduction road map. We are also guided by Carlsberg Group's Environmental Policy and Carlsberg Group's participation in the Task Force for Climate-related Financial Disclosures (TCFD) as well as the Intergovernmental Panel on Climate Change (IPCC).

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, the reduction, compared to 2015, was 8.3%, an improvement of 1.3% 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 2021.

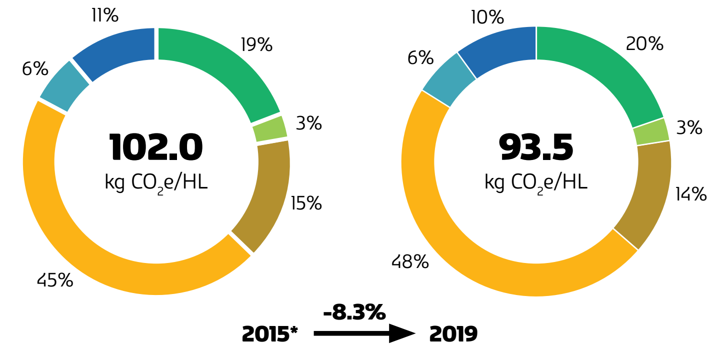
CARLSBERG'S GLOBAL BEER-IN-HAND FOOTPRINT

(absolute emissions 2015: 7.1 million tonnes of CO_2e)



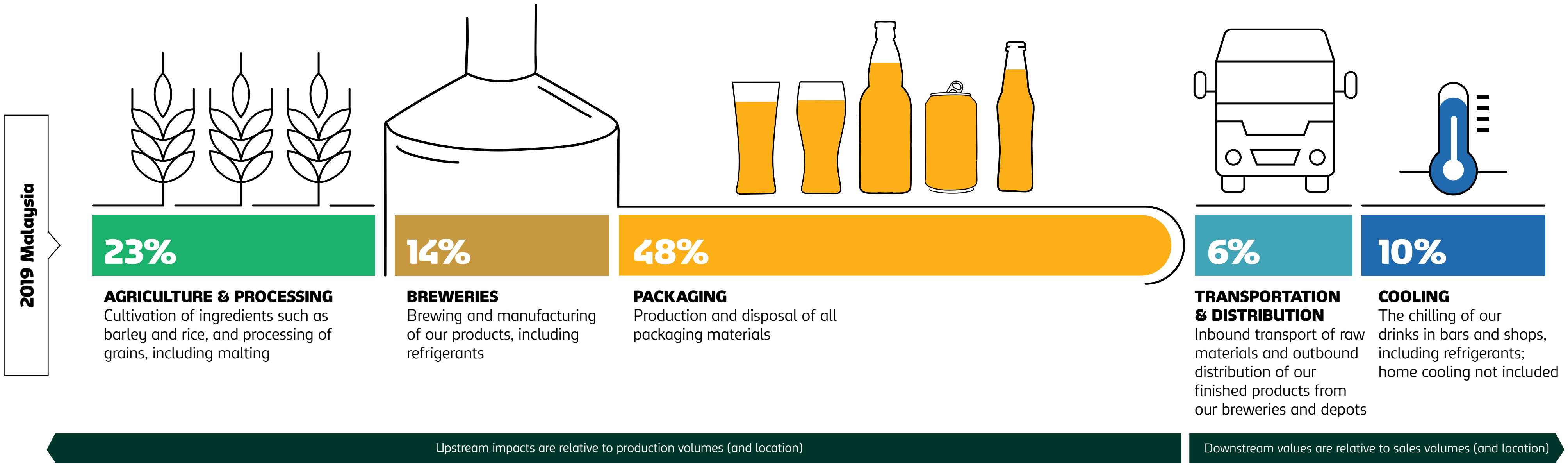
MALAYSIA'S BEER-IN-HAND FOOTPRINT

(absolute emissions 2015: 0.13 million tonnes; 1.9% of total CO_2e)



Agriculture | Breweries | Transportation & Distribution | Malting | Packaging | Cooling | *updated baseline

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



ENVIRONMENT

AIR QUALITY & GREENHOUSE GAS (GHG) EMISSIONS

Guided by Carlsberg Group's global goals, we have set out our own climate targets to reduce carbon emissions. However, due to disruptions caused by the COVID-19 pandemic, we revised our 2022 targets slightly to account for factors such as uncertainty surrounding production planning, volatile operational environment and costs and a changing production mix.

By 2022, we aim to:

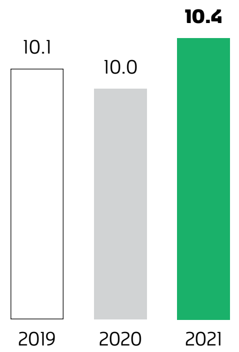
- Achieve total energy usage of 28.6 kilowatt hours per hectolitre (kWh/hl).
- Reduce carbon emissions to 3.4 kg CO_2/hl.
- Achieve 5% reduction in thermal and electricity usage year-on-year.
- Achieve 15% reduction in beer-in-hand carbon footprint, with a target of 2% year-on-year versus the 2015 restated benchmark.

The reduction of carbon emissions to 3.4 kg CO_2/hl can be achieved by reducing thermal and electricity usage by 5%, while sourcing for renewable energy sources. Based on our carbon emissions and energy usage performance in 2021, we are on track to achieve our targets.

This year, we are disclosing our carbon emissions according to Scope 1 and Scope 2 to enable us to better track our carbon emissions towards achieving our climate targets.

TOTAL CARBON EMISSIONS

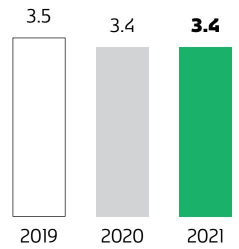
(kg CO_2/hl)



SCOPE 1:

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

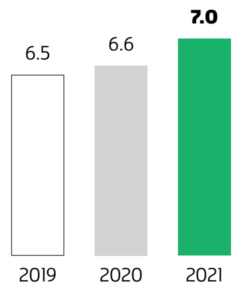
Carbon emissions from natural gas (kg CO_2/hl)



SCOPE 2:

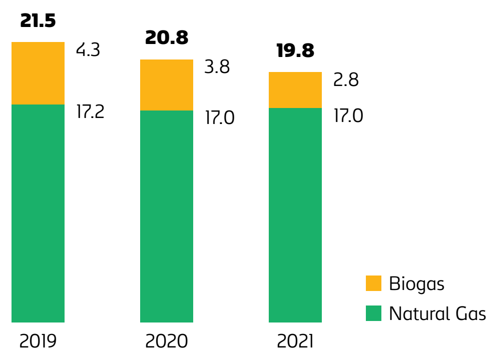
Indirect GHG emissions from purchased electricity.

Carbon emissions from purchased electricity (kg CO_2/hl)

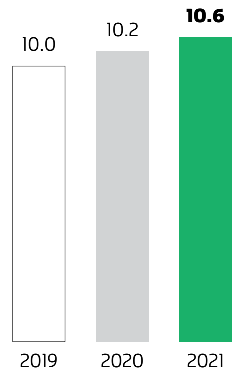


ENERGY MANAGEMENT

Thermal Energy (kWh/hl)



Electricity (kWh/hl)



ENERGY MANAGEMENT

In the year under review, our efficiencies were affected by the 2.5-month suspension of operations at the brewery due to the lockdown. However, our energy consumption remained the same despite no output during this period, resulting in the same amount of carbon emitted as the previous year. This was due to the fact that we needed to keep our raw ingredients in storage cool, as well as ensure that semi-finished goods in tanks were always kept in optimal condition.

Our electricity usage increased slightly in 2021, mainly due to the lockdown periods. Although there was no production activity, our base electricity consumption remained unchanged as the energy centre, mainly the Cooling Plant and Compressed Air system, was still in operation to keep fermenter and beer storage temperature low. However, we continued with our initiatives such as the cold insulation project and the replacement of condenser coils and optimisation of condenser discharge pressure for the cooling plant.

In 2021, we implemented several energy-optimisation initiatives to reduce total thermal energy usage. This included optimising the water usage in our bottle washer and pasteuriser, which reduces the energy required for heating. We also rolled out an insulation implementation project for hot water piping and tanks, and installed energy meters for better monitoring of heat usage and improved distribution.

WASTE MANAGEMENT

A large portion of our production waste comprises spent grains, kieselguhr and waste yeast. We continuously reduce our production waste, with 746 tonnes sent to the landfill in 2021. This was a significant drop from 4,897 tonnes in 2019 and 1,327 tonnes in 2020.

In 2021, we sent 12,644 tonnes of spent grains to three contractors, compared to 18,787 tonnes and 15,191 tonnes in 2019 and 2020 respectively. Two of contractors use the spent grains as cattle feed while another applies a bioconversion process that transforms the spent materials into a protein component for livestock feed.

Besides spent grains, this bioconversion process also utilises kieselguhr and waste yeast from our operations to cultivate black soldier flies. The larvae of black soldier flies are then processed into two main ingredients, insect meal and insect oil, which are a source of protein for animal feed. These insect proteins can be used to feed pets and farm animals, in particular fish, poultry and swine, and also as a substitute for fish meal.

PRODUCT DESIGN & LIFE CYCLE MANAGEMENT

The iconic Carlsberg glass bottles are not only designed to provide consumers with a better beer experience but also to minimise environmental impact. First introduced in 2019, Carlsberg Malaysia was the first Carlsberg market in the world to pioneer the use of a new wax emulsion coating on its refillable glass bottles that helps to double its lifespan. The coating reduces scuffing, which extends the bottles' longevity, allowing them to look new and scratch-free for longer and reducing the need for bottles to be taken out of circulation for recycling.

Carlsberg is going greener by switching to Cradle to Cradle Certified™ silver ink on its bottle labels, which is produced using renewable energy. The ink helps improve the recyclability of packaging.

WHAT WE MEAN BY ZERO CARBON FOOTPRINT BREWERY EMISSIONS

Our brewery emissions include our Scope 1 direct emissions and Scope 2 indirect emissions (for example, from purchased electricity). They exclude in-house logistics and distribution operations, which are included in our beer-in-hand target. By 2030, we aim to eliminate carbon emissions from our brewery. As an interim target, we aim to halve emissions per hectolitre (hundred litres or hl) of production from our brewery between 2015 and 2022.

BEER-IN-HAND EMISSIONS: We aim to reduce our value chain (beer-in-hand) emissions per hl of beer produced by 15% by 2022 and 30% by 2030, from a 2015 baseline. These targets include Scope 1 and 2 emissions from brewing, packaging, distributing and chilling our products, as well as handling used packaging.

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

Climate change is real and is happening fast. The extreme weather events taking place across the region are impacting our operations and markets. Most recently, we witnessed first-hand the negative effects of climate change when Malaysia was affected by one of the worst floods in decades in December 2021, causing damage to property and even loss of lives.

At Carlsberg Malaysia Group, we are guided by our TTZ approach to reduce our carbon footprint and contribute to the Paris Agreement on Climate Change to limit global average temperature rise to 1.5°C. To further reflect our commitment towards climate change, we stepped up our disclosures this year by aligning our ESG impacts with the TCFD reporting recommendations.

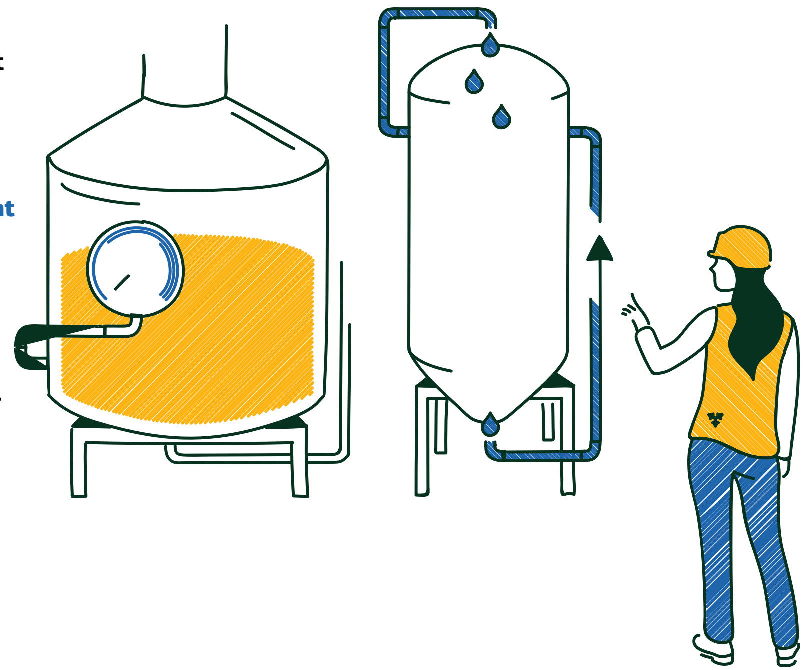
RECOMMENDATION	OUR DISCLOSURE IN BRIEF	REFERENCE
Governance Disclose the organisation's governance around climate-related risks and opportunities	At Carlsberg Group Malaysia, our sustainability governance is led by our Managing Director and overseen by the Group's Board of Directors, who are supported by Corporate Affairs & Sustainability Director and ESG Owners. The Board is responsible for demonstrating leadership and integrating TTZ into our operations, ensuring progress towards our TTZ targets. Sustainability matters, including climate-related risks, are discussed and reviewed during Board meetings.	Corporate Governance Overview Statement, pages 90 to 101
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning, where such information is material	Our sustainability efforts are premised on our transformative TTZ sustainability programme, which sets out our ambitions for ZERO carbon footprint, ZERO water waste, ZERO irresponsible drinking and a ZERO accidents culture by 2030. The TTZ focus areas and targets are based on a sustainability materiality assessment, which was conducted at the global level in 2020, ensuring we focus on the sustainability risks and opportunities that are most relevant to our stakeholders, including those related to climate change and water. The TTZ is an integral part of our SAIL '22 strategy, and we are well on our way to achieving our interim targets by 2022 as we reach the fourth year of our TTZ journey.	Together Towards ZERO from pages 39 to 55
Risks Disclose how the organisation identifies, assesses and manages climate-related risks	Climate-related risks and opportunities are identified and reviewed by the Board. Climate Change and Energy & Carbon have been identified as the most important sustainability issues for our organisation and stakeholders in the Carlsberg Group's materiality assessment. The assessment is a method we use to identify the risks, opportunities and impacts of the ESG issues that matter to us and our stakeholders. Although the issues were identified at the global level, they are relevant to Carlsberg Malaysia Group and have been adopted locally. Carlsberg Group also updated its analysis of its beer-in-hand value chain footprint in 2020 to measure its progress from the 2015 baseline and identify areas where efforts to reduce emissions and mitigate risks would be required. The study also included Carlsberg Malaysia Group. In addition, Carlsberg Group conducted a water risk assessment of two key commodities, rice and barley, and used WWF's Water Risk Filter to identify the breweries that were in areas of high-water risk. Locally, the Group upgraded its water treatment plant, which helped to reduce water consumption, and ensured that the effluent it discharged into nearby rivers was within regulations.	Zero Carbon Footprint from pages 42 to 45 Zero Water Waste from pages 47 to 48 Determining Our Material Issues from pages 71 to 78
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material	The Group discloses its yearly ESG performance within the Annual Report. The sustainability report includes the Group's approach, progress against the TTZ targets for 2022 and 2030, key performance indicators and actions to support the UN Sustainable Development Goals and the UN Global Compact. The year under review saw the Group disclosing its three-year GHG emissions performance according to Scope 1 and 2 to better track its carbon emissions towards achieving its climate targets. The Group also disclosed three-year water performance data.	Zero Carbon Footprint from pages 42 to 45

ZERO WATER WASTE

2022 GLOBAL TARGETS	CARLSBERG MALAYSIA'S PROGRESS AGAINST THE 2022 GLOBAL TARGETS
25% reduction in water usage at our breweries Explore going below 2.0 hl/hl at all high-risk breweries	21% reduction since 2015

In 2021, we achieved a significant improvement in our total water consumption due to the completion of the upgrading of our water treatment plant

We reduced water consumption by 0.8 hl water per hl beer



ECOLOGICAL IMPACTS

The Carlsberg Group is committed to eliminating water waste from brewing through world-class efficiency and safeguarding shared water resources in high-risk areas.

Although Malaysia is not identified as a high-risk market, we continue to aim for a water waste reduction of 30% by 2022 (3.4 hectolitres per hectolitre produced [hl/hl]), far more than the 25% target for 2022, and are in progress to achieve the targeted reduction of 50% by 2030.

Water is a very important resource in our business. Needless to say, without water, there will be no beer. As such, we acknowledge that water is a natural resource that will be impacted by climate change. Water stress is expected to intensify in the near future due to urbanisation and the physical impacts of climate change. By 2040, 33 countries will face extremely high water stress, according to the World Resources Institute.

Water is crucial to all manufacturing plants, and even more important to beverage producers. Poor water management can lead to serious implications such as disruptions in production and the supply chain, eventually impacting our business revenue. For example, the devastating floods in December 2021 greatly impacted economic activities and reduced the economic sector's production by RM4 billion to RM8 billion. As such, we employ an integrated approach that includes efficiency measures, the safe return of wastewater from our operations and mitigating risk in the supply.

We are guided by the Carlsberg Group's Environmental Policy. We are in compliance with the Environmental Quality (Industrial Effluents) Regulations 2009. In 2021, there was zero non-compliance with environmental laws and regulations.

WATER & WASTEWATER MANAGEMENT

We source our water from tube wells and groundwater, as well as from municipal water. To extract groundwater, we apply for an annual licence from Lembaga Urus Air Selangor (LUAS) and we are billed for each cubic metre extracted. LUAS frequently monitors groundwater extractions to mitigate any negative impact on the environment.

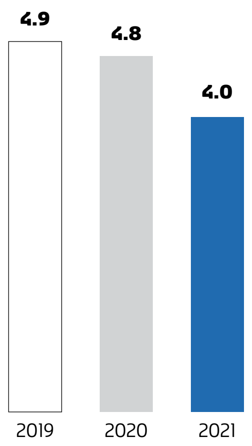
Our water-saving initiatives are focused on optimising usage and reducing waste by improving our reverse osmosis operations through the recycling and reuse of filtered water discharge and backwash processes in progress at our water treatment plant.

In 2021, we achieved a significant improvement in our total water consumption due to the completion of the upgrading of our water treatment plant. Although the RM1.7 million upgrade was fully operational only in October 2021, the initiative has helped to reduce water loss by 13%. Through the water treatment process (filtration, reverse osmosis), there is about 20% of wastage in the form of sludge. With our upgraded system, we can reduce the 20% wastage by as much as 70%.

With the water treatment plant upgraded, we expect to see a continuous reduction in water wastage in 2022. To date, we are reducing water consumption by 0.8 hl water per hl beer. This equates to equivalent to 46 Olympic-sized swimming pools.

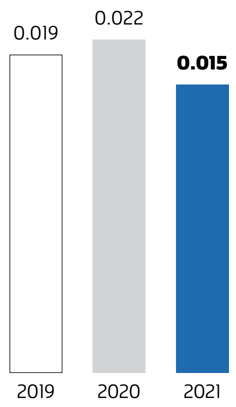
WATER USAGE

(hl/hl)



CHEMICAL OXYGEN DEMAND (COD) IN WASTEWATER AFTER TREATMENT

(kg/hl)



WHAT WE MEAN BY ZERO WATER WASTE

We work to reduce the amount of water used to produce every hectolitre (hundred litres or hl) of our beer and beverages. All brewery operations are covered, including on-site offices, production and warehousing.

CHEMICAL OXYGEN DEMAND (COD) IN WASTEWATER AFTER TREATMENT

Due to the nature of our business, our operations may cause negative impacts on our water sources if there is no proper water management. Hence, we constantly strive to minimise our water impact throughout the production cycle of our products, from water withdrawal to water discharge. We are committed to protecting the precious natural waterways where we operate by minimising the impact of effluent discharged.

We discharge our wastewater into rivers that are near our operations. We comply with the local rules and regulations and ensure that our effluent discharge is within the permissible limit of 80 mg/L. This is well below Standard B (200 mg/L) of the Environmental Quality (Sewage) Regulations 2009, which is the standard the Department of Environment expects us to adhere to as a food & beverage manufacturer.

We have in place several measures to curb the COD levels and they include maintaining reactor efficiency and implementing aerobic stage improvements such as replacing conventional surface aerators with diffuser-type aerators to improve efficiency. In 2021, our COD in wastewater after treatment decreased to 0.015 kg/hl from 0.022 kg/hl the preceding year.

SOCIAL

ZERO IRRESPONSIBLE DRINKING

RESPONSIBLE CONSUMPTION, SALES & MARKETING

Our commitment to ZERO irresponsible drinking reflects who we are as a brewer, underpins our efforts to collaborate with partners and enables us to support consumers in making informed and healthy choices.

We believe that every occasion should be celebrated with probably the best brews in moderation and responsibly. We advocate responsible consumption, sales and marketing of our brews, in support of the World Health Organisation's (WHO) objective of reducing the harmful use of alcohol. This objective also lines up with the United Nation's Sustainable Development Goal 3: Ensuring Healthy Lives and Promoting Well-Being for All Ages.

We recognise that increasingly more consumers in Malaysia and Singapore are embracing healthy, balanced lifestyles and this trend was accelerated during the pandemic. Beer is relatively low in alcohol compared with alternatives such as wine and spirits, and we are pleased to see more consumers opting for our alcohol-free brews in Singapore and a growing interest in the category in Malaysia.

To cultivate and instil the practice of drinking responsibly and in moderation, we have set goals for ZERO Irresponsible Drinking. For many years, we have dedicated ourselves to the craft of brewing the finest beers, stouts and ciders with the utmost care, pride and quality. We want to share with our consumers the exemplary taste, quality and natural ingredients used in our products, not the intoxicating effects and negative consequences of drinking alcohol excessively.

In 2021, we continued to invest in our priorities to mitigate irresponsible drinking as the COVID-19 pandemic changed some occasions and behaviours of alcohol consumption. Although COVID-19 restrictions hindered the scale of our annual consumer-facing #CelebrateResponsibly campaigns, we stepped up our efforts in tackling the challenges in promoting responsible sales and marketing through the implementation of rigorous global alcohol marketing standards in online sales (e-commerce) and advertising by influencers set out by the International Alliance for Responsible Drinking (IARD) and the World Federation of Advertisers' (WFA) Planet Pledge.

IARD's marketing standards

Two new global standards in governing online sales (e-commerce) and advertising by influencers were launched by IARD, of which Carlsberg Group is a member. Acting in compliance with the standards, we, together with our partners, are committed to adopting five key safeguards in:

- Improving measures to prevent minors from buying alcohol online;
- Putting in place mechanisms to prevent alcohol delivery to minors;
- Giving drivers tools to empower them to deny delivery to consumers;
- Enhancing consumer information and control; and
- Promoting these standards to support the development of local codes and practices.

We also implemented the necessary measures to prevent minors from seeing alcohol advertising by influencers online. Together with our media agencies, we carefully screen the influencers we employ and use age-affirmation technology on platforms, where available. Specific safeguards will ensure that alcohol-related content involving influencers is responsibly advertised and clearly aimed at an audience over the legal purchasing age.

WFA's Planet Pledge

In September, the Carlsberg Group signed the WFA's Planet Pledge, which aims to galvanise global marketers' actions to encourage their consumers to change their behaviours to be more climate-friendly in support of the UN SDGs. Aligning with this shared ambition, we are committed to engaging with consumers in four key areas:

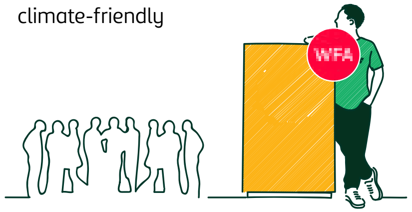
- Commit to support the global UN Race to Zero campaign;
- Scale the capability of marketing organisations to lead for climate action;
- Harness the power of marketing communications to drive more sustainable consumer behaviours; and
- Reinforce a trustworthy marketing environment, where sustainability claims can be easily substantiated.

Our objective of achieving ZERO Irresponsible Drinking consists of enabling, informing, educating and encouraging consumers to make responsible choices. We set out practices and programmes to educate our consumers on the practice of drinking in moderation, encouraging our consumers to inculcate healthy behaviours and habits even before the first sip.

IARD

Launched global alcohol marketing standards for influencers and e-commerce platforms through the International Alliance for Responsible Drinking (IARD)

Signed the WFA's Planet Pledge, which aims to encourage our consumers to change their behaviours to be more climate-friendly



Our markets offer best-in-class alcohol-free brews (AFBs) as more people embrace healthy lifestyles and enjoy alcohol in moderation

Our product labels in Malaysia show a symbol of legal purchasing age of 21 and above

INFORMING AND EMPOWERING CONSUMERS

People make their own choices about how they enjoy our products. We provide the information they need to make responsible decisions.

Our product labels contain clear information on ingredients, while nutritional content is detailed on some of our products. Our labels also include an icon warning consumers not to drink while driving, the #CelebrateResponsibly tagline and state alcohol content by volume (ABV), in alignment with our global pledge to the IARD.

In Malaysia, the government enforced a health statement label, "**MEMINUM ARAK BOLEH MEMBAHAYAKAN KESIHATAN**" ("**CONSUMING ALCOHOL MAY ENDANGER YOUR HEALTH**"). The legal purchasing age of 21 and above symbol is visible on all our product packaging.

It is also gratifying to see that our partners in the industry and retailers are complying with the alcohol restrictions enforced by the government, especially with regards to the legal purchasing age since it was implemented on 1 December 2017.

REACHING THE RIGHT PEOPLE WITH OUR MARKETING

We maintain strict controls to ensure our marketing maintains high ethical standards and is not seen by minors. We follow the IARD's Digital Guiding Principles in how we market our brews on online platforms and social media, and track compliance through a robust centralised system.

In 2021, we improved our compliance with these principles across Malaysia and Singapore, even as we extended our scope to more social media channels. In Malaysia, we went a step further by implementing an age-gate to prevent individuals below the age of 21, and Muslims, from accessing our consumer promotions, marketing activities, on-ground events, websites and social media sites.

In the few cases where we find problems, we work with local media agencies and content publishers to fix them quickly. In working with the media, we always seek constructive and fact-based dialogue with the journalists, and value an open discussion on detailed subjects to ensure that our approach and communications are well understood and accurately reflected.

Last year, we also rolled out training to relevant employees on our updated Marketing Communication Policy. This policy tightens control on our advertising, promotions and communications with a focus on designing all content to appeal to, and reach, adult audiences only.

We encourage positive drinking behaviour and cultures everywhere we sell beer.

In our bid to promote responsible consumption via the #CelebrateResponsibly campaign, we have partnerships with relevant stakeholders for targeted interventions, be they at point-of-sale, during consumption or across all our marketing communications. Our stakeholders are made aware that we are taking measures to eradicate drink-driving and underage drinking as we fully support the local government's efforts to reduce their prevalence.

#CelebrateResponsibly – If you drink, don't drive!

#CelebrateResponsibly is our Malaysian operations' annual campaign, advocating responsible consumption in conjunction with Global Be(er) Responsible Day (GBRD).

In 2021, the campaign continued for its seventh consecutive year as our nationwide initiative to encourage the responsible enjoyment of beer. Based on its singular, straightforward call to action of "**If you drink, don't drive!**", last year's campaign was launched in tandem with the reopening of economic and social activities amid the COVID-19 pandemic as we also encouraged dine-in consumption and drove footfall to food and beverage (F&B) outlets.

The campaign ran from 13 November 2021 to 2 January 2022, opportune time as it coincided with year-end festivities such as Christmas and New Year's celebrations – festive events that are commonly celebrated with alcohol. In addition, increasing numbers of road users were seen on the interstate roads during these festive events as travelling restrictions were relaxed.

Through our campaign, consumers were advised to plan ahead before a night out drinking to avoid drinking and driving and to opt for safer alternatives like e-hailing, chauffeur-on-call services and designated drivers. For consumers, one incentive for behavioural change regarding drinking and driving is the availability of subsidised and discounted rides.

With this in mind, we continued our partnerships with e-hailing providers such as Grab, Riding Pink and airasia ride – not forgetting chauffeur-on-call service providers Lailah and Buddy Driver. By simply using the promotional code CELEBRATERESPONSIBLY, 1,566 discounted rides were redeemed throughout the 1.5-month-long campaign, in collaboration with over 3,000 Carlsberg Malaysia-affiliated bars, bistros and restaurants.

Alternatively, by using the same promo code, consumers were entitled to one hour free with Buddy Driver on the TREVO app or 10% off on Lailah's chauffeur-on-call services.

Through a series of digital content and videos, we drove awareness and education on the consequences of driving under the influence, as well as advocated ride-sharing and chauffeur-on-call services. Our collaboration with media and content creators helped us to reach more than 1.1 million viewers digitally.

SOCIAL

OFFERING CHOICES WITH ALCOHOL-FREE BREWS

Drinking habits are changing as more people embrace healthy lifestyles and enjoy alcohol in moderation. With our constant pursuit of better beer, we are well positioned to offer alcohol-free brews (AFBs) in our markets.

In Singapore, Carlsberg Alcohol-Free Pilsner and Carlsberg Alcohol-Free Wheat continue to receive positive growth momentum since their debut in 2020. These two variants cater to different taste preferences, containing no more than 0.5% alcohol by volume (ABV), perfect for all occasions.

Great taste has always been a priority for Carlsberg, and we are applying our brewing expertise to create best-in-class alcohol-free brews and fruit-flavoured beverages. Our Malaysia operations will see the introduction of a new alcohol-free variant in 2022.

LEADING BY EXAMPLE

Drinking responsibly is a value that we take seriously.

It is something we not only believe in, but also put into practice, which is critical given that we have a corporate reputation to uphold. We enforce a zero-tolerance policy towards excessive alcohol consumption by all employees; anyone caught drink-driving will be dismissed, if proven guilty.

In Malaysia, we installed dashcams in all our company sales vehicles as an extra control measure to discourage reckless driving and to keep a record of any accidents involving our vehicles. A rear-facing camera is installed inside the vehicle, and drivers are instructed to use the breathalyser provided and display the results to the camera as a record before starting the vehicle, in case of an accident or for random security checks.

This not only serves as proof of sobriety on the job but also discourages drinking while driving and keeps a record of any accidents that may occur. To date, there have been no drink-driving incidents reported.

WHAT WE MEAN BY ZERO IRRESPONSIBLE DRINKING

Tailored market-level approach: By 2030, our goal is for 100% of our markets to improve on responsible drinking every year. Each market will set a target and prioritise actions based on local needs. For example, a market may focus on supporting a reduction in drink-driving rates and measure progress according to available national statistics.

Global programmes: Our 2022 targets commit us to add responsible drinking messages and consumer information to all primary packaging (already achieved), offer alcohol-free brews everywhere we sell beer and launch partnerships in every market to support responsible consumption. These initiatives, together with the implementation of our rigorous global alcohol marketing standards, support progress towards our 2030 target by helping all our markets tackle irresponsible drinking.

ZERO ACCIDENTS CULTURE

ANY INJURY IS ONE TOO MANY. PROGRESS TOWARDS ZERO.

Taking care of our people and contractors is our top priority. We follow stringent safety standards across our operations, and our Life Saving Rules guide us in keeping everyone safe at work, in our breweries, warehouses and offices, on the road and even when working from home.

We work hard to eliminate lost-time accidents as we believe the health and safety of our people remains a fundamental cornerstone of our business sustainability. To achieve this, we engage with everyone – managers, employees, contractors and temporary workers – to play their part by adopting safe behaviours and encouraging others to do so.

Guided by our Health and Safety Policy, we adopt a vigilant mindset of safety and compliance with all 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).

We understand that any untoward incident may adversely impact our reputation, while impairing the efficiency and productivity of our operations and resulting in life-threatening safety consequences. With that in mind, we set out to deliver zero accidents and zero drink-driving incidents as part of our **Together Towards ZERO** sustainability ambition by empowering our employees with the information and tools to effectively prevent injuries and avoid accidents, as well as by having partners to proactively identify and report potential hazards and provide possible solutions.

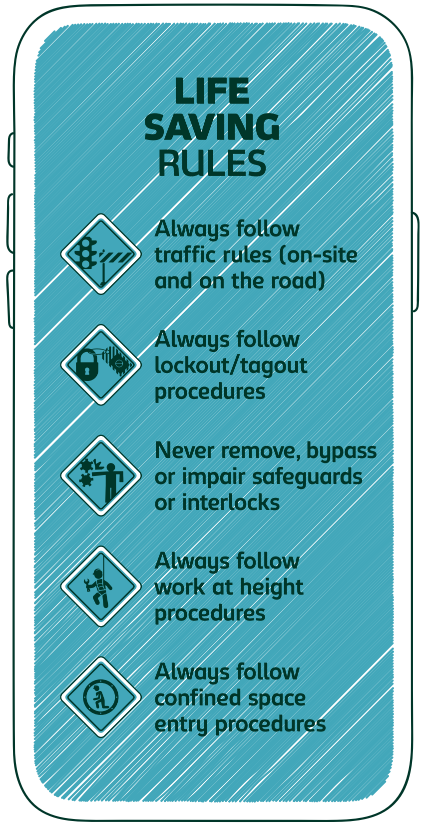
MANAGING SAFETY RISK

Our Health & Safety Policy includes our commitment to create a robust ZERO accidents culture as well as key elements of our approach to managing risks, including our Life Saving Rules, which comprise five important imperatives that all employees, especially those within our Supply Chain operations, are required to always follow. Any deliberate attempt to disobey our Life Saving Rules may result in disciplinary action.

All relevant health and safety incidents must be recorded. It is supported by detailed standards, guidance and induction training for all new employees, temporary workers and contractors, as well as training on risks relevant to specific roles.

To ensure compliance, our health and safety initiatives are overseen by the Management Team and a Safety and Health Committee of 16 members, comprising both employer and employee representatives. To further bolster communication and management across the Group, we have 10 safety ambassadors located at our sales offices across the country, charged with coordinating safety-related activities and issuing timely reminders to colleagues at their locations.

In 2021, we expanded our training and safe behaviour programmes, and reinforced our Life Saving Rules to target the most serious risks we identified. All our employees, temporary workers and contractors are encouraged to follow the Life Saving Rules at all times and understand that failing to follow the rules will put them in danger.



SOCIAL

1,000 DAYS ZERO LOST-TIME ACCIDENTS

Embedding safe behaviour is central to building a ZERO accidents culture.

Through our behaviour-based safety programme, we encourage employees to look out for themselves and each other by training them to spot and report safety risks and unsafe behaviours. We want to empower our people to raise any safety concerns with their colleagues and managers via peer-to-peer observations and feedback on all aspects of safety, reinforced through regular safety walks by site or team leaders.

In 2021, a key initiative in this area was the launch of a robust risk reporting framework that empowers employees to identify the biggest risks, propose solutions to reduce the possibility of mishaps and plan interventions accordingly. Last year, we also introduced quick risk prediction training to alert employees to take extra care during our busiest production season.

All such near-miss and safety concern reports received last year were handled swiftly and effectively and this reduced the possibility of accidents or injuries before they affected our people, operations and business sustainability.

In this regard, the Group is pleased to report that we have once again surpassed our previous safety record, achieving a total of 1,140 days without lost-time accidents (LTA) and counting, as of 23 February 2022.

KEEPING DRIVERS AND PEDESTRIANS SAFE

Traffic collisions are among the biggest safety risks for our people, both on public roads and at our sites. All employees and contractors who use company vehicles, including truck drivers and sales, distribution and marketing staff, are required to follow our road traffic safety standards.

At our Malaysia production site, we conducted a full-day Practical Safe Driving Training course for 123 sales and marketing colleagues in Johor Bahru, Kota Kinabalu, Kuching, Penang, Ipoh, Kuantan and Malacca. We also held two online sessions on safe driving, which saw 100% participation from the Sales and Marketing team, as well as completed a Group-wide refresher course on the Life Saving Rules.

3,850
observations on safety risks and unsafe behaviours made by our employees

396
safety walks conducted by our leaders

94%
compliance with our Life Saving Rules

132
company drivers (56%) completed practical road safety training in 2021

97%
compliance with our temporary labour standard for seasonal employees

With numerous safety courses held last year to upskill and raise awareness on road safety, we saw a reduction in on-the-road accidents involving our company vehicles, from 15 cases in 2020 to 11 cases in 2021.

Last year, we completed competency courses for our forklift drivers (conducted annually) and authorised gas tester and entry supervisors, as well as authorised entrant and standby supervisors. Working-at-height training for our supply chain employees and a safety walk programme for our Safety Committee were also conducted with 100% participation. We also provided first aid training to our 23 certified first aiders, who are required to undertake refresher courses every two years.

In addition, we introduced a new safety standard specifically related to on-site traffic to protect pedestrians and ensure industrial vehicles are handled safely. This sets out mandatory procedures relating to topics such as traffic flow, loading and unloading, hazardous areas, vehicle towing and emergency situations. Third-party trucks entering our sites must pass an inspection by a specially trained employee.

BREWERY SAFETY AND INTEGRITY AMID LOCKDOWNS

To uphold the integrity of our production site at all times, especially during lockdowns when workers on-site were limited, we upskilled our capability and undertook various monitoring exercises, namely for chemical exposure, noise exposure, ergonomic study and indoor air quality monitoring.

No compliance issues were detected via these exercises, but we did identify ways in which our practices could be improved, such as enhanced storage of chemicals, improved signages and additional training courses to further enhance safety.

Throughout the pandemic, all employees in Malaysia and Singapore worked based on Team A and B shifts to reduce density and risk of infection in the office and sales offices.

Our Malaysia operations also registered for the Ministry of International Trade and Industry's (MITI) Safe@Work initiative with strict adherence to standard operating procedures (SOPs) issued by the National Security Council (MKN) pursuant to the Prevention and Control of Infectious Diseases Act 1988. We also enforced strict COVID-19 prevention measures, including bi-weekly on-site swab tests administered by medical officers, which was a control measure more stringent than the SOPs stipulated. Other on-site prevention measures centred on five key areas – hygiene rules, hand sanitisers, social distancing, face masks and regular disinfection of shared surfaces.

REPORTING AND COMPLIANCE

All reports of accidents are taken seriously and follow a stringent procedure that ensures the root cause is identified and corrective measures are taken to reduce such future incidents. Importantly, we also monitor the effectiveness of our corrective actions and make adjustments where necessary.

If an accident occurs, the Head of Department (HOD) and OSH committee are charged with classifying the severity of the accident. If there is a fatality, a report will be sent to DOSH and the Carlsberg Group, while minor accidents only require a report to be filed by the HOD.

Following our ISO 45001:2018 certification in 2020, we completed the ISO 45001 Surveillance Audit in 2021 without any non-compliances. Meanwhile, we once again exceeded expectations in the Health & Safety Compliance audit conducted by our global team. We achieved a score of 95%, which was higher than our score of 93% the previous year, and comfortably above the Group's 90% compliance rate expectation.

For our Behaviour Observation Programme, we achieved a participation rate of more than 90%, as well as a more than 90% closure rate on findings, with more than 30% of reported concerns being behaviour-related.

WHAT WE MEAN BY ZERO ACCIDENTS

ACCIDENTS: We define these as workplace accidents that result in an injured or ill person being medically considered unable to work for at least a day, starting the day after the incident and ending the day before return to work, and including time away from work for rest, recovery or treatment. We report total accidents for employees and contractors. We are aiming for ZERO lost-time accidents by 2030.

Scan the QR Code to view our Return to Work Health & Safety Guidelines

RESPONSIBLE BUSINESS

Doing business responsibly is fundamental to our Purpose of Brewing for a Better Today and Tomorrow

Carlsberg was founded almost 175 years ago with a strong sense of social responsibility that has driven our actions ever since. Today, our commitment to responsible business underpins the success of our financial, people and portfolio brand health, which are all aligned with our ESG priorities.

For our operations in Malaysia and Singapore, this means contributing to the economies we are part of, acting with integrity, investing in human capital, embracing diversity and inclusion, giving back to communities, sourcing responsibly and ensuring product safety.

5.1 & 5c

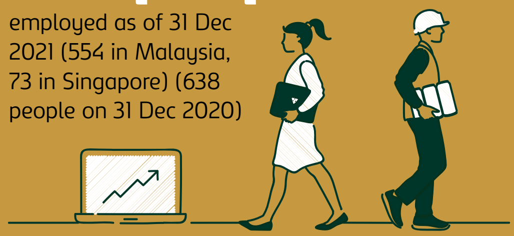
8.1, 8.7 & 8.8

10.2 & 10.3

16.5

627 people

employed as of 31 Dec 2021 (554 in Malaysia, 73 in Singapore) (638 people on 31 Dec 2020)



61,000

indirect jobs in Malaysia pre-pandemic based on industry estimate.

Updated, published and rolled out training on our refreshed Code of Ethics & Conduct and Human Rights Policy.

65%

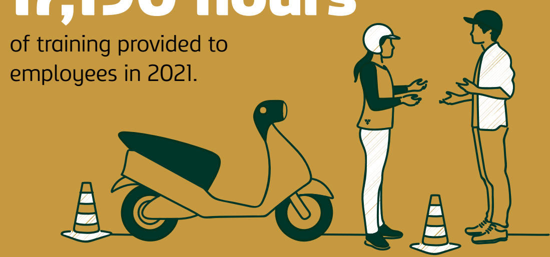
of our people are satisfied with Carlsberg as a place to work in Malaysia and Singapore.

100%

of our top 14 leaders have completed training on unconscious bias in the workplace.

17,190 hours

of training provided to employees in 2021.



ECONOMIC CONTRIBUTIONS

The Group currently operates 15 sales offices across Peninsular Malaysia, Sabah and Sarawak, on top of our Singapore operations based in Zhongshan Park.

Our economic contribution is twofold. Our operations create value for the local workforce through employment opportunities while also contributing to the national economies of Malaysia and Singapore via direct and indirect taxes, excise duties and support of the local food and beverage industry.

In Malaysia, the Confederation of Malaysian Brewers Berhad (CMBB) – of which our Malaysia operations is a founding member, – estimated in pre-pandemic year 2019 that the brewing industry supported 61,000 people in direct or indirect employment with taxes, salaries and profits contributing significantly to nation-building. Similarly in Singapore, the brewing industry has created jobs throughout the whole F&B value chain.

Like many industries reliant on consumer sentiment and demand, these contributions were heavily impacted by the advent of COVID-19 and the concurrent national lockdowns and social distancing measures introduced to curb the spread of the pandemic in 2021.

We also applaud the Malaysian and Singapore governments for not raising excise duties on beer for year 2022 as both countries' excise for beer rank second-highest in the world, behind only Norway. We also note that Malaysia's gross domestic product (GDP) per capita remains one-seventh that of Norway and a sixth of Singapore, yet excise duties on beer remain on par with these wealthy nations.

Nonetheless, through our Malaysian and Singaporean operations, we remain vigorous contributors to UN SDG 8 targets by supporting economic prosperity, higher productivity and innovation by providing decent work and economic growth in the markets we operate in.

Excise duties

RM843.5 million

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

-6% in 2021 vs 2020

Corporate taxes

RM63.3 million

in the form of corporate taxes with RM54.6 million for Malaysia and RM8.7 million for Singapore

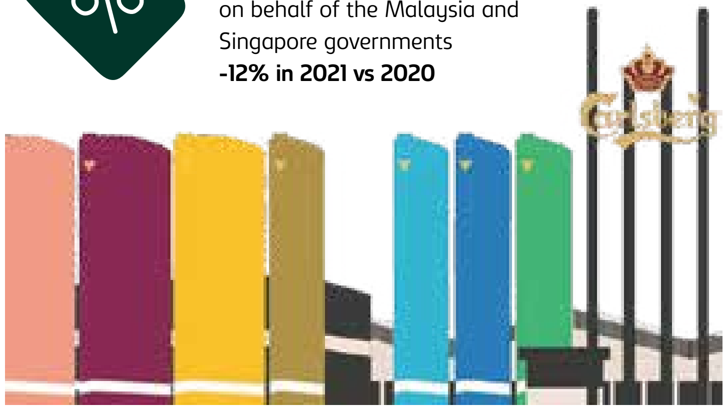
+18% in 2021 vs 2020

Indirect taxes

RM79.2 million

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

-12% in 2021 vs 2020



PEOPLE, DIVERSITY AND INCLUSION

In progressing our role as a responsible business, we place great emphasis on safeguarding our people, the development of our talent and the provision of support to the communities in which we operate.

At Carlsberg Malaysia Group, we recognise and acknowledge that our people are the backbone of our success. We therefore leverage a robust framework of policies, best practices and guidelines to enable us to cultivate a high-performance workforce that remains motivated and works collectively towards a shared vision. At an overarching level, we are guided by three fundamental pillars that empower us to "**Deliver Today**" and "**Take Care of Tomorrow**" – objectives that are closely aligned with our central purpose of "**Brewing for a Better Today and Tomorrow**".

The first pillar, which is to "**Drive High Performance**", helps us inspire our employees to consistently deliver their best every day. To this end, we emphasise setting clear objectives and KPIs and establishing continuous dialogue to review performance and gain feedback, as well as providing a supportive and flexible working environment that values and rewards accomplishments and dedication.

The next two pillars are designed to ensure the long-term sustainability of our human capital so that we remain prepared to take on future challenges.

Under our "**Healthy, Thriving Organisation**" pillar, we focus on upskilling employees and building their management skills, leading with care to nurture employee well-being and overall organisational health and building a culture of diversity and inclusion.

Our third pillar of "**Developing Our People**" is a strategic "Know, Grow, Flow" approach to talent management that empowers us to unleash the potential of our employees and emphasise internal promotion, thus providing our people with valuable career progression opportunities across the organisation.

Through this comprehensive and holistic approach to nurturing our people, we have been able to successfully attract and retain the best talent to achieve the Group's business objectives, while at the same time effectively safeguarding and supporting them through the uncertainties posed by the COVID-19 pandemic.

Our commitment to Leading With Care has resulted in better MyVoice scores, with Carlsberg Malaysia recording 77% in our employee engagement survey in 2021. This survey is conducted every two years, with Carlsberg Malaysia recording 75% and 70% in 2019 and 2017, respectively. Carlsberg Singapore scored 54% in 2021 and we will continue to implement our people leadership framework to drive improvement.

OUR PEOPLE LEADERSHIP FRAMEWORK

DELIVER TODAY	TAKE CARE OF TOMORROW	
DRIVE HIGH PERFORMANCE	**HEALTHY, THRIVING ORGANISATION**	**DEVELOPING OUR PEOPLE**
• Setting Clear Objectives • Holding Continuous Dialogues • Rewarding Performance	• Inculcating Leadership through Alignment, Accountability and Action • Leading with Care • Building a Diverse and Inclusive Culture • Employee Engagement	• Knowing our People • Growing their Competencies • Enabling the Flow of Talent across the Organisation

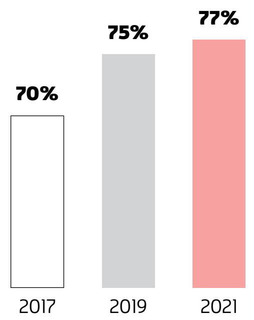
LEADING WITH CARE THROUGHOUT THE PANDEMIC

As the effects of the pandemic continued to impact our business and our people throughout 2021, our Management Team, supported by our Health, Safety, Security and Environment (HSSE) and Human Resources teams, continued to Lead With Care, safeguarding the health, financial security and holistic well-being of our people.

To curb the spread of the virus, we ensured that all health and safety SOPs and practices were stringently adhered to and tightened restrictions whenever COVID-19 cases in the community escalated. To enable more effective social distancing within the premises, we grouped our employees into two teams with separate work schedules. In addition, we implemented mandatory swab tests every 14 days, with 13,467 carried out in 2021, and accelerated the vaccination of our entire workforce and other on-site contractors under the Selangor Vaccination Programme (SelVAX). We closely monitored the well-being of our on-site third-party contractors by mandating weekly reporting, limiting hostel occupancy and segregating transport. Consequently, we are pleased to report that we had zero COVID-19 work clusters within our premises and recorded no deaths due to COVID-19 during the year.

100% of our brewery workforce was fully vaccinated by July 2021

CARLSBERG MALAYSIA'S MYVOICE EMPLOYEE ENGAGEMENT SURVEY SCORE



To support the financial security of our staff, we continued to honour variable performance bonuses for all eligible employees, while also providing an ad hoc allowance to subsidise employees' additional expenses incurred during the lockdown period. At the same time, we afforded subsidies to employees who tested positive for COVID-19 to assist in covering their quarantine expenditures. In December, 73 of our employees were affected by the floods. To support them, we provided them with a RM2,000 flood-relief subsidy each.

Our comprehensive and holistic approach towards safeguarding employee well-being encompassed a wide variety of initiatives that reflected our understanding of their ongoing concerns. During the year, we significantly bolstered the leave benefits available to our staff, including introducing a new benefit of family care leave for those who had sick family members, increasing the number of days for paternity and maternity leave and converting existing overseas leave into annual leave in line with travel restrictions. We also enhanced our Flexible Work Arrangements (FWA) policy to provide more flexibility to staff members who had family and personal commitments.

When employees returned to the office after 11 weeks of lockdown, we organised a warm welcome breakfast party with pre-packed breakfast sets, freshly picked fruits and hand-brewed coffee for employees on their first day back. Recognising the psychological impact of the pandemic, with issues such as anxiety, separation from loved ones and pandemic fatigue coming to the fore, we took the initiative to support their mental well-being by organising a series of mental wellness talks by clinical psychiatrist Dr Eugene Koh.

Other initiatives implemented to prevent a workplace outbreak included the distribution of free face masks, the establishment of one hand sanitiser station for every 15 employees and one handwashing station for every 20 employees, daily uniform washing and sanitisation and an upgraded locker room with shower facilities.

SOCIAL

These arrangements were intended to reduce the risk of pathogen transmissions via body surfaces and clothing, and controlled people flow and zoning within the brewery.

Throughout the year, we maintained timely and frequent communication and engagement with all employees, while enhancing our virtual working platforms to implement more efficient and flexible processes. We are proud to report that our efforts to Lead With Care were well appreciated by our workforce, as evidenced by our swift and successful resumption of brewery operations on 16 August despite the last-minute announcement, as well as the high marks we received in our employee surveys. The "Leading With Care" question received the highest score of 91% in the MyVoice 2021 Employee Engagement Survey, while the "Concern for Employees" question received a score of 82.2 in our 2021 Reputation Survey, which was 16.5 points higher than in the previous year.

A PROGRESSIVE COMMITMENT TOWARDS DIVERSITY, EQUITY AND INCLUSION

In 2021, we further cemented our commitment towards championing diversity, equity and inclusion (DE&I) within our workforce, as we believe this to be a fundamental strategy towards achieving a healthy and thriving organisation. The Carlsberg Group established a Diversity & Inclusion Council to act as ambassadors for diversity and inclusion, and to provide input to the Executive Committee to define our approach on this topic.

Operating with a diverse workforce has proven to be a crucial driver of Carlsberg Malaysia Group's ongoing success, and this was especially important during the pandemic. We established DE&I key measures as part of our HR Dashboard, and conducted an awareness campaign throughout the year. Our broad range of ages, backgrounds, cultures and viewpoints empowered us to think differently, offer innovative and balanced insights and approach problem-solving in creative new ways.

Our commitment to diversity flows from the top down. Of the nine members of the Management Team, who are aged between 36 and 55 years, there are four male and five female Directors. This makes us a proud member of the 30% Club Malaysia, a local chapter of the global business-led campaign to promote DE&I and gender balance within boards and C-suites.

While five out of the nine Management Team members are Malaysian, the four other Directors are from Italy, France and Germany and bring to the table a greater global perspective. At the same time, two out of the five Malaysians are local university graduates, a fact that underscores our dedication to promoting equal opportunity for all employees, regardless of their educational backgrounds.

One of the initiatives Carlsberg Malaysia Group has taken in this respect is the introduction of a referral programme that incentivises employees who refer a female candidate who is successfully hired, a move that has seen a 16% increase in the proportion of females hired through referrals this year.

During the year, we also looked into enhancing our inclusivity policies and practices to enable employees to feel valued, accepted and respected in a high-performance-based culture like in Carlsberg Malaysia and Singapore.

In addition to the family-friendly leave policies and flexible work arrangements covered earlier, we continued to build DE&I awareness through training and monthly learning sessions, with a total of three to four topics related to diversity and inclusion delivered throughout the year.

We also started a buddy system in 2021 to help new hires acclimatise and feel welcomed, as we recognised the potential difficulty they may face in forming social bonds due to the implementation of virtual onboarding and social distancing measures. Meanwhile, we continued our efforts to make the office inclusive for pregnant or new moms, with dedicated car parks and lactation rooms.

Thanks to our practice of a flat hierarchy, encouraging honest feedback and a culture that promotes and welcomes diversity and inclusion, we are proud of our growing reputation as an employer of choice within the industry. We are also pleased to report that there were zero reported cases of discrimination recorded during the year.

EMPLOYEE TRAINING AND DEVELOPMENT

As the Group grows and achieves its business objectives, we want our people to similarly advance their careers with us and achieve their professional objectives. Such a commitment empowers us to develop a loyal, competent and committed workforce that will enhance the sustainability of our business in the long term.

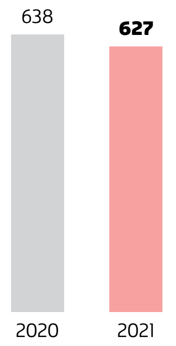
We thus utilise a strategic **KNOW**, **GROW**, **FLOW** approach to talent management that enables us to assess the strengths of our talents (KNOW), develop their competencies in alignment with their ambitions and our business objectives (GROW), and subsequently, expand our organisational strength and resilience by providing these next-generation leaders with career progression opportunities across the Carlsberg Group, both domestically and internationally (FLOW).

To identify and assess talent capabilities and uncover potential successors in business-critical roles, we undertake a structured talent review process at both the Group-wide and functional levels. Through understanding and assessment of performance, ability and aspirations, we can delineate the readiness of employees into four categories – Ready Now, Ready Later, Future Potential and Interim Successor – and undertake personalised initiatives to accelerate their development accordingly. From a management perspective, this enables all departments to have a clear understanding of all their talents' capabilities and arm themselves with the knowledge required for succession planning and/or expansion activities.

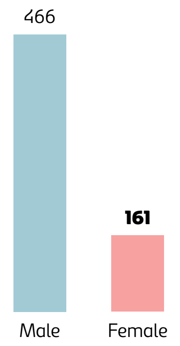
Inculcating a learning culture is a key priority, as we believe it is crucial that the individual talent remains in the driver's seat when it comes to their own career. We thus advocate and enable a wide array of initiatives to meet their diverse needs, such as setting individual learning hours targets for each employee, providing regular bite-sized learning opportunities via our Learning Bites programme, encouraging self-learning via access to LinkedIn Learning, holding leadership-sharing forums for talents to inspire them and instilling a culture of continuous coaching and open feedback.

At Carlsberg Malaysia, our employees were very enthusiastic about their career growth, and racked up 16,527 hours of learning, which averaged to 29.8 hours per employee. At Carlsberg Singapore, our employees clocked 663 learning hours, which averaged to 9.33 hours per employee, just shy of our target of 10 hours per pax.

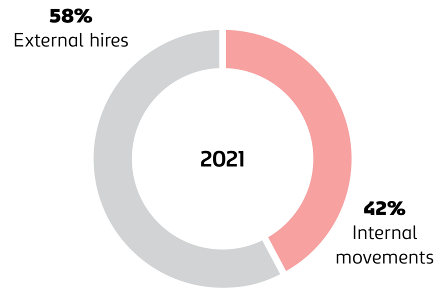
NUMBER OF DIRECT EMPLOYEES



GENDER



CAREER PROGRESSION OPPORTUNITIES



WOMEN IN THE GROUP

TRAINING (MALAYSIA)

Total Training Hours
16,527

Average Hours of Training per Employee Per Year
29.8

No. of Training Programmes
993

SOCIAL

When first-time managers commence their position at Carlsberg Malaysia Group, whether they are promoted internally or hired externally, they are given special attention to help them succeed. Under the umbrella of our Leadership Excellence Accelerated Development (LEAD) framework, we provide special courses to boost their knowledge of Carlsberg fundamentals, personal coaching by their very own line managers, e-learning courses on leadership-related topics and continuous and constructive feedback to ensure that they are best equipped for long-term success.

Talent development is also a key priority for us, and while our Carlsberg LEAD Business Diploma and Carlsberg Management Trainee Programmes were put on hold due to the pandemic, we continued to undertake various other initiatives. These included the Carlsberg Apprenticeship Programme, which saw an intake of 11 apprentices during the year, and our internship programme, which enrolled 26 interns in 2021.

We are humbled to have received numerous awards and recognitions for our leadership strategies, people management practices and working culture during 2021, both from the Carlsberg Group as well as from independent committees. We will continue to strive to lead our people with care, promoting diversity and inclusivity and empowering our employees to achieve their goals and objectives as part of the Carlsberg family.

CARLSBERG GROUP AWARDS

- **HEALTHY & THRIVING ORGANISATION GLOBAL AWARD 2021**
- **EMPLOYER BRANDING TOP 3 BEST CASE PRACTICES 2021**

EXTERNAL ACCOLADES

- **GRADUATES' CHOICE AWARD (GCA) MOST PREFERRED GRADUATE EMPLOYERS TO WORK FOR IN 2022 – CHAMPION (LIQUOR)**
- **EMPLOYEE EXPERIENCE AWARDS 2021**
  - **GOLD** in Best Crisis Management and Leadership
  - **SILVER** in Best Succession Planning Strategy
  - **BRONZE** in Best First-Time Manager Programme

DASHBOARD	FY2021	FY2020
Internal Movement vs External Hires	67:33	62:38
Succession Bench Strength	61%	55%
Key Talent Retention	92%	91%
Learning Hours (Malaysia)	29.8 hours	10.8 hours
Young Talent Programmes	Interns - 26 Apprentices – 11	Interns - 42 Apprentices – Not applicable, as Apprenticeship Programme only started in 2021

HUMAN RIGHTS & LABOUR PRACTICES

The Carlsberg Group maintains its commitment to upholding human rights as a signatory of the UN Global Compact, and as a supporter of the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. In Malaysia, we are a participating member of the UN Global Compact Malaysia and Brunei effective February 2022. We continue to train people managers on our Labour & Human Rights Policy, which lays out our commitment to respecting the human rights of all our employees and contract workers. It covers topics such as working hours and wages, freedom of association, discrimination, harassment and child and forced labour.

Our efforts to Lead With Care extend beyond our employees, as we continuously monitor the well-being of our on-site third-party contractors. In 2021, this was done by reviewing weekly reports from the vendor, as we were unable to conduct physical inspections due to COVID-19 public health policies.

Besides ensuring compliance with COVID-19 standard operating procedures, the Group also looked after the health and safety of third-party contractors by scrutinising their living conditions. To prevent overcrowding, the vendor was asked to limit hostel occupancy to a maximum of six people per unit. The same approach was applied to the transportation of staff, with each trip only transporting the residents of the same hostel. This not only prevented overcrowding in the van, but also reduced the interaction among inter-hostel residents in the confined cabin of a vehicle.

COMMUNITY RELATIONS

Scan to watch SAFER SCHOOLS video

OUR CONTRIBUTIONS IN 2021

Safer Schools
RM1.6 million

Food Aid
RM1.0 million

Education Fund
RM1.0 million

SAFER SCHOOLS

Encouraged by the success of our "Safer Together" initiatives in 2020, we repeated the Safer Schools campaign in 2021. We pledged RM1.6 million to the second consecutive Safer Schools campaign, which aimed to provide a safer learning environment for both teachers and students as physical classes resumed in October 2021.

Many parents were still concerned and wary about sending their children back to school as there were no vaccinations for children yet and there was the risk of children catching COVID-19 and passing it on to those at home.

To alleviate these fears and reduce the chances of infection, we initiated a campaign advocating the strict health and safety procedures implemented to fight COVID-19 in a fun and exciting way.

The campaign was launched with a catchy Safer Schools song with lyrics in Bahasa Malaysia, English, Mandarin and Tamil. Coupled with simple dance moves, the song could be easily learned and taught by teachers and parents of schoolgoing children – infusing COVID-19 hygiene and protection measures with a sense of fun.

In addition, we upped the ante with sponsorship of contact-free facial recognition infrared thermometers to help schools keep a digital record of attendance and contact tracing and also monitor students' temperatures upon arrival at the school premises.

Moreover, we joined hands with WonderKlean, a CUCKOO Healthy Home brand under CUCKOO International (M) Sdn Bhd, to provide deep cleaning and disinfection services to schools in the event of any report of COVID-19 positive cases made within 48 hours.

We will continue to seek opportunities to help the communities around us, and we are grateful that we can do our part as we strive to help those in the present so that they can have a brighter future.

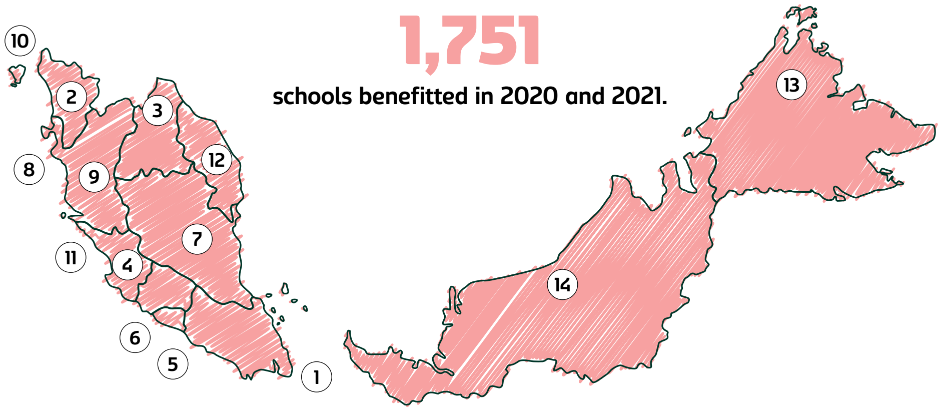
"UNICEF estimated a staggering in-class learning loss of 1.8 trillion hours since the global pandemic began. Our Safer Schools campaign helped schools to reduce risk of infection and educated students the importance of personal hygiene to promote physical and mental health," Pearl Lai, Corporate Affairs & Sustainability Director said.

SOCIAL

SAFER SCHOOLS

1,751

schools benefitted in 2020 and 2021.



Breakdown of benefitted schools by states

1	Johor	295
2	Kedah	123
3	Kelantan	30
4	Kuala Lumpur	73
5	Melaka	91
6	Negeri Sembilan	112
7	Pahang	100

8	Penang	98
9	Perak	216
10	Perlis	16
11	Selangor	266
12	Terengganu	12
13	Sabah	114
14	Sarawak	205

CELEBRATE PROSPERITY, CHEERS FOR TOMORROW

In conjunction with the Chinese New Year celebration, Carlsberg Malaysia participated in the act of giving to the underprivileged through its "Celebrate Prosperity, Cheers for Tomorrow" initiative in January 2021, with a total contribution of RM2.0 million.

Organised to assist and support Malaysians impacted by the pandemic and flood disasters, the initiative saw an initial RM1 million worth of food aid channelled to 2,000 underprivileged families. Carlsberg joined forces with the Malaysian press, comprising theSun, Star Foundation, Yayasan Nanyang Press, The Borneo Post and See Hua Daily News, to reach out to these families, regardless of race and creed, across the nation. Priority was given to orphans, single parents, those with disabled (OKU) family members and individuals from the B40 category.

Carlsberg Malaysia believes that every Malaysian should have equal access to a good education. In a collaboration between The Federation of Chinese Associations Malaysia (Huazong) and Carlsberg Malaysia, RM1 million was given out to aid 333 tertiary students in their education via the Carlsberg-Huazong Education Fund.

GOVERNANCE

LIVE BY OUR COMPASS

At Carlsberg Group, we are guided by a strict Code of Ethics and Conduct in avoiding any incidences of non-compliance that can negatively affect our reputation and business. This important discipline is outlined in "Live By Our Compass", a programme that stresses the importance of integrity and offers guidance on ethical behaviour as part of our "Create a Winning Culture" initiative.

We prioritise compliance always, and this is fully endorsed by the Executive Committee (ExCom) of Carlsberg Group, the Carlsberg Malaysia Group Board of Directors and the Management Team in both our Malaysian and Singaporean operations. We make certain our employees are fully aware of and totally comprehend this fact via meetings/talks held during our employee town halls, internal communication memos, training and e-learning and through an accessible central database containing manuals, policies and procedures on compliance.

In 2021, we achieved 100% completion rate for all relevant employees for trainings, e-learnings and/or declarations.

CODE OF ETHICS & CONDUCT

As our employees also play the part of ambassadors for the Carlsberg Group, their individual actions are a reflection of our reputation as a global business leader. It is imperative that our people and business associates have a clear understanding of the principles and values that we uphold via our Code of Ethics and Conduct (Code).

The Code was updated in October 2021 and now includes an Ethical Decision-Making Guide to assist employees to make decisions, in line with ethical values and the Carlsberg Group's culture of compliance.

The Code ensures that everyone, from Management Team down to all levels within the organisation, follows ethical and responsible behaviour and has the understanding that non-compliance with codes and policies carries consequences, including sanctions, financial repercussions and reputational damage.

In accordance with the Code, employees must make a report of any incidents that violate Group codes or policies to their supervisors, the Group's compliance representative, the Group's legal counsel or through the whistleblower system.

Mandatory e-learning for new employees or as a refresher saw a 100% completion rate in 2021.

COMPETITIVE BEHAVIOUR

The Carlsberg Group actively supports fair play and endeavours to gain the upper hand through the premium quality of our products, not through unscrupulous business practices that breach competition laws.

In the event of a breach in competition law, some of the consequences are hefty fines, imprisonment and reputational damage.

The policy applies to all our people, especially those who hold Management Team positions, as their responsibilities may include pricing, developing marketing plans, attending trade association meetings or even keeping in touch with customers and suppliers.

If we ensure that we adhere to the practice of playing by the rules where competitors are concerned, we will surely make the best business decisions independently of our competitors, fulfilling our pledge not to conspire with competitors in terms of business strategy, pricing and production. We promise that we will always be transparent and objective in our business operations to the benefit of our customers, who have the last say in resale pricing.

DATA PROTECTION

We take measures to ensure that all personal data collected during the course of our business operations is safeguarded from being misused and is secure from third-party fraud, scams and identity theft.

Personal data that can be linked to any person, including name, address, banking information, social media posts, date of birth, IP address and other information, carries the risk of infringement of an individual's privacy and personal security.

The personal data collected by Carlsberg Malaysia and Carlsberg Singapore may be subject to the European Union's General Data Protection Regulation (GDPR) as they are part of the Carlsberg Group based in Denmark. The regulation applies when there is a transfer of personal data outside the European Union (EU) and the European Economic Area (EEA).

Our privacy policy sets out clearly the types of data collected, the purpose of any data collection and the legal basis for such collection, as well as the objective of data processing, how long the data will be kept and if it will be shared with any third parties outside the EEA.

TRADE SANCTIONS

It is essential that our people be aware of existing trade sanctions as these sanctions regulate and impact who we do business with and provide products, services and technology to, in the context of Carlsberg Group's global business.

Compliance with all relevant sanctions and export controls in our global operations is an important company policy as it forms part of our global compliance programme, which also covers anti-bribery and corruption, competition law and data protection.

All employees are trained in the basic knowledge of trade sanctions, as well as in the relevant procedures required for compliance with applicable sanctions in the countries that Carlsberg Group operates in directly or indirectly. Relevant employees are also required to stay up to date with the country list that outlines the risk that particular countries and territories represent to the Carlsberg Group.

ANTI-BRIBERY & CORRUPTION

Managing our business with sound ethics and the utmost integrity throughout all our operations worldwide is something Carlsberg Group is fully committed to. We are well aware that corruption is a major hurdle to reducing poverty and raising standards of living all over the globe and is an issue that goes beyond the financial and reputational implications of non-compliance we have a zero-tolerance approach towards corruption.

In our practice of zero tolerance towards bribery and corruption, we have an Anti-Bribery & Corruption policy and manual that cover payments, gifts and hospitality, donations and expenses related to government officials and sponsorships and charitable donations, as well as the prohibition of facilitating payments. The policy requires management, employees and contract workers of the Carlsberg Group to comply with all applicable laws and regulations on bribery and corruption, including, but not limited to, the U.S. Foreign Corrupt Practices Act

(FCPA), the UK Bribery Act 2010 (UKBA) and other applicable national anti-bribery statutes and regulations implemented where we operate, including in Malaysia and Singapore.

For business operations in both Malaysia and Singapore, anti-bribery laws are crucial, and they must be strictly complied with to avoid serious reputational and financial consequences.

In addition to the Anti-Bribery & Corruption Policy, a Gift, Entertainment & Donations Manual has been specifically developed for the Malaysian and Singaporean markets, which is disseminated through in-house memos and email our reminders and is available for reference in central compliance depository. The manual includes monetary limits for gifts, allowable hospitality and SOPs to record and report inappropriate gifting or receiving to or from external parties.

All Directors and employees, as well as our suppliers, consultants, customers and distributors, have signed the Anti-Bribery and Corruption declaration as of 31 December 2021. We have also continued with the mandatory e-learning for relevant employees, with a 100% completion rate in 2021.

SUPPLIER AND LICENSEE CODE OF CONDUCT

Under the Carlsberg Group's policy, all our suppliers and licensees must sign up and abide by our Supplier and Licensee Code of Conduct ("Code of Conduct"). It is therefore mandatory that all contracts with our suppliers and licensee include the Code of Conduct and the obligation on our business partners to comply with it. Our suppliers and licensees bear the responsibility of ensuring that their employees, sub-contractors and all other third parties acting on their behalf, observe and comply with the Code of Conduct.

The Code of Conduct stipulates that our suppliers and licensees must comply with applicable laws and regulations, including labour and human rights, health and safety, environmental sustainability, business ethics including anti-bribery and anti-corruption, competition and fair trade and data protection. Carlsberg Group will periodically review the adequacy and continuing effectiveness of the Code of Conduct and notify our business partners of any resulting revisions.

CARLSBERG'S WHISTLEBLOWER SYSTEM

Carlsberg Group has implemented a comprehensive whistleblowing framework and policy to safeguard our Group and ensure our business is carried out in a principled and compliant manner.

The whistleblowing system provides employees, customers, suppliers, business partners or any individual the freedom to report any unethical, illegal or non-compliant practice, breach or suspected breach of the Code during the course of business. Anyone who speaks up in good faith is protected – we do not tolerate any form of retaliation against the whistleblower.

The Whistleblowing Policy & Procedures are accessible on the Group's corporate website and any reports can be made either directly to Carlsberg Malaysia Group's Whistleblowing Committee or through Carlsberg Group's Speak Up system:

1. Via email to a secure mailbox at whistleblow.cbmb@carlsberg.asia (to report directly to the Whistleblowing Committee).
2. Via email to a secure mailbox at speakup@carlsberg.com (to reach out directly to the Speak Up Review Team).
3. Via phone call to the Speak Up system, operated by an independent third party, by calling the toll-free telephone lines (+60(0)15 4877 0383 for Malaysia and 800-852 3912 for Singapore).
4. Via the internet through the Carlsberg SpeakUp Line, powered by Convercent. Options are available to provide details of the reportin the reporter's local language.

Reports using Speak Up enable the reporter to remain anonymous should they wish to do so.

To learn more about the whistleblower system, visit carlsbergmalaysia.com.my/who-we-are/corporate-governance/whistleblower-system/

Read and download our policies here: https://carlsbergmalaysia.com.my/sustainability/sustainability-at-carlsberg/download-our-policies/

UPHOLDING DATA ETHICS

The Carlsberg Group is committed to earning and retaining the trust of our consumers, business partners, employees and other stakeholders as we strive to Brew for a Better Today and Tomorrow.

As explained in our Data Ethics Policy, which can be found on carlsbergmalaysia.com.my, one way in which we live up to this commitment – within a globalised and digitalised business environment – is to only use personal data in accordance with the principles set out in the policy:

KEEPING DATA SAFE

We take measures to ensure that any data shared and used – whether personal or business data – is protected through robust security features, effective processes for their implementation and reliable IT applications and providers. Through these actions, we protect the digital well-being of our many stakeholders by safeguarding all of their data in our care, including in our information systems, from the exponentially growing risks of illegal and damaging conduct by individuals or groups acting either carelessly or intentionally for financial gain or other pernicious reasons.

COMPLYING WITH DATA PROTECTION LAWS

The Carlsberg Group has effective and meaningful privacy and data protection standards in place, not only to comply with the many evolving regulatory requirements across our global markets, but also to promote the trust of those countries' citizens, leaders and business communities. To comply with local requirements, the Carlsberg Group directs that all personal data, however and wherever used in our business operations, must be handled in strict accordance with the global privacy and data protection standards set out in our internal policies.

USING DATA RESPECTFULLY

The Carlsberg Group respects individual privacy as part of our greater commitment to ethical business conduct and stakeholder dignity. For our workers, our commitment to a fair, respectful, safe and non-discriminatory workplace includes the lawful, fair and limited handling of their data as part of our working relationship. When collecting and using consumer data to better produce and market our products, the Carlsberg Group does so ethically, for example by not acting in any way to promote drinking to minors, by enabling consumers' autonomy over how their data is processed through transparent privacy notifications and by reducing the privacy impact of digital technologies that we use.

EMBEDDING DATA ETHICS IN THE ORGANISATION

The Group is committed to prioritising data ethics and this is embedded throughout the organisation in various polices and manuals, which detail the Group's high standards of data ethics and integrity. These ethical standards are promoted and safeguarded by subject matter experts in various relevant functions, such as Group Integrated Information Technology and Group Legal & Compliance, and are embedded throughout the organisation through, for example, regular employee training, communications and evolving best practices.

OUR MARKET **LANDSCAPE**

OVERVIEW

The second year of the COVID-19 pandemic continued to disrupt economic recovery, as a resurgent virus forced countries around the world to implement lockdowns once again to break the chain of infection.

In Malaysia, the government enforced an 11-week lockdown between June and August 2021, longer than the seven-week lockdown seen in 2020, to reduce the strain on the health system as new COVID-19 cases were recorded in unprecedented numbers.

Similarly, in Singapore, the period of May up to November saw the government implementing intermittent lockdown-like restrictions that initially barred dine-in operations and limited outdoor gatherings before being gradually eased.

The lockdown's effect on production, distribution, consumption and entire value chains was certainly felt across many sectors, especially the retail and food & beverage sectors, which were particularly hard hit.

In terms of economic growth, what was expected to be a strong recovery for Malaysia in 2021 was derailed, with GDP growth coming in at 3.1% compared to the 5-6% expected at the beginning of the year. Singapore fared better, however, returning GDP growth of 7.2% in 2021, which was largely in line with expectations.

GDP GROWTH
3.1%
MALAYSIA

GDP GROWTH
7.6%
SINGAPORE

OUR MARKET LANDSCAPE

In 2020, the Malaysian and Singaporean governments had devoted enormous amounts of resources to cushion the impact of the lockdowns on lives and livelihoods. It was no different in 2021 as the government once again rolled out economic stimulus packages, albeit with slightly more targeted programmes and mechanisms.

More importantly, however, was the aggressive rollout of vaccinations with Malaysia reaching the key milestone of 90% of the country's adult population being fully vaccinated by 1 October, while Singapore had about 82% of its entire population being fully vaccinated at the same point.

Reaching this milestone was highly significant for Malaysia as it allowed the resumption of interstate travel, the reopening of economic sectors and the easing of many movement restrictions. With this, there has been a rapid improvement in business and consumer sentiment, with pent-up demand driving growth and a sustained recovery seen going into 2022.

INDUSTRY

The food & beverage (F&B) industry faced incredible challenges in 2021 as the lockdown took a toll on its ability to attract footfall and generate sales. Many F&B outlets had to once again turn to delivery and takeaways, while many were also forced to close altogether as business became untenable. Meanwhile, the operations of entertainment outlets continue to be suspended.

For the brewery sector, this was certainly a difficult situation for the entire modern and traditional on-trade channel, as it is known in industry circles, which has traditionally been our top sales contributor.

However, although demand fell in this channel, it was redirected to the off-trade channel comprising convenience stores, mini markets, supermarkets and hypermarkets as consumers became used to enjoying their drinks at home. In line with this change in consumer preferences, there was also a notable shift to online purchases of beverages. We have devoted resources and developed business plans to capitalise on this trend to expand further.

The main challenge therein was to ensure sufficient supply as the prolonged lockdown and closure of our brewery led to shortages of certain products in selected channels in Malaysia and in exports to Singapore. With restrictions on production lifted in mid-August, the industry resumed operations quickly to replenish stocks and meet the export orders.

In terms of commodities, aluminium prices rose steeply in 2021 but we were able to mitigate the effect by hedging the raw material in 2020. Alumina prices remained relatively unchanged in the first half of last year but increased 30-40% in the second half due to higher cost of production and reduction in manufacturing globally.

Furthermore, alumina prices are expected to rise in 2022 compared to 2021 due to limited supply and high cost of production. We will continue to leverage on Carlsberg Group's global procurement capability to hedge our prices to mitigate the impact to our business.

OUTLOOK

With the relaxation of movement restrictions in the fourth quarter of 2021, there has been a significant uptick in consumer spending, especially in the on-trade channel. Barring any disruptions or lockdowns, we are confident of delivering a modest growth in 2022.

With the threat of the Omicron variant lingering, we expect consumers to continue practising restraint and caution when socialising; as such, we believe the off-trade channel, together with e-commerce, will continue to lead in sales as many consumers are expected to drink in smaller groups in the comfort and safety of their homes. The recovery of on-trade channel, however, will rely on the restrictions on dine-in and operating conditions, as well as local and international tourism, assuming no lockdowns this year.

The approach adopted by most countries to live with the pandemic is a sensible one, especially as greater numbers of people are being vaccinated, which should also lend greater protection against new variants. By the late February 2022, about 79% and 91% of the entire populations of Malaysia and Singapore, respectively, had been fully vaccinated. Singapore also began vaccinating children between 5 and 11 years old in January 2022, with Malaysia following suit in February 2022.

From a wider industry perspective, we are happy to note that there has been no excise duty increase since 2017, and are grateful that no adverse legislation to restrict the sales of alcohol has been implemented.

DETERMINING OUR **MATERIAL ISSUES**

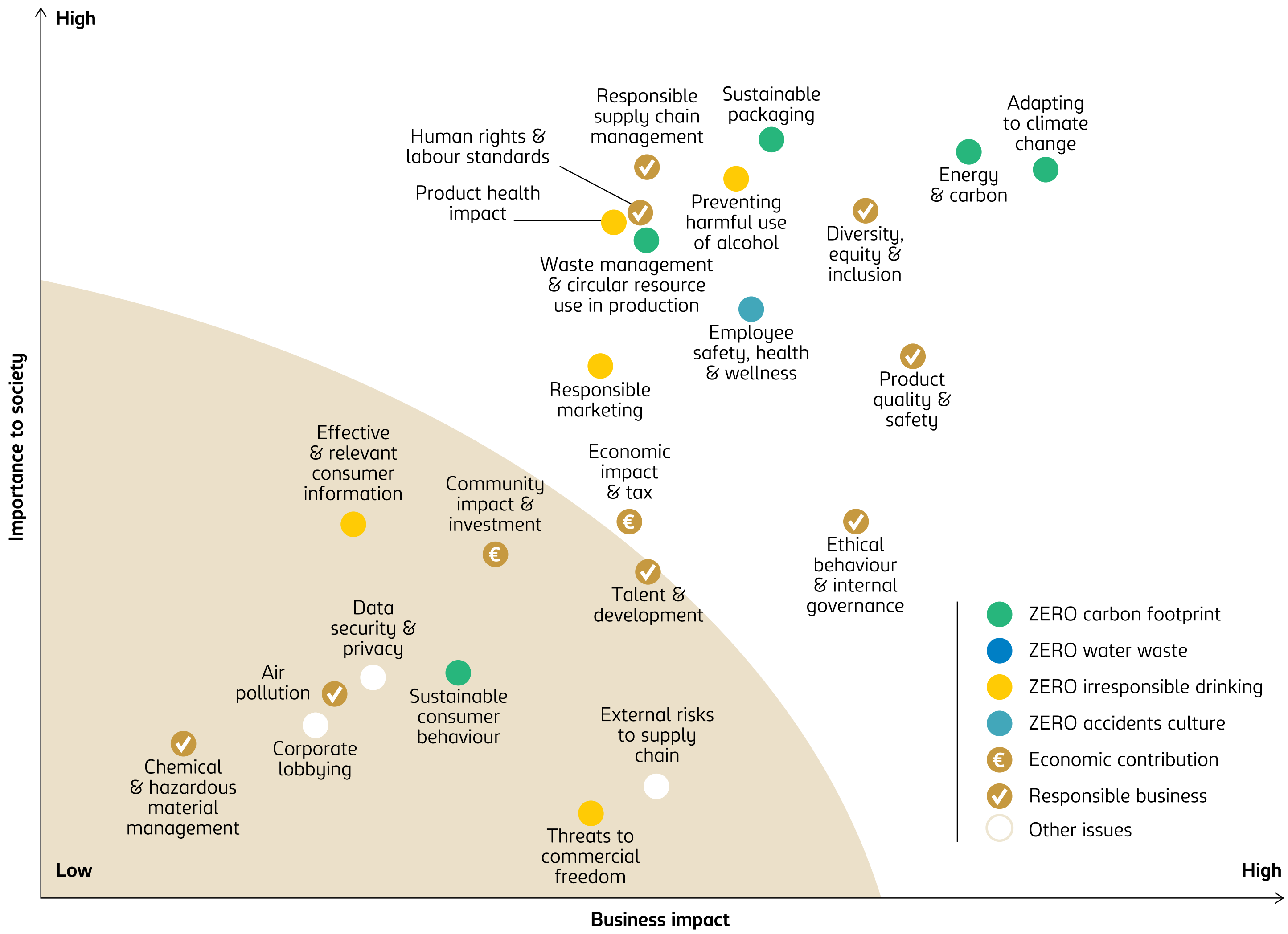
IDENTIFYING OUR PRIORITIES

At the Carlsberg Group, we are committed to ensuring that the value we create, as well as the way this value is created, considers the impact on our business and all our stakeholders. Assessing the issues that are most material to us and our stakeholders in the environmental, social and governance contexts will enable us to continue to operate effectively and sustainably.

The Together Towards ZERO programme was supported by a materiality assessment conducted in 2016, which is a clear example of how an accurate and comprehensive assessment has helped us deliver sustainable value. With the evolving operating landscape and the emergence of the COVID-19 pandemic creating new concerns and challenges, we conducted a new materiality assessment in 2020 with support from experts at GlobeScan.

Analysis of existing data and research from both within and outside our business, combined with insights from a digital listening platform, informed an initial issues list. This was used to support focused consultation to gain internal and external perspectives. We conducted a survey of employees representing a range of geographies and functions, and in-depth interviews with external stakeholders representing groups including non-governmental and intergovernmental organisations, industry associations, investors, customers, suppliers and academics.

MATERIALITY MATRIX



DETERMINING OUR MATERIAL ISSUES

THE FINDINGS

Four interconnected environmental themes formed the most material issues for Carlsberg: climate change adaptation; energy and carbon; water stewardship; and sustainable packaging. These were also priority issues in 2016, but the scale and nature of stakeholder expectations have evolved. Sustainable packaging is more prominent among these top issues, while climate change adaptation is now as important as we seek to mitigate against environmental risks. Water stewardship remains a high strategic and reputation risk, but is also seen as an opportunity for Carlsberg to show leadership.

Supporting equality and caring for employees have risen in prominence. Diversity, inclusion and equity is a high priority. Employee safety, health and wellness is also a critical issue and will remain so as we emerge from the COVID-19 crisis. Looking forward, areas for potential future consideration are the future of work and the need for upskilling or reskilling (talent and development), as well as Carlsberg's role in supporting social justice and economic equality (community impact and investment).

Stakeholders also see an opportunity for Carlsberg to show leadership in product health impact and social impacts (preventing harmful use of alcohol) through innovating and widening the availability of products (such as low-/no-alcohol or low-sugar options), bolder marketing and working with the industry and others to define the role of beer in a "healthy" society.

The prominence of sustainable agriculture and ecosystem health is rapidly increasing and expected to become more of a high-profile issue for the whole food and drinks sector. Stakeholders also highlighted the interconnection between biodiversity, water and climate.

Carlsberg's extended responsibility across the whole supply chain was prominent in stakeholder feedback (responsible supply chain management), with human rights and labour standards being key components. Other issues identified as highly material included product quality and safety, ethical behaviour and governance, waste management and circular resource use in production, responsible marketing and economic impact and tax.

The identified material matters and our ESG performance have been mapped against the specific targets set within the United Nations Sustainable Development Goals. Although the material issues were identified at the global level, the issues are relevant to Carlsberg Malaysia and we localised the reported performance data where relevant and applicable. This enabled us to measure our ESG performance according to the prioritised material matters.

ISSUE DEFINITIONS

ISSUE	DEFINITION
Responsible supply chain management	High social (including workers) and environmental standards for sourcing and partners. Supporting partners to develop strategies for improvement (on environmental and social impacts) and monitoring their performance through audits, etc.
Human rights and labour standards	Ensuring human rights are protected within own operations and throughout the value chain, including implementing governance and systems to identify, address and remedy issues. Eliminating all forms of forced and compulsory labour, child labour and human trafficking. Upholding the right of freedom of association and collective bargaining.
Sustainable packaging	Reducing, reusing, recycling and rethinking packaging materials, as well as developing sustainable packaging innovations and advocating circular packaging systems (e.g. return schemes).
Preventing harmful use of alcohol	Working with others (e.g. policymakers, partners within and beyond the industry and customers) to raise awareness, promote moderation, tackle misuse and reduce alcohol-related harm in society (e.g. violence and abuse, underage drinking, drink-driving).
Responsible marketing	Marketing alcoholic and non-alcoholic products in a responsible manner.
Effective and relevant consumer information	Providing the information consumers need to make informed decisions about their consumption of alcohol. Transparency through provision of consumer information on ingredients and alcohol content.
Sustainable consumer behaviour	Labelling and transparency about environmental impacts on products and in communications.
Product quality and safety	Ensuring traceability, safety and consistency of products through high-quality standards and procedures.
Energy and carbon	Reducing carbon emissions and improving energy efficiency across own operations, distribution and full value chain, including investing in clean low-carbon technologies and renewable energy.

DETERMINING OUR MATERIAL ISSUES

ISSUE	DEFINITION
Adapting to climate change	Developing strategies to protect against climate-related hazards (e.g. water shortages).
Waste management and circular resource use in production	Designing out waste and pollution, while keeping products and resources in use within own operations and supply chain. Responsible disposal of any waste, including discharge of brewery effluent, spent grain and treatment of wastewater.
Chemical and hazardous material management	Appropriate systems and procedures for the continuous reduction of chemicals in products and processes, and appropriate disposal of chemical and hazardous waste.
Ethical behaviour and internal governance	Ethical approach to the legal and regulatory environment, including ensuring compliance with all local laws. Good governance systems, rules and procedures, including executive oversight. Rigorous action against corruption, misconduct, negligence and anti-competitive behaviour.
Corporate lobbying	Responsible lobbying practices that are fully aligned with the Company's sustainability commitments and strategy.
Data security and privacy	Protecting the right to privacy and ensuring security of data for customers, consumers, employees and business partners. Including via social media and other communication outlets.
Diversity, inclusion and equity	A workplace where all employees are treated fairly and without discrimination. Working towards equality internally (gender, age, race, sexual orientation, disabilities, faith, etc.) and advocacy with partners and externally.

ISSUE	DEFINITION
Employee safety, health and wellness	A safe working environment across all operations. Protecting the health and well-being of employees, including work/life balance, stress and mental health, flexible working arrangements and support for physical health issues.
Talent and development	Good pay, benefits and services for workforce (e.g. health insurance, retirement contributions). Maximising employee engagement and talent recruitment/retention through career development, training and opportunities.
Community impact and investment	Creating shared economic value with communities and other stakeholders in all operational locations (e.g. through access to opportunities, investment, programmes and partnerships to support development, inclusion and environmental protection).
Economic impact and tax	Positive economic impact across all markets through job creation/ security, investment and supporting the wider value chain. Fulfilling taxation responsibilities to the economies in which we operate.
Product health impact	Supporting healthy consumption of alcohol and other beverages, including innovation for healthier products (e.g. low-/no-alcohol or low-sugar options).
Threats to commercial freedom	Potential threats to the business (e.g. linked to the COVID-19 pandemic) through demonisation of alcohol via government restrictions, illicit trade in alcohol or threats to the wider hospitality industries.
External risks to supply chain	Challenges to the supply chain, including raw material availability, as well as import and export restrictions caused by trade wars or pandemic-related labour and travel restrictions.
Air pollution	Reduction in pollutants with negative impacts on public health, particularly nitrogen oxide and sulphur dioxide.

DETERMINING OUR MATERIAL ISSUES

CONTRIBUTING TO THE UN SUSTAINABLE DEVELOPMENT GOALS

SDG	TARGET	ACTIONS	FOCUS AREA	PAGES
3 GOOD HEALTH AND WELL-BEING	**3.5** Strengthen the prevention and treatment of substance abuse, including harmful use of alcohol. **3.6** By 2020, halve the number of global deaths and injuries from road traffic accidents.	Alcohol-free options available in Malaysia and Singapore. Maintained commitment to the Digital Guiding Principles alongside member companies of the International Alliance of Responsible Drinking (IARD). Continued implementation of actionable advice on responsible drinking, including age-restriction messaging. Continued to encourage responsible behaviour, including campaigns to tackle drink-driving in Malaysia and Singapore. All field sales employees are equipped with breathalysers and car camcorders.	ZERO IRRESPONSIBLE DRINKING	49 to 52
5 GENDER EQUALITY	**5.1** End all forms of discrimination against all women and girls everywhere. **5c** Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.	The Carlsberg Group established a Diversity & Inclusion Council to act as ambassadors for diversity and inclusion and to provide input to the Executive Committee to define our approach on this topic. Established Diversity & Inclusion key measures as part of HR Dashboard. An awareness campaign comprising a series of activities was conducted throughout the year. Continued to build a pipeline of female talent, with women accounting for 56% of the Management Team and 35% of managerial positions within the Group.	Respecting Human Rights Embracing Diversity & Inclusion	58 to 62
6 CLEAN WATER AND SANITATION	**6.3** By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally. **6.4** By 2030, substantially increase water-use efficiency and ensure sustainable withdrawals and supply of fresh water to address water scarcity.	Reduced water usage by 17% in 2021 compared to 2020. Upgraded water treatment plant to reduce water wastage. The plant started operating in October 2021. Wastewater treated to 70-80 mg/l, which is within Standard B (under 200 mg/l) of Environmental Quality (Sewage) Regulations 2009. Optimisation of water usage in bottle-washing process.	ZERO WATER WASTE	47 to 48

DETERMINING OUR MATERIAL ISSUES

SDG	TARGET	ACTIONS	FOCUS AREA	PAGES
7 AFFORDABLE AND CLEAN ENERGY	**7.2** By 2030, increase substantially the share of renewable energy in the global energy mix. **7.3** By 2030, double the global rate of improvement in energy efficiency.	Reduced carbon emissions from 10.8 kg CO_2/hL in 2018 to 10.04 kg CO_2/hL in 2020, but the figure increased to 10.4 kg CO_2/hL in 2021 as efficiency was impacted by the suspension of brewery operations due to COVID-19. Thermal energy consumption from natural gas and biogas usage reduced to 19.81 kWh/hL in 2021 from 20.75 kWh/hL in 2020.	ZERO CARBON FOOTPRINT	42 to 46
8 DECENT WORK AND ECONOMIC GROWTH	**8.1** Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries. **8.5** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. **8.3** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises. **8.8** Protect labour rights and promote safe and secure working environments for all workers.	Directly employed 627 people in Malaysia and Singapore. Contributed RM986 million in direct taxes, indirect taxes and excise duties to the governments of Malaysia and Singapore. Maintained our commitment to upholding internationally recognised human rights as a signatory to the UN Global Compact and as a supporter of the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. Continued to train people managers on our Labour & Human Rights Policy. Reduced the number of lost-time accidents to zero for more than 1,000 days and counting. The Near Miss and Safety Concern Reporting programme recorded 3,850 reports in 2021, up from 3,454 in 2020.	ZERO ACCIDENTS CULTURE Contributing to Economies Respecting Human Rights	53 to 55 56 to 57 58 to 62

DETERMINING OUR MATERIAL ISSUES

SDG	TARGET	ACTIONS	FOCUS AREA	PAGES
10 REDUCED INEQUALITIES	**10.2** By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.	The Carlsberg Group established a Diversity & Inclusion Council to act as ambassadors for diversity and inclusion and to provide input to the Executive Committee to define our approach on this topic.	Respecting Human Rights	62
	10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.	Established Diversity & Inclusion key measures as part of HR Dashboard. An awareness campaign comprising a series of activities was conducted throughout the year. Continued to train people managers on our Labour & Human Rights Policy, which covers non-discrimination.	Embracing Diversity & Inclusion	58 to 61
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**12.2** By 2030, achieve the sustainable management and efficient use of natural resources. **12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse. **12.6** Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle. **12.9** Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production.	Improved recyclability of packaging by using Cradle to Cradle Certified™ silver ink that is produced using renewable energy across our bottle labels. Doubled the lifetime of refillable glass bottles by using new wax emulsion coating. This extends the bottles' longevity and reduces the need for bottles to be taken out of circulation for recycling. We send our spent materials to three contractors, where it is converted to livestock feed. This reduces the amount of waste to landfill.	ZERO CARBON FOOTPRINT	42 to 46

DETERMINING OUR MATERIAL ISSUES

SDG	TARGET	ACTIONS	FOCUS AREA	PAGES
13 CLIMATE ACTION	**13.1** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters. **13.3** Improve education, awareness-raising and capacity on climate change mitigation, adaptation, impact reduction and early warning.	Made progress towards our climate targets, which have been approved by the Science Based Targets initiative as being line with the latest climate science to limit global warming to 1.5°C. Carlsberg Group conducted our most extensive analysis yet of our global beer-in-hand value chain carbon footprint, with input from suppliers representing more than 60% of our spend. In 2019, Carlsberg Malaysia showed a 7% reduction in relative emissions since 2015. 100% of newly purchased fridges and beer coolers use low climate impact technology.	ZERO CARBON FOOTPRINT	42 to 46
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**16.5** Substantially reduce corruption and bribery in all their forms.	Continued online training on anti-bribery and corruption, which was, completed by all employees. Implemented the Whistleblower Framework to encourage reports of suspected misconduct, including those related to business integrity.	LIVE BY OUR COMPASS	65 to 67
17 PARTNERSHIPS FOR THE GOALS	**17.16** Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships. **17.17** Encourage and promote effective public, public-private and civil society partnerships.	We send our spent materials to three contractors, where it is converted to livestock feed. This reduces the amount of waste to landfill. Partnered with e-hailing providers such as Grab, Riding, Pink and airasia ride and chauffeur-on-call service providers Lailah and Buddy Driver to produce responsible drinking. Joined as a corporate friend of Climate Governance Malaysia and a participant of the UN Global Compact Network Malaysia & Brunei. Our sustainability programme is aligned with the targets of the UN's Sustainable Development Goals (UN SDGs) and we work with our stakeholders to adopt sustainable practices and deliver impacts via our pledge to the UN SDGs and our ESG commitment.	ZERO CARBON FOOTPRINT ZERO WATER WASTE ZERO IRRESPONSIBLE DRINKING ZERO ACCIDENTS CULTURE	42 to 55

UN GLOBAL COMPACT INDEX

We support the UN 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 and performance in relation to each principle.

GLOBAL COMPACT PRINCIPLE	OUR APPROACH	PAGE
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	Respecting Human Rights	62
Principle 2: Businesses should make sure that they are not complicit in human rights abuses	Respecting Human Rights	62
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Engaging With Employees	59
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour	Respecting Human Rights	62
Principle 5: Businesses should uphold the effective abolition of child labour	Respecting Human Rights	62
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation	Live By Our Compass Respecting Human Rights Embracing Diversity & Inclusion	65 to 67 62 58
Principle 7: Businesses should support a precautionary approach to environmental challenges	Zero Carbon Footprint Zero Water Waste	42 to 46 47 to 48
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility	Zero Carbon Footprint Zero Water Waste	42 to 46 47 to 48
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies	Zero Carbon Footprint Zero Water Waste	42 to 46 47 to 48
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	Live By Our Compass	65 to 67

OUR VALUE-CREATION **BUSINESS MODEL**

INPUTS

Carlsberg Malaysia

COMPONENTS OF VALUE CREATION

Financial Capital as of 31 December 2021	Manufactured/ Operational capital	Intellectual Capital	Human Capital	Natural Capital	Social and Relationship Capital
• Market capitalisation: RM6.1 billion • Shareholder equity: RM211.1 million • Share capital: RM149.4 million • Total assets: RM621.5 million	• 1 Brewery in Malaysia, 16 offices across Malaysia and Singapore	• New Products & Category Development • Product and Packaging Innovations • Extensive and Effective Route-to-Market • Build brand equity and top-of-mind awareness • Robust consumer insights and marketing campaigns	• Embedding the Diversity and Inclusion culture in 627 direct employees across the organisation • Building a succession pipeline by retaining key talents and increasing succession coverage ratio • Comprehensive suite of offline and online training and development initiatives	• Accelerate efforts to reduce carbon footprint and water waste • Review, reduce and replace the non-recyclable materials used in packaging • Direct resources to tackle climate change across our value chain	• Strong long-term relationships with all our stakeholders, including customers, partners, employees, investors, governments, regulators, trade and industry associations and the communities within which we operate

ACTIVITY	MANUFACTURING	DISTRIBUTION	SALES	MARKETING
BUSINESS OPERATIONS	Our beers and beverages	Our products via land and sea	To bars, restaurants and stores	To consumers to enjoy responsibly

TOGETHER TOWARDS ZERO

STRATEGIC LEVERS

- STRENGTHEN THE CORE
- POSITION FOR GROWTH

ENABLERS

- CREATE A WINNING CULTURE
- DEFEND OUR LICENCE TO OPERATE

DELIVER VALUE FOR SHAREHOLDERS

- **ZERO** CARBON FOOTPRINT
- **ZERO** IRRESPONSIBLE DRINKING
- **ZERO** WATER WASTE
- **ZERO** ACCIDENTS CULTURE
- **PEOPLE & COMMUNITY**
- **LIVE BY** OUR COMPASS

Refer to page 41 for our Sustainability Dashboard.

Financial Capital	Delivering resilient business performance in a challenging environment. • Net profit: RM201 million • Revenue: RM1.8 billion • Earnings per share: 65.7 sen • Total dividend declared and proposed: 56 sen per share • Proposed Capital Expenditure of RM110 million to upgrade packaging facilities • Winner of The Edge Billion Ringgit Club Award for Highest Return-On-Equity Over Three Years
Manufactured/ Operational capital	Optimising manufacturing capabilities while adhering to the most stringent hygiene and safety standards, and pioneering new technology for product innovation.
Intellectual Capital	• Tuborg Strong, Somersby Watermelon 1664 Rosé and Jing-A launched in 2021 • Carlsberg Smooth Draught's improved packaging that keeps beer fresher for longer; launched in draught format and Carlsberg limited-edition Harvest and Football-themed packaging and Connor's in can • Improvised route-to-market amid lockdowns and improved e-commerce footprint • Winner of Putra Brand Awards in Malaysia for Carlsberg (Platinum) and Silver for Somersby and Connor's
Human Capital	Leading with Care to build high-performing, engaging, diverse and inclusive culture. • Carlsberg Malaysia scored 77% in MyVoice employee engagement survey in 2021 • 56% women's representation in Management Team, 35% women's representation in managerial positions and 26% female employee in Carlsberg Malaysia Group • 92% in key talents retention and 76 employees received promotion and 5 employees posted overseas • Rolled out 993 training programmes, with each employee in Malaysia undergoing an average of 29.8 hours of training • Winner of the Employee Experience Awards 2021 in three categories
Natural Capital	Delivering on our commitments on environmental sustainability. • Thermal energy consumption from natural gas and biogas usage reduced to 19.81 kWh/hL in 2021 from 20.75 kWh/hL in 2020 • Reduced water usage by 17% in 2021 compared to 2020
Social and Relationship Capital	Accelerating actions to promote safer communities amid the COVID-19 pandemic and advocacy of responsible drinking. • Winner of the Company of the Year award (manufacturing of beverages sector) at the Sustainability & CSR Malaysia Awards 2021 • RM1.6 million spent on "Safer Schools" campaign to ensure cleaner and safer school environment for pupils • More than 3,000 outlets participated as pick-up locations for subsidised rides under the #CelebrateResponsibly campaign • Spent RM2 million on food and education aid to underprivileged Malaysians • Constant engagement with regulators and stakeholders to mitigate systemic risks

SUSTAINABILITY GOALS & TARGETS → OUTPUTS

MANAGING **BUSINESS RISK**

In conducting its operations in Malaysia and Singapore and executing the SAIL'22 strategy, the Group seeks to manage risks in such a way as to minimise their threats while making the best use of their opportunities.

In 2021, we faced a number of risks and uncertainties that could have both short-term and long-term implications for the Group. Our risk management approach guided us to conduct timely reviews, reporting and mitigation of risks with the highest potential impacts and likelihood.

The Board of Directors is ultimately responsible for risk management and has appointed the Risk Management Committee (RMC) to act on its behalf in monitoring the effectiveness of the Group's risk management. The Chief Financial Officer and Legal & Compliance Director also attend all the meetings for the purpose of briefing the RMC on the activities involving their areas of responsibility, supported by the Head of Internal Audit.

The RMC provides counsel, monitors and ensures that plans are in place for managing business-critical and ESG-related risks, including strategic, operational, financial, compliance and sustainability-related risks.

Refer to the Audit Committee and Risk Management Committee Report on pages 105 to 107 for more information.

Last year, we identified several risks within the areas of supply chain, health & safety, commercial & competition, governance, reputation, advertising and climate change. Of all these risks, the four risks reported below were the most material, with either the highest likelihood or urgency, and mitigating actions were executed within our SAIL'22 execution capabilities.

RISKS	RISK MOVEMENT	MITIGATION
OUTBREAK OF COVID-19 AT WORKPLACE In the second year of the pandemic, the RMC, Management Team and Internal Audit team had constant reviews and timely updates on the health & safety of our people in the brewery and marketplace. Business continuity plans were also carried out diligently in mitigating the impacts on our people and operations.	Decreased in 2021 versus 2020.	Our top priority remained the health and safety of our employees. Operationally, all employees worked based on Team A and B shifts to reduce density and risks of infection in the office. Our Malaysia operations also registered for the Ministry of International Trade and Industry's (MITI) Safe@Work initiative with strict adherence to standard operating procedures (SOPs) issued by the National Security Council (MKN) pursuant to the Prevention and Control of Infectious Diseases Act 1988. In addition, we sponsored COVID-19 vaccinations for all employees, on-site contractors and workers, and bi-weekly COVID-19 swab tests, since January 2021, as well as the cost of hotel quarantine for employees to ensure they were comfortable and had access to medical care while undergoing quarantine. Other initiatives implemented to mitigate a workplace outbreak included the provision of free face masks, setting up 1 hand sanitiser station for every 15 employees and 1 handwash station for every 20 employees, daily uniform washing and sanitisation, as well as upgraded locker rooms with shower facilities. These arrangements were intended to reduce the risk of pathogen transmissions via body surfaces and clothing, and to control people flow and zoning within the brewery. The Group is pleased to record zero workplace clusters or deaths related to COVID-19 since the pandemic began in 2020.

RISKS	RISK MOVEMENT	MITIGATION
RISING INPUT COSTS In 2021, many of our raw materials, including, but not limited to, barley and malt and various packaging materials, saw significant price increases.	Increased in 2021 versus 2020.	Being well-hedged in our major commodities, we managed to reduce the impacts of the input cost headwind, which enabled us to determine the right balance between input cost and product price. In addition, our "Funding the Journey" initiatives like value management, channel and category mix and cash flow management helped us to reduce the impacts of cost inflation and forex exposure.
OPERATIONS AND PRODUCTION DISRUPTIONS Prolonged lockdowns and intermittent changes to COVID-19 restrictions disrupted our operations in Malaysia and Singapore. While government interventions varied in the two markets, the measures implemented affected supply chain efficiency and consumer off-take in all channels.	Increased in 2021 versus 2020.	Brewing is a biochemical process involving live yeast cultivation and natural raw ingredients handling. During the suspension of operations, we applied for and were granted approval from MITI to keep our brewery on "warm-idle" with 10% of the workforce throughout the 75-day lockdown. Our marketing and trading subsidiary also received a permit to carry out sales to off-trade channels and for distribution despite no movement of stocks to and from the brewery. These enabled us to avoid the total loss of yeast and the write-off of raw materials and unpackaged beers kept fresh in production. We also improved our sales and operation planning (S&OP) practices to enable fast adaptation and timely response to changing market demand and supply chain conditions and held more frequent commercial meetings to continuously improvise new methods for our promotions and route-to-market. From a production standpoint, we increased work shifts and rotations to recover the time lost during lockdowns and substituted for out-of-stock products in kegs with cans or other types of packaging. For contract manufacturing and exports, we made the tough decision of asking our Singapore operations and other markets to import their supplies from other Carlsberg Group markets to make up for the supply shortfalls. Our actions and measures will continue to be tailored to different channels and regions to ensure an adequate supply for the domestic market and exports.
ILLICIT BEER TRADE Pre-COVID-19, illicit beer, which comprised contraband, counterfeit and unregulated beer, was a huge threat to the economy and a serious public health risk. In Malaysia, the Confederation of Malaysian Brewers Berhad (CMBB), of which we are a member, estimated that the illicit industry had grown by 5% – from 25% before 2020 – to over 30% in 2021. The prolonged lockdowns and closures of legitimate businesses paved the way for the illicit market to grow amid shortages of legitimate duty-paid beers, and more rampant online sales of illicit alcohol were noted on social media platforms.	Increased in 2021 versus 2020.	Through the CMBB, we thanked the Ministry of Finance (MOF) for the formation of a Working Committee on Illicit Beer under the Multi-Agency Task Force (MATF) to prioritise strategies and actions in addressing smuggling and the illicit beer trade. The CMBB extended support to the government by contributing to the enforcement strategies of the various agencies and generating more consumer awareness on identifying contraband and counterfeit alcohol. The CMBB also urged the government to look into the increasingly alarming online illicit trade and devise the necessary policies and laws to address it.

MANAGEMENT **TEAM**

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

MANAGEMENT TEAM PROFILES

STEFANO CLINI

Managing Director **Age: 55**

Date of Appointment:
26 October 2019

Academic/Professional Qualification(s):
- Bachelor's Degree in Business and Economics, Libera Università Internazionale degli Studi Sociali Guido Carli (LUISS)

Work Experience:
Mr. Clini has overall responsibility for the 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 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.

VIVIAN GUN LING LING

Chief Financial Officer **Age: 45**

Date of Appointment:
19 October 2020

Academic/Professional Qualification(s):
- Bachelor of Commerce and Admin (Accounting) (Hons), Victoria University of Wellington, New Zealand
- Bachelor of Commerce and Management, Lincoln University, New Zealand in collaboration with Universiti Tenaga Nasional (UNITEN)
- Member of CPA Australia; previous member of Chartered Institute of Management Accounting (CIMA)

Work Experience:
Ms. Gun is responsible for finance and investor relations, as well as IT functions.

Ms. Gun joined 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. She has worked in Malaysia and other Southeast Asian countries including Myanmar and Vietnam.

She graduated from Victoria University of Wellington, New Zealand, majoring in Accounting and having been awarded the Tenaga Nasional Berhad scholarship to study there.

KOH POI SAN

Legal & Compliance Director and Company Secretary **Age: 46**

Date of Appointment:
19 February 2020

Academic/Professional Qualification(s):
- LLB (Hons), University of London, United Kingdom
- Certificate in Legal Practice
- Diploma in Investment Analysis, Research Institute of Investment Analysis Malaysia & Royal Melbourne Institute of Technology
- Licensed Secretary under Section 20G of the Companies Commission of Malaysia Act 2001

Work Experience:
Ms. Koh is responsible for legal and compliance matters in both Carlsberg Malaysia and Singapore, as well as 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 in her last role as Vice President, Legal Compliance & Land Management and Company Secretary of an established company in the cement industry.

PEARL LAI MING CHOO

Corporate Affairs & Sustainability Director **Age: 41**

Date of Appointment:
1 July 2014

Academic/Professional Qualification(s):
- Bachelor of Social Science (Hons) Communication Studies, Universiti Malaysia Sarawak

Work Experience:
Ms. Lai first joined the Carlsberg Malaysia Group in September 2005 and was previously the Corporate Affairs Director prior to her current position effective 1 February 2022.

She is currently responsible for strengthening the overall reputation of the Carlsberg Malaysia Group through purpose-driven profiling via internal communications, external affairs including regulatory affairs, sustainability, marketing activation and the brewery visit experience within the Malaysian operations.

She represents the Group on the committee of the Confederation of Malaysian Brewers Berhad and on the Board of the Malaysian Danish Business Council.

She also oversees key communications and sustainability priorities in the Singapore operations.

MANAGEMENT TEAM PROFILES

PETER WACHENSCHWANZ

Senior Supply Chain Director **Age: 36**

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

Work Experience:
Mr. Wachenschwanz is responsible for leading the Carlsberg Malaysia Group's Supply Chain operations, including security and health & safety. He first joined Carlsberg in 2008 and subsequently held various roles in Europe and Asia within Supply Chain.

Prior to joining the Group, he was Director, Global Manufacturing Process, for the Carlsberg Group. He has 16 years' experience in the brewing industry, having been involved in initiatives in over 40 manufacturing sites across 15 countries.

GARY TAN SIM HUAN

Sales Director **Age: 51**

Date of Appointment:
17 August 2009

Academic/Professional Qualification(s):
- BA (Hons) Economics, University of Malaya

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

He has 26 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.

CAROLINE MOREAU

Marketing Director **Age: 46**

Date of Appointment:
7 January 2019

Academic/Professional Qualification(s):
- Master's degree (ESCP-EAP), PSB Paris School of Business, France

Work Experience:
Ms. Caroline oversees the brand and channel marketing, market research, market intelligence and business development functions.

She has been with the Group since 2007 and her last role was as Commercial Director of Global Craft and Specialty Beer. She has more than 20 years of international experience in the FMCG industry.

PAULINE LIM MAAN HEONG

Human Resources Director **Age: 44**

Date of Appointment:
25 November 2019

Academic/Professional Qualification(s):
- BA (Hons) in Human Resource Management & Marketing, Middlesex University
- Master's degree in HR Management & Industrial Relations, University of Newcastle, Australia

Work Experience:
Ms. Lim is responsible for HR operations, talent management and organisational development for the Malaysia operations. She also oversees the HR function of the Singapore operations.

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

OLIVIER DUBOST

General Manager, Carlsberg Singapore Pte. Ltd. **Age: 48**

Date of Appointment:
6 February 2018

Academic/Professional Qualification(s):
- MBA, ESCP, Management Business School of Paris

Work Experience:
Mr. Dubost has been the General Manager for Singapore since 2018. Mr. Dubost joined Carlsberg Group in 2011 as Vice President of Marketing (Kronenbourg) in France, and was appointed Vice President – Commercial of Carlsberg Asia Region from 2016 to 2018, based in Hong Kong.

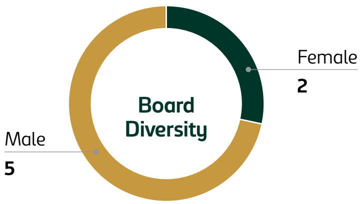
He has more than 25 years' experience in global FMCG and luxury goods with commercial leadership functions in Spain, UK, France and Asia.

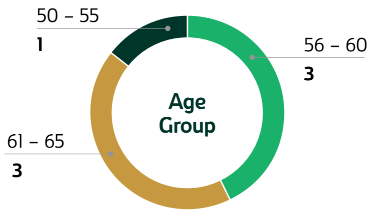
A FOCUSED
AND ACCOUNTABLE BOARD

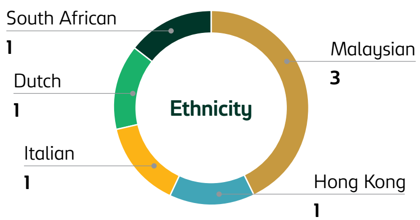
1. **DATUK TOH AH WAH P.M.W.**
   Independent Non-Executive Chairman
2. **STEFANO CLINI**
   Managing Director
3. **CHEW HOY PING**
   Independent Non-Executive Director
4. **LEONARD CORNELIS JORDEN EVERS**
   Non-Independent Non-Executive Director
5. **GAVIN STUART BROCKETT**
   Non-Independent Non-Executive Director
6. **CHAN PO KEI KAY**
   Non-Independent Non-Executive Director
7. **DATUK LEE OI KUAN**
   Independent Non-Executive Director

Board Directors' Composition

7 < 3 Independent
4 Non-Independent







BOARD DIRECTORS' EXPERIENCE AND SKILLS

NONE OF THE BOARD MEMBERS HOLD MORE THAN FIVE DIRECTORSHIPS in listed issuers, which complies with Paragraph 15.06 of the MMLR. Their directorships in listed issuers and public companies are set out in the Directors' Profiles on pages 86 to 89 of this report.

The Directors have skills and experience relevant to the sector in which the Group operates in order to effectively set the strategic direction and purpose of the Group.

THE ROLES OF CHAIRMAN AND MANAGING DIRECTOR ARE SEPARATE AND CLEARLY DEFINED

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 strategic objectives of Carlsberg Malaysia.

MANAGING DIRECTOR

- Responsible for the day-to-day management of the operations of Carlsberg Malaysia Group as well as the implementation of the Board's policies, directives, strategies and decisions.
- Accountable to the Board for ensuring the Management Team perform based on approved strategic and operational plans and key performance indicators.

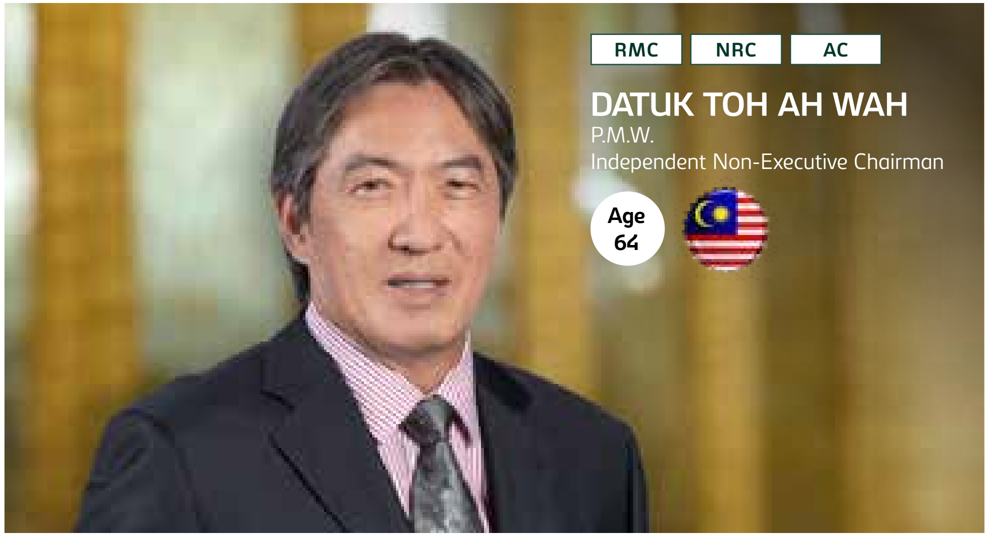
ALL OF THE NON-EXECUTIVE DIRECTORS ARE CONSIDERED BY THE BOARD TO BE INDEPENDENT OF MANAGEMENT AND FREE OF ANY RELATIONSHIPS THAT COULD INTERFERE WITH THE EXERCISE OF THEIR INDEPENDENT JUDGEMENT.

NON-EXECUTIVE DIRECTOR

- Provides a sounding board for the Chairman and serves as an intermediary for other Directors and shareholders.
- Provides the Chairman with support in the delivery of objectives, where necessary.
- Works closely with the Nomination and Remuneration Committee, leads the process for the evaluation of the Chairman and ensures orderly succession of the Chairman's role.
- Acts as an alternative contact for shareholders, providing a means of raising concerns other than with the Chairman or Management team.
- 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.

DIRECTORS' PROFILES

AC Audit Committee | NRC Nomination & Remuneration Committee | RMC Risk Management Committee | Solid background signifies Committee Chair



Date of Appointment
17 May 2017

Length of Service
(as of 16 March 2022)
4 years 10 months
(Chairman since 12 April 2018)

Date of Last Re-Election
Re-elected 14 April 2021

Academic/Professional Qualification(s)
- Bachelor of Commerce from Concordia University of Montreal, Canada

Work Experience and Present Directorship(s)

Datuk Toh Ah Wah joined Rothmans of Pall Mall (Malaysia) Berhad in July 1981 and stayed with this organisation throughout his professional career – this included being merged into British American Tobacco (Malaysia) Berhad (BAT Malaysia) in 1999. He retired from BAT Malaysia at the end of June 2013.

Datuk Toh spent the first 10 years in sales and marketing in Malaysia. He subsequently began a succession of increasingly challenging line roles throughout the Asia Pacific region, including China, Hong Kong, Taiwan, New Zealand, South Asia and Southeast Asia.

This culminated in his appointment as Managing Director of BAT Malaysia in October 2009, the first and only Malaysian to have ever held this position.

Datuk Toh also sits on the board of Petronas Chemicals Group Berhad and is a trustee of the CHOICE Foundation.

Date of Appointment
26 October 2019

Length of Service
(as of 16 March 2022)
2 years 4 months

Date of Last Re-Election
Re-elected 9 July 2020

Academic/Professional Qualification(s)
- Bachelor's Degree in Business and Economics, Libera Università Internazionale degli Studi Sociali Guido Carli (LUISS)

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 Ltd. from 2017 to 2019 where he led a successful turnaround with record growth in both top- and bottom-line. 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, the Malaysian Danish Business Council and 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.

DIRECTORS' PROFILES

AC Audit Committee NRC Nomination & Remuneration Committee RMC Risk Management Committee Solid background signifies Committee Chair

RMC NRC AC

CHEW HOY PING

Independent Non-Executive Director

Age 64

Date of Appointment
23 May 2014

Length of Service
(as of 16 March 2022)
7 years 9 months

Date of Last Re-Election
Re-elected 10 April 2019

Academic/Professional Qualification(s)
- 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 had mainly a professional background through PricewaterhouseCoopers (PwC), where he served for 30 years in various capacities starting in 1976, including 15 years as a partner of the firm.

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. He is also 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.

LEONARD CORNELIS JORDEN EVERS

Non-Independent Non-Executive Director

Age 57

Date of Appointment
23 July 2021

Length of Service
(as of 16 March 2022)
7 months

Date of Last Re-Election
N/A

Academic/Professional Qualification(s)
- Masters in Business Administration, Erasmus University, Rotterdam

Work Experience and Present Directorship(s)
Mr. Evers was appointed as the Executive Vice President for Carlsberg Asia Region with effect from 1 July 2021. He is also a member of the Executive Committee of Carlsberg Group.

Mr. Evers has extensive experience in the food and beverage industry, having been with Heineken since 1990 in several managerial positions. His last role with Heineken was as Regional Managing Director of Heineken APAC.

DIRECTORS' PROFILES

AC Audit Committee **NRC** Nomination & Remuneration Committee **RMC** Risk Management Committee ■ Solid background signifies Committee Chair

AC

GAVIN STUART BROCKETT

Non-Independent Non-Executive Director

Age 60

Date of Appointment
17 February 2022

Length of Service
(as of 16 March 2022)
1 month

Date of Last Re-Election
N/A

Academic/Professional Qualification(s)

- Bachelor of Accountancy & Bachelor of Commerce, University of Witwatersrand

Work Experience and Present Directorship(s)

Prior to joining the Carlsberg Group, Mr. Brockett was the Senior Vice President and Global Controller of Levi Strauss & Co.

He has many years of experience in the consumer beverage industry, having been employed by SABMiller Plc initially in South Africa in 1991 and thereafter the SABMiller subsidiaries in the Czech Republic and then in Italy. He also held various leadership positions in the Carlsberg Group between 2010 and 2013, and again from 2014 to 2016.

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

NRC

CHAN PO KEI KAY

Non-Independent Non-Executive Director

Age 56

Date of Appointment
16 December 2020

Length of Service
(as of 16 March 2022)
1 year 3 months

Date of Last Re-Election
Re-elected 14 April 2021

Academic/Professional Qualification(s)

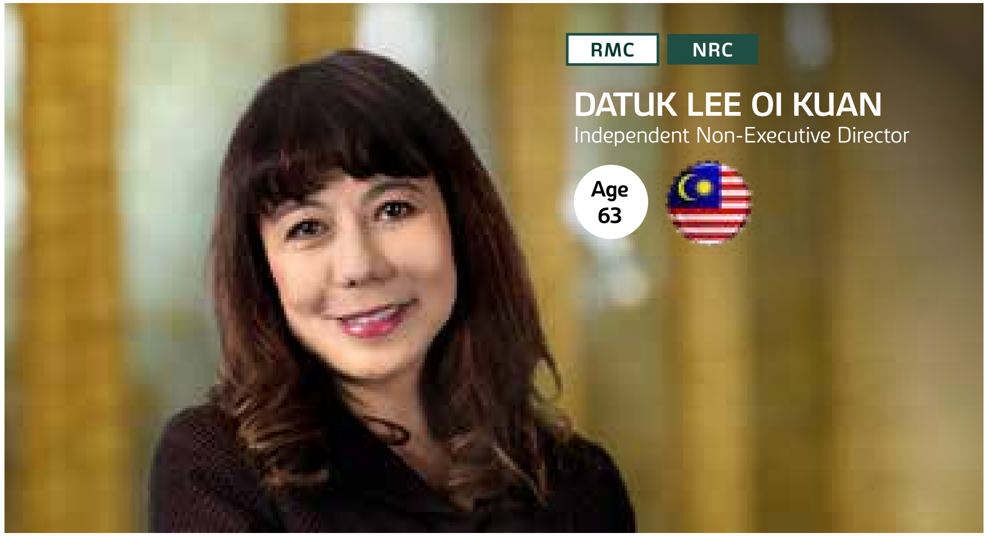
- Masters, Training & Human Resources Management, University of Leicester, UK
- Diploma, Training Management, The Chinese University of Hong Kong /Institute of Training & Development, UK
- Degree, Bachelor of Business Administration, The Chinese University of Hong Kong

Work Experience and Present Directorship(s)

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

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

AC Audit Committee   NRC Nomination & Remuneration Committee   RMC Risk Management Committee   Solid background signifies Committee Chair



Date of Appointment
28 February 2022

Length of Service
(as of 16 March 2022)
17 days

Date of Last Re-Election
N/A

Academic/Professional Qualification(s)
- Bachelor of Law, University of Malaya

Work Experience and Present Directorship(s)
Datuk Lee served at the Attorney General's Chambers of Malaysia in the Prosecution, Advisory and Internal Law Divisions from 1983 to 1993. Thereafter, she joined Hong Leong Industries Berhad and Malaysian Pacific Industries as the 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. She is currently the Non-Independent and Non-Executive Director of British American Tobacco (Malaysia) Berhad and also a member of its Sustainability Committee.

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 2021 other than traffic offences, if any.
- Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 90 to 101 of this Annual Report.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

LEADERSHIP & EFFECTIVENESS

THIS CORPORATE GOVERNANCE OVERVIEW STATEMENT SETS OUT OUR REPORT TO SHAREHOLDERS ON THE STATUS OF OUR CORPORATE GOVERNANCE ARRANGEMENTS. IT IS TO BE READ IN TANDEM WITH OUR CORPORATE GOVERNANCE REPORT, WHICH DETAILS OUR APPLICATION OF THE PRINCIPLES CONTAINED IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2021 (MCCG 2021). THE CORPORATE GOVERNANCE REPORT CAN BE VIEWED ONLINE AT WWW.CARLSBERGMALAYSIA.COM.MY.

The Board is responsible for ensuring that the activities of the Group and its various businesses are conducted in compliance with the law, regulatory requirements and rules and good practices, ethically and with appropriate and proper governance and standards. This includes reviewing internal controls, ensuring that there is an appropriate balance of skills and experience represented on the Board, compliance with the MCCG 2021 and maintaining appropriate relations with shareholders and other stakeholders.

There were some changes to the Board in FY2021 and up to the date of this report. Leonard Cornelis Jorden Evers joined the Board on 23 July 2021, replacing Graham James Fewkes. This was followed by the retirement of Roland Arthur Lawrence on 17 February 2022 and he was replaced by Gavin Stuart Brockett, the new Vice President Finance of Carlsberg Asia. Lastly, we bade farewell to Michelle Tanya Achuthan on 28 February 2022 and at the same time, welcomed Datuk Lee Oi Kuan to the Board.

BOARD ATTENDANCE IN 2021

DATUK TOH AH WAH Independent Non-Executive Chairman	4/4
STEFANO CLINI Managing Director	4/4
CHEW HOY PING Independent Non-Executive Director	4/4
MICHELLE TANYA ACHUTHAN Independent Non-Executive Director	3/4
ROLAND ARTHUR LAWRENCE Non-Independent Non-Executive Director	4/4
CHAN PO KEI KAY Non-Independent Non-Executive Director	4/4
GRAHAM JAMES FEWKES Non-Independent Non-Executive Director **Resigned on 23 July 2021*	1/2
LEONARD CORNELIS JORDEN EVERS Non-Independent Non-Executive Director **Appointed on 23 July 2021*	1/2

BOARD COMMITTEES AND ATTENDANCE IN 2021

AUDIT COMMITTEE

Chairman **CHEW HOY PING** Independent Non-Executive Director	5/5
Member **DATUK TOH AH WAH** Independent Non-Executive Director	5/5
ROLAND ARTHUR LAWRENCE Non-Independent Non-Executive Director	5/5

Key Roles and Responsibilities:
To oversee financial and accounting reporting, evaluate audit processes, assess internal control systems and review related party transactions (RPTs) & conflict of interest situations.

RISK MANAGEMENT COMMITTEE

Chairman **CHEW HOY PING** Independent Non-Executive Director	4/4
Member **DATUK TOH AH WAH** Independent Non-Executive Director	4/4
MICHELLE TANYA ACHUTHAN Independent Non-Executive Director	3/4
STEFANO CLINI Managing Director	4/4

Key Roles and Responsibilities:
To review the adequacy and effectiveness of the risk management framework and internal control systems of Carlsberg Malaysia Group.

NOMINATION AND REMUNERATION COMMITTEE

Chairperson **MICHELLE TANYA ACHUTHAN** Independent Non-Executive Director	4/4
Member **DATUK TOH AH WAH** Independent Non-Executive Director	4/4
CHEW HOY PING Independent Non-Executive Director	4/4
CHAN PO KEI KAY Non-Independent Non-Executive Director	4/4

Key Roles and Responsibilities:
To review the remuneration matters of Directors and Management Team, oversee the Directors' selection process and annual Board and Board Committees' performance assessment, evaluate the performance of the Managing Director and ensure management succession planning.

GOVERNANCE

CARLSBERG GROUP SUSTAINABILITY
Drives strategic initiatives/partnerships, supports Sustainability Champions

CARLSBERG GROUP SUPERVISORY BOARD

CARLSBERG GROUP EXECUTIVE COMMITTEE
Accountable for TTZ performance

CARLSBERG SUSTAINABILITY ADVISORY BOARD
Provides external perspective

TOGETHER TOWARDS ZERO (TTZ) AREA OWNERS
Responsible for TTZ implementation in their area

ZERO CARBON FOOTPRINT	ZERO WATER WASTE	ZERO IRRESPONSIBLE DRINKING	ZERO ACCIDENTS CULTURE
EVP Integrated Supply Chain	EVP Integrated Supply Chain	Chief Commercial Officer	EVP Integrated Supply Chain

CARLSBERG MALAYSIA GROUP
Responsible for demonstrating leadership and integrating TTZ

Led by Managing Director, overseen by Board of Directors

Corporate Affairs & Sustainability Director

ZERO CARBON FOOTPRINT	ZERO WATER WASTE	ZERO IRRESPONSIBLE DRINKING	ZERO ACCIDENTS CULTURE	GOVERNANCE	PEOPLE
Supply Chain Director	Supply Chain Director	Corporate Affairs & Sustainability Director	Supply Chain Director	Legal & Compliance Director	Human Resources Director

ESG OWNERS
Responsible for local implementation of sustainability initiatives

Head of PMO, Utilities & Site Services (Group)	Head of PMO, Utilities & Site Services (Group)	Corporate Affairs & Sustainability Director (Malaysia) Director of Human Resources (Singapore)	Manager, Health, Safety, Security & Environment (Group)	Legal & Compliance Director (Group)	Human Resources Director (Malaysia) Director of Human Resources (Singapore)

OUR FRAMEWORK IS GOVERNED BY THE FOLLOWING GUIDELINES:

- Main Market Listing Requirements
- Malaysian Code on Corporate Governance 2021
- Companies Act 2016
- Bursa Malaysia's Corporate Governance Guidelines 4th Edition

MATTERS RESERVED FOR THE BOARD

There is an agreed list of matters reserved for the Board's consideration, which is formalised in the Board Charter. This is reviewed and updated as appropriate. The Board Charter was last reviewed by the Board on 9 December 2021 and is available on the Group's website, www.carlsbergmalaysia.com.my.

CONDUCT OF THE BOARD	REMUNERATION	OPERATIONAL PERFORMANCE
	FINANCIAL PERFORMANCE	OTHER MATTERS

HOW WE GOVERN THE GROUP

Our governance structure comprises the Board and various Committees, supported by the Group's standards, policies and risk management and internal control framework, which are described in more detail in this report. The Board leads the Group's governance structure and is assisted by three principal Committees (Audit, Nomination and Remuneration and Risk Management), each of which is responsible for reviewing and dealing with matters within its own Terms of Reference. The minutes of all Committee meetings are circulated prior to scheduled Board meetings.

The Company Secretary acts as Secretary to all Board committees.

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 management on elements of the Group's performance, specific projects or areas of strategic significance. Meeting agendas, agreed in advance by the Chairman and Company Secretary, combine a balance of regular standing items, such as reports on current operational and financial performance.

All Directors are briefed through comprehensive papers circulated in advance of Board meetings and by presentations at those meetings, in addition to receiving minutes of previous 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 and meetings with senior executives and representatives of specific functions, brands or business units are also held throughout the year. Members of the Board may take 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 Secretary, the Company's legal and other professional advisers and its external auditor.

BOARD ACTIVITIES

- Quarterly financial results
- Interim/Final Dividend considerations
- Capex investments
- Related party transactions
- Corporate governance considerations
- Sustainability updates
- Stakeholder management

OPERATIONAL MATTERS

- Supply chain update
- Sales update
- Marketing activities
- Corporate affairs/regulatory matters
- Legal cases/disputes/recovery update
- HR updates including on DE&I initiatives
- Major capex investments project monitoring
- Insurance update
- IT and cybersecurity update
- Statutory compliance for licences and permits

YEARLY ACTIVITIES

- Strategic and commercial review
- Budget for the coming financial year
- Remuneration for Management Team and Executives
- Talent Management Update and Succession Planning
- Review of the Objectives of the Management Team
- Reviewing disclosures in the Company's Annual Report and Circular to Shareholders
- Reviewing the Board Effectiveness Evaluation findings
- Reviewing the Internal Audit and External Auditor's evaluation findings

RISK MATTERS

- Quarterly risk register review (including ABC risk register)
- Quarterly compliance activities
- Quarterly internal audit reports
- Progress reporting on Speak Up matters (whistleblowing cases)

GENDER DIVERSITY

The Board is supportive of gender diversity in the Board composition and Management Team. For FY2021, two out of the seven Board members were women, i.e. 29%, with one of the female Board members being an Independent Director and the Chairperson of the Nomination & Remuneration Committee. The Management Team comprised a majority (56%) of women leaders.

Directors

5 Male

2 Female

Management Team

44% Male

56% Female

The profiles of the Directors and Management Team are set out on pages 82 to 89 of this Annual Report.

The Board, through Nomination and Remuneration Committee (NRC) will continue to consider gender diversity as part of its future selection of Board representation. The Board recognises that a diverse Board in the Group can offer greater depth and breadth of perspectives, and diversity in Management Team will lead to better collective decisions.

With the recent resignation of Ms. Michelle Tanya Achuthan on 28 February 2022, the NRC recommended, for the approval of the Board, the appointment of Datuk Lee Oi Kuan as a new Board member effective 28 February 2022, reconfirming the gender diversity measures for new Board appointments.

DIVERSE BOARD AND MANAGEMENT TEAM

Appointment of Board members and Management Team is based on objective criteria and merit, and besides gender diversity, due regard is given to diversity in skills, experience, age and cultural background.

Please refer to the profiles of the Directors and the Management Team on pages 82 to 89 for further information.

QUALIFIED AND COMPETENT COMPANY SECRETARIES

The Board is supported by two qualified and competent company secretaries as follows:

(a) Ms. Koh Poi San
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
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:

A Ensure compliance with listing and related statutory obligations as well as provide updates on regulatory requirements, codes, guidance and relevant legislation;

B Ensure adherence to Board policies and procedures, rules, relevant laws and best practices on corporate governance;

C Attend Board, Committee and General Meetings, ensure the proper recording of minutes and follow up on matters arising;

D Ensure proper upkeep of statutory registers and records and maintain a secure retrieval system which stores meeting papers and minutes of meetings; and

E Assist the Chairman in the planning and execution of meetings in terms of policies and procedures, as well as updates on regulatory requirements, codes, guidance, and relevant legislation.

The Group also engages the services of Tricor Corporate Services Sdn Bhd, an external consultant on corporate secretarial matters and regulatory compliance, to provide additional advice on issues pertaining to compliance and corporate governance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
LEADERSHIP & EFFECTIVENESS

ANNUAL EVALUATION OF BOARD EFFECTIVENESS

The Board undertakes an annual evaluation of the Board's effectiveness and periodically engages independent experts to facilitate objective and candid Board evaluations. The 2021 external Board and Directors Effectiveness Evaluation was facilitated by the Institute of Corporate Directors of Malaysia (ICDM). ICDM has no other connection with the Group.

THE EVALUATION PROCESS

Access to Board and Committee papers was provided to ICDM through a secure portal with strict controls. Detailed interviews were conducted with each Board member in Q4 2021, as well as with a number of Management Team members. A comprehensive report was compiled by the evaluation team based on the information and views supplied by those interviewed and observations from the Board and Committee meetings. The draft conclusions were discussed with the Chairman and subsequently with the Board. Following the Board discussion, feedback was provided to each of the Committee Chairs on the performance of each Committee. In addition, the Chairman received a report with feedback on each Director. The key observations were discussed by the Board and its Committees ahead of finalising action plans.

"As a result of the effectiveness evaluation process carried out in 2021, the Board concluded that both it and its Committees were operating effectively."

BOARD REVIEW INSIGHTS

Discussions elicit very active participation by Independent Directors and individual Board members demonstrate a high level of commitment to their fiduciary duties. The Board comprises a good mix and balance of experience, skill sets and diversity, and comprises qualified members in its composition. The Board meets the standards of corporate governance and has established processes to undertake its duties and responsibilities.

ICDM FINDINGS

There is openness and debate in Board and Committee meetings. The Board works as a team with emphasis on honest open communication, trust and respect, as well as driving the right level of accountability and integrity. Board Director relationships are friendly and collegial and members are professional and respectful of one another. The Managing Director manages the Board relationships well, is supportive and serves as a bridge to the Management Team. There is a consensus that the Board is very responsive to Management Team when urgent matters are brought to its attention and will do the necessary to make the required decisions in a timely manner.

CHAIRMAN

Board members see the Chairman as an effective leader who is open-minded, and who provides the room, time and platform for all Directors to voice out ideas and concerns. It was observed that the Chairman is a fully engaged Chair who initiates additional ideas and robust discussions.

THE OUTCOME

As a result of the process, the Board concluded that it was operating in an effective manner, benefiting from positive dynamics, strong engagement and relationships with Management Team and a boardroom culture that allows for open and constructive challenge. Each Director contributes effectively to the Board. The Board benefited from the annual review process, the results of which help guide the future focus of meeting agendas and behaviours.

BOARD ACTION PLAN 2022

The Board deliberated on and agreed to undertake the following activities, as proposed by ICDM, for FY2022:
- Formalise the appointment of a Senior Independent Director
- Establish a Board Succession Plan
- Establish a more structured yet bespoke and comprehensive onboarding process
- Establish a more structured annual training & development plan for the Board
- Enhance the structure of Board meetings to limit presentation time and allow more time for debate or discussion
- Directors to continuously keep abreast of sustainability issues, including climate change and ESG topics
- Enhance the sustainability targets in the performance evaluation of the Management Team – revisit weightage, monitor achievements and consider cascading the same to all levels of talent.

DIRECTORS' INDUCTION AND TRAINING

The Chairman leads the Board and is responsible for its overall effectiveness in directing the Group. In this light, and in accordance with best practice, the Chairman addresses the developmental needs of the Board as a whole, with a view to further developing its effectiveness as a team, and ensures that each Director refreshes and updates his or her individual skills, knowledge and expertise. Directors are also provided with updates as necessary on relevant legal, regulatory and financial developments, changes in best practice and environmental, social and governance matters, delivered by the Company Secretary and others.

Meetings between the Non-Executive Directors, both with and without the presence of the Chairman and the Managing Director, are scheduled in the Board's annual programme. Board meetings are also held at Group business locations when possible, to help all Board members gain a deeper understanding of the business, and to provide senior managers from across the Group with the opportunity to present to the Board, as well as to meet and interact with the Directors in more informal settings. This was somewhat curtailed in FY2021 given the COVID-19 pandemic and most Board meetings during this period took place online, but it is hoped that this valuable practice will resume when circumstances allow.

A formal, comprehensive and tailored induction is provided to all Non-Executive Directors following their appointment, including visits to key locations within the Group and meetings with members of the Management Team and other key senior executives. The induction also covers a review of the Group's governance policies, structures and business, including details of the risks (including environmental, social and governance risks) and operating issues facing the Group to ensure that the new Non-Executive Directors understand the main areas of business activity and the key risks and issues facing the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

LEADERSHIP & EFFECTIVENESS

REMUNERATION

The objective of the Group's remuneration policy is to attract and retain the Directors required to lead and control 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 responsibilities.

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, if any, as the AC Chairman, RMC Chairman, NRC Chairman and as Members of these Board Committees. The remuneration for Non-Executive Directors who are Non-Independent and are representatives of the Carlsberg Group is not paid by the Group but is paid by the Carlsberg Group.

REMUNERATION OF DIRECTORS AND MANAGEMENT TEAM

Details of Directors' Remuneration

The remuneration payable in respect of Directors' fees for FY2021 is categorised as below:

Remuneration for Directors' fees	Amount per annum (RM)
Chairman of the Group	120,000
Each Independent Non-Executive Director	75,000
AC Chairman	20,000
AC Member	8,000
NRC Chairman	2,500
NRC Member	2,000
RMC Chairman	2,500
RMC Member	2,000
Meeting allowance per meeting	1,500

The Board has proposed the adoption of the same Directors' fee structure and rates for 2022 and for the fees to be paid monthly. The Directors' fees are subject to the approval of the shareholders of the Group.

The remuneration of the Directors of the Group for 2021 was as follows:

	Fees (RM)	Salaries (RM)	Allowances (RM)	Benefits -in-kind (RM)	Others Emoluments (RM)	Total (RM)
Independent Non-Executive Directors						
Datuk Toh Ah Wah	132,068	-	27,000	1,776	-	160,844
Chew Hoy Ping	99,500	-	27,000	393	-	126,893
Michelle Tanya Achuthan	79,432	-	19,500	1,659	-	100,591
Executive Director						
Stefano Clini	-	2,069,212	121,855	44,197	1,492,347	3,727,611
Non-Independent Non-Executive Directors						
Roland Arthur Lawrence	-	-	-	-	-	-
Chan Po Kei Kay	-	-	-	-	-	-
Leonard Cornelis Jorden Evers (appointed on 23 July 2021)	-	-	-	-	-	-
Graham James Fewkes (resigned on 23 July 2021)	-	-	-	-	-	-

NOMINATION AND REMUNERATION COMMITTEE REPORT

The NRC, which is charged with the responsibility of, among others, recommending the appointment of new Directors to the Board, comprised a majority of Independent Non-Executive Directors. The current members are:

CHAIRPERSON	**DATUK LEE OI KUAN** Independent Non-Executive Director	**MEMBERS**	**DATUK TOH AH WAH** Independent Non-Executive Director	**MR. CHEW HOY PING** Independent Non-Executive Director	**MS. CHAN PO KEI KAY** Non-Independent Non-Executive Director

The NRC develops, maintains and reviews the criteria for recruitment and annual assessment of the Directors.

The Terms of Reference of the NRC are set out in Appendix C of the Board Charter and are available on the corporate website at **www.carlsbergmalaysia.com.my.** In this regard, the NRC key responsibilities are as follows:

Reviewing the Board composition and recommending new nominees to the Board and to the Committees, as well as the appointment and resignation of the Managing Director, for the Board's consideration.

Assessing the effectiveness of the Board, the Committees and the contribution of each Director (including the Independent Non-Executive Directors and Managing Director) every year, taking into consideration the required mix of skills, knowledge, expertise and experience and any other requisite qualities, including core competencies for Non-Executive Directors. All assessments and evaluations are documented for proper records.

Reviewing and recommending to the Board the remuneration of the Executive Directors, and determining the Managing Director's perks and benefits.

Appointment Process

The Board, through the NRC, is responsible for ensuring that there is effective and orderly succession planning in the Group. The Committee reviews candidates and formulates nomination, selection and succession policies for members of the Board. The Board then deliberates on the Committee's recommendations.

In respect of the appointment of all Directors, the NRC considers shortlisted candidates based on their profiles, professional achievements and personality assessments. Appropriate candidates for Independent Directors are sourced through recommendations as well as external search firms based on the needs of the Board. The NRC then ensures that the candidates are suitable and of sufficient calibre for recommendation to the Board for approval by reviewing the profiles of the candidates and, where deemed appropriate, conducting interviews with the shortlisted candidates.

Upon the appointment of a Director, the particular Director will receive a letter of appointment enclosing the Board Charter, which outlines his/her duties and responsibilities.

The Company Secretary will facilitate an induction and education programme for new Board members, which includes a visit to the Group's brewery and discussions with the Managing Director, Department Heads and Key Section Heads to better understand the operations, business and policies of the Group, so as to enable the new Directors to contribute effectively from the onset of their appointment. The relevant sections of the MMLR, particularly in relation to their responsibilities as Directors, are also conveyed to them. All new Directors are also expected to attend, if they have not done so, the Mandatory Accreditation Programme (MAP) as prescribed by Bursa Malaysia.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

EFFECTIVE AUDIT & RISK MANAGEMENT

The Board has overall responsibility for the Group's system of internal control and risk management and determines our strategic approach to risk.

The Board's approach to risk management is set out on pages 105 to 107.

The Board and the Risk Management Committee review the effectiveness of the system and ensure that there is a process in place for identifying, evaluating and managing the significant risks to the achievement of the Group's strategic objectives. While the Board as a whole is responsible for the Group's system of internal control, the Board has delegated responsibility for monitoring the effectiveness of the Company's risk management and internal control systems to both the Audit and Risk Management Committees. The Committees oversee a risk-based internal audit programme, including periodic audits of the risk processes across the Group.

This provides assurance on the management of risk and receives reports on the efficiency and effectiveness of internal controls. Each of the individual business units and functional Management Teams drive the process through which principal and emerging risks and uncertainties are identified. The Board understands that the individual business units and functional Management Teams are best placed to identify the principal and emerging risks and uncertainties associated with their respective areas of business. Risks identified and associated mitigating controls are subject to review by the Board and the Committees on a regular basis.

The process for identifying, evaluating and managing risk has been in place throughout the financial year. This system of internal control is designed to manage and mitigate, rather than eliminate, the risk of failure to achieve business objectives. The internal control systems can only provide reasonable assurance, rather than absolute assurance, against material misstatement or loss.

In analysing and reviewing risks, the Committees and the Board consider:

- The nature and extent of the risks, including principal risks facing the Group, as well as emerging risks;
- The extent and categories of risks it regarded as desirable or acceptable for the Group to bear;
- The likelihood of the risk concerned materialising and the impact of associated risks materialising as a consequence;
- The Group's ability to reduce the incidence and impact on its business of risks that do materialise;
- The operation of the relevant controls and control processes;
- The costs of operating particular controls relative to the benefits in managing related risks; and
- The Group's risk culture.

The key elements of the Group's system of internal control are as follows:

- Clearly defined organisation structures and lines of authority;
- Corporate policies for financial reporting, treasury and financial risk management, information technology and cybersecurity, project appraisal, capital expenditure and corporate governance;
- Annual budgets and strategic business plans for all business units, identifying key risks and opportunities;
- Monitoring of performance against budgets and forecasts and reporting thereon to the Directors on a regular basis; and
- The Audit and Risk Management Committees, which approve audit plans, monitor performance against plans and deal with significant control issues raised by the external auditor.

OUR PURPOSE-LED STAKEHOLDER ENGAGEMENT

Our aim is to create a brighter future for all through effective engagement and to understand the needs of all our stakeholders in order to deliver value and build a better, more resilient and sustainable business. The Board is aware that the Group's actions and decisions impact all of our stakeholders and it strives to ensure that there is regular dialogue taking place with stakeholders.

Our sustainability section sets out how our purpose and sustainability strategy are interlinked with stakeholders in mind. The Group also has a Code of Ethics and Conduct which set outs the fundamental principles and values directly applicable to our stakeholders.

The importance of our relationships and regular dialogue with stakeholders was brought to the fore as we navigated through the challenges associated with the COVID-19 pandemic. The table below sets out the Board and Management Team's approach to stakeholder engagement, why stakeholders matter and some key decisions made during 2021.

LISTENING TO OUR STAKEHOLDERS

Dialogue with stakeholders helps us understand what matters most to them and respond. This is essential for fostering open communications and building trust. Their input helps us define and prioritise our sustainability efforts. And our partnerships with stakeholders enable us to drive progress Together Towards ZERO.

How we engage with stakeholders on sustainability topics

STAKEHOLDER	HOW WE ENGAGE	TOPICS OF INTEREST	OUR RESPONSE	REFERENCE PAGE
Consumers	Marketing campaigns Social media Local websites Responsible drinking initiatives	Consumer demand for healthier and more sustainable options is growing. Sustainable packaging is the most tangible aspect of sustainable products for consumers.	We are developing products and packaging that are more sustainable for the planet through our TTZ targets on carbon and water. We are also developing a process to implement sustainability in each of our brands. We place a strong emphasis on enjoying our beers responsibly in our marketing campaign, in particular our efforts to create awareness on drink-driving. Our responsible drinking initiatives also connect directly with consumers.	Read more on carbon and water on pages 42 to 48 and responsible drinking on pages 49 to 51
Customers	Sales and marketing channels Responsible drinking partnerships Customers' supplier requirements, questionnaires and audits Customer satisfaction surveys	Customers want to know how we can help them achieve their own sustainability goals and meet consumer demand for more sustainable options.	In addition to our own response to consumers, we partner with customers such as bars and retailers on campaigns like #CelebrateResponsibly. We also help customers reduce sustainability risks in their supply chain through our TTZ programme and by conducting business responsibly.	Read more on pages 49 to 51
Employees	Biennial global employee survey Regular dialogue and feedback Twice-yearly performance reviews Formal consultation with employee representatives	Feedback from our latest employee survey in 2021 showed improved employee engagement and highlighted several areas where we could improve, including more frequent feedback and recognition, career opportunities and support for well-being.	We have responded to what employees told us in 2019 by building more continuous feedback into our people processes and encouraging managers to focus more on supporting development and well-being. As a result, our MyVoice Employee Engagement Score improved by 2 percentage points in 2021 to 77% in Malaysia operations.	Read more on pages 58 to 62

CORPORATE GOVERNANCE OVERVIEW STATEMENT

RELATIONSHIPS WITH STAKEHOLDERS

STAKEHOLDER	HOW WE ENGAGE	TOPICS OF INTEREST	OUR RESPONSE	REFERENCE PAGE
Industry	Engagement through industry organisations, such as the Confederation of Malaysian Brewers Berhad (CMBB), and the Singapore Beer Industry Association (SBIA)	Industry peers are keen to work together to tackle common challenges and protect the reputation of brewing companies and the wider beverage industry.	Together with other members of the CMBB and SBIA, we are committed to accelerating measures to tackle irresponsible drinking, in particular drink-driving.	Read more on page 49
Investors	Annual Report Annual General Meeting Analyst briefing Individual meetings Investor questionnaires	Investors have been showing increasing interest in ESG and want to know that we meet their ESG requirements. They want to understand how investments in sustainability will support our business goals and help deliver sustainable financial returns in the long term.	We respond to investor questionnaires to demonstrate compliance with ESG requirements, and we explain the business case for our TTZ programme. Our strong scores in ratings such as MSCI and F4GBM demonstrate our business is low risk for investors. See also our Annual Report and Investor Relations at **https://carlsbergmalaysia.com.my/#investor-relations**	Read more on page 40
Journalists	Individual meetings and calls Direct engagement by email	Journalists' questions give us an insight into wider trends across and beyond the industry.	We always seek constructive and fact-based dialogue with the media and journalists, and value an open discussion on detailed subjects to ensure that our approach and communications are well understood and accurately reflected.	Read more on page 50
Suppliers	Supplier & Licensee Code of Conduct Integrated quality audits Partnerships to support progress on our value chain carbon targets	Suppliers want to know what our priorities are in relation to sustainability so they can play their part in helping us achieve our targets and meet our sustainability criteria in order to secure access to business opportunities with us.	We communicate our requirements on sustainability through our Supplier & Licensee Code of Conduct, which enables us to monitor compliance through audits if necessary. We pursue partnerships to reduce our shared carbon footprint in areas like packaging, transport and refrigeration. At the global level, we also engage with suppliers to gather data at product level to support our beer-in-hand value chain carbon footprint analysis.	Read more on page 67
Sustainability Experts	Carlsberg Sustainability Advisory Board (CSAB) Consultations and partnerships with NGOs and issue experts	Sustainability experts want to understand how our TTZ programme aligns with our business strategy and responds to global challenges. They also want to see ambitious targets, strong performance and transparent reporting. Sustainability experts also provide valuable input on our approach to issues such as human rights.	We are a corporate friend of Climate Governance Malaysia and a participant of the UN Global Compact Network Malaysia & Brunei. Our sustainability programme is aligned with the targets of the UN's Sustainable Development Goals (UN SDGs) and we work with our stakeholders to adopt sustainable practices and deliver impacts via our pledge to the UN SDGs and our ESG commitment.	Read more on page 40

STAKEHOLDER	HOW WE ENGAGE	TOPICS OF INTEREST	OUR RESPONSE	REFERENCE PAGE
Policymakers and regulators	Engagement through Ministries of Finance, International Trade and Industry, Health and Transport as well as Customs and local town councils	Governments want to know that we comply with laws and contribute to economies through job creation and taxes. They also want to understand how we support their strategies on sustainability and their battle against illicit trading of alcohol.	Carlsberg Group's Public & Government Affairs Manual, updated in 2020, sets out clear guidance on how we engage with governments globally. We have controls in place to ensure compliance with all applicable laws. We report our total economic contribution, including taxes generated and jobs created, every year we engage with governments on sustainability and combatting illicit alcohol through industry associations such as the CMBB and also directly as a Group.	Read more on pages 36 and 57
Communities	Local community engagement programmes	Communities near our operations want us to be a responsible neighbour and to understand how we can support them.	Our business creates jobs for the people we directly employ as well as many more in related sectors. In 2021, we provided targeted support for communities around us through our "Safer Schools" campaign, which students and teachers nationwide benefited from cleaner and safer schools through our sponsorship of facial recognition infrared thermometers and full disinfection services. In addition, RM2million worth of food and education aid was given to communities whose livelihoods were impacted by the pandemic.	Read more on pages 63 and 64

ANNUAL REPORT & ANNUAL GENERAL MEETING

16 MARCH 2022
Date of issuance of Notice of 52nd Annual General Meeting

14 APRIL 2022
Date of 52nd Annual General Meeting

STATEMENT OF COMPLIANCE

The Board shall continue to strive for high standards of CG throughout the Group. The Board is of the view that apart from the noted departures as disclosed and explained in the CG Report, the Group has satisfactorily complied with the main principles and recommendations of the Code.

This Statement was approved by the Board on 2 March 2022.

OTHER INFORMATION

Utilisation of Proceeds

There were no proceeds raised from any corporate proposal during the financial year ended 31 December 2021.

Non-Audit Fees

The non-audit fees paid to the external auditors, Messrs PricewaterhouseCoopers PLT, by the Group during the financial year ended 31 December 2021 amounted to RM9,487. This amount was incurred in relation to the review of the Statement on Risk Management and Internal Control.

STATEMENT ON RISK MANAGEMENT **& INTERNAL CONTROL**

RESPONSIBILITY AND COMMITMENT OF THE BOARD

The Board has always placed significant emphasis on sound risk management and internal control frameworks, which are necessary to safeguard the Group's assets and shareholders' investment. 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 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, not absolute, assurance against misstatement, loss or fraud, as well as any other adverse event.

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	Risk Category
Throughout the year, the Internal Audit 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 Committee (RMC) meeting, a meeting led by the Managing Director is conducted at the working-level risk management committee (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 RMC 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.	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's day-to-day operations. • Financial: Risks that are generally associated with misstatements 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, as well as 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 & 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 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 as well as to 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 Internal Audit 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 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, in which the results are reviewed and monitored by Carlsberg Group.

ADEQUACY OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board has reviewed and believes that the risk management and internal control frameworks are 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 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 cyber threats around the world. Additionally, the Group considered sustainability risks and opportunities in its business operations and regularly discussed them on a quarterly basis. During the year, various deficiencies in internal control were identified by the external auditors during their statutory audit, as well as through internal audit reviews. Corrective actions were duly implemented to address all 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 did not deal with the associated company as the Group did not have management control over its operations.

REVIEW OF THE STATEMENT BY THE 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.

Based on the review, the external auditors have reported to the Board that nothing has come to their attention that cause them to believe that the Statement intended to be included in the Annual Report of the Group, in all material respects:

a. has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
b. is factually inaccurate.

This Statement on Risk Management and Internal Control was made in accordance with the resolution of the Board dated 2 March 2022.

AUDIT COMMITTEE & RISK MANAGEMENT COMMITTEE REPORT

AUDIT COMMITTEE

The Managing Director, Chief Financial Officer, Legal & Compliance Director and Head of Internal Audit (IA) attended all the meetings for the purpose of briefing the AC on the developments and issues relating to their areas of responsibility.

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 2021 AC meetings. In the meetings with PwC, the AC also had private sessions with the external auditors without the presence of any executive Board members or Management.

Chairman
CHEW HOY PING
Independent Non-Executive Director
5/5

Member
ROLAND ARTHUR LAWRENCE
Non-Independent Non-Executive Director
5/5

Member
DATUK TOH AH WAH
Independent Non-Executive Chairman
5/5

SUMMARY OF WORK PERFORMED BY AUDIT COMMITTEE

The main activities undertaken by the AC during the financial year ended 31 December 2021 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 the Management's responses. Further to that, 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 (please see the Independent Auditors' Report on pages 191 to 194 for details) 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 the Management's assumptions. As noted by the external auditors, the 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 the Management in each quarterly meeting as well as 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 also prior to engaging the external auditors for non-audit-related services. The non-audit fees paid to the member firms of external auditors in 2021 amounted to RM9,487.
- Reviewed IA reports, recommendations and the Management's responses, including relevant activities performed by Group IA from Carlsberg Group. Discussed actions taken with the 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 as well as 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 of and investments in products, capital expenditures, 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 Bursa Listing Requirements, as well as within the shareholders' mandate.
- Reviewed the Group's compliance with the provisions set out under the Malaysian Code on Corporate Governance for the purpose of the Corporate Governance Overview Statement, pursuant to Bursa Listing Requirements.

AUDIT COMMITTEE & RISK MANAGEMENT COMMITTEE REPORT

RISK MANAGEMENT COMMITTEE

The Chief Financial Officer, Legal & Compliance Director and Head of IA attended all the meetings for the purpose of briefing the RMC on the activities involving their areas of responsibility.

Chairman
CHEW HOY PING
Independent Non-Executive Director
4/4

Member
DATUK TOH AH WAH
Independent Non-Executive Chairman
4/4

Member
MICHELLE TANYA ACHUTHAN
Independent Non-Executive Director
3/4

Member
STEFANO CLINI
Managing Director
4/4

SUMMARY OF WORK PERFORMED BY RISK MANAGEMENT COMMITTEE

The main activities undertaken by the RMC during the financial year ended 31 December 2021 were as follows:

- Reviewed the Group's Risk Management Framework and policies for approval and adoption by the Board. On a regular basis, reviewed the effectiveness and relevance of the framework and policies.
- Reviewed the quarterly risk updates and provided recommendations to the Board in relation to the monitoring of principal risks and the corresponding risk mitigating plan. The RMC also performed regular scanning for potential new risks.
- Made recommendations to the Board concerning risk appetite and risk tolerance. In addition, the RMC ensured that key risks were adequately monitored and managed within the tolerance levels that were acceptable to the Board.
- Reviewed and reported to the Board on 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 RMC on a quarterly basis.
- Reviewed the anti-bribery and anti-corruption risks concerning the Group and the corresponding mitigating activities.
- Reviewed the updates to compliance-related programmes as per the report prepared by the Legal & Compliance Director.
- Reviewed and discussed the enterprise risk management activities and policies, including the updates to key risks.

INTERNAL AUDIT

STRUCTURE, RESPONSIBILITIES AND APPROACH

The Group maintains an in-house IA function, which is independent of the business operations. Adequate independence is always maintained for 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 under the Malaysian Institute of Accountants as well as 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 communication with the AC Chairman for discussion of audit matters as well as 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 concerning 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 & 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 plan 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 RM874,880.

SUMMARY OF WORK PERFORMED BY INTERNAL AUDIT

The main activities undertaken by the IA function during the financial year ended 31 December 2021 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 the 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 the AC) in which the audit observations, root-cause analyses and remedial recommendations were detailed. During the year, areas related to insurance coverage & claims management, travel & entertainment expense statements, petty cash management, duty-free & export sales, customs & excise-related documentation, credit management & receivables monitoring, modern off-trade rebate and claims processes, recurring related party transactions, tender activities, risk management activities and marketing campaigns were audited. Numerous special reviews that included the investigation of whistleblowing cases were also carried out. All finalised audit reports were tabled at the quarterly AC meetings for review, discussion and implementation.
- During the year, the IA team also performed a risk assessment on the anti-bribery and anti-corruption risk register, whereby preliminary meetings were held with different risk owners to review the existing risks and solicit feedback on the recommended changes to the register. Changes recommended by the IA involving new & existing risks and corresponding control mitigants were discussed and adopted in the focus group discussions led by the Managing Director.
- 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 regards 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 the 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 as well as the Group Investigation Team of Carlsberg Group on the appropriate responses and actions in relation to reports received from whistleblowers.
- Participated as an independent observer in the end-to-end tendering process of the Group. The IA team reviewed all the tenders carried out for purchases above RM100,000 in the areas of tender briefs, scoring criteria and weightage, actual submission by suppliers, selection justification and exception handling.
- Coordinated more than 30 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 RMC meetings for review, discussion and comments.

RESPONSIBILITY STATEMENT **BY THE BOARD OF DIRECTORS**

In the course of preparing the annual financial statements for the Group and the Company, the Directors are collectively responsible for ensuring that these financial statements are drawn up in accordance with the requirements of 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 Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements for the financial year ended 31 December 2021, 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 are prepared on a going concern basis and the Directors have ensured that proper accounting records are kept which 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 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 2022.

FINANCIAL STATEMENTS

DIRECTORS' **REPORT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 2021.

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:

Datuk Toh Ah Wah
Chew Hoy Ping
Stefano Clini
Chan Po Kei Kay
Leonard Cornelis Jorden Evers (Appointed 23.07.2021)
Gavin Stuart Brockett (Appointed on 17.02.2022)
Datuk Lee Oi Kuan (Appointed on 28.02.2022)
Graham James Fewkes (Resigned 23.07.2021)
Roland Arthur Lawrence (Resigned on 17.02.2022)
Michelle Tanya Achuthan (Resigned on 28.02.2022)

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	200,988	165,388
- Non-controlling interests	3,377	-
Profit for the financial year	204,365	165,388

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 2021

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 RM62,725.

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 1.1.2021	Acquired	Disposed	At 31.12.2021
Chew Hoy Ping	10,000	-	-	10,000
Datuk Toh Ah Wah	10,000	-	-	10,000

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 2020:

Date of Declaration	Date of payment		Sen per ordinary share	RM million
18 Feb 2021	2 Apr 2021	Interim single-tier dividend	10.0	30.6
18 Feb 2021	18 May 2021	Final single-tier dividend	30.0	91.7

In respect of financial year ended 31 December 2021:

Date of Declaration	Date of payment		Sen per ordinary share	RM million
20 Aug 2021	17 Nov 2021	Interim single-tier dividend	10.0	30.6

The Board of Directors recommended for shareholders' approval at the forthcoming Annual General Meeting a final single-tier dividend of 46.0 sen per ordinary in respect of the financial year ended 31 December 2021. The total amount payable for the proposed final single-tier dividend is RM140.6 million.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 21 to the financial statements.

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.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

SUBSIDIARIES

Details of subsidiaries are set out in Note 12 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 6 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 2 March 2022.

Signed on behalf of the Board of Directors:

STEFANO CLINI
MANAGING DIRECTOR

CHEW HOY PING
INDEPENDENT NON-EXECUTIVE DIRECTOR

Selangor Darul Ehsan
2 March 2022

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Revenue	5	**1,772,821**	1,785,000	**863,844**	990,024
Cost of sales		**(1,248,829)**	(1,300,893)	**(862,368)**	(975,658)
Gross profit		**523,992**	484,107	**1,476**	14,366
Other income		**3,245**	2,901	**22,063**	18,186
Sales and distribution expenses		**(213,992)**	(221,554)	**(333)**	(277)
Administrative expenses		**(65,228)**	(63,205)	**(37,217)**	(37,928)
Other expenses		**(1,176)**	(2,174)	**(368)**	(1,130)
Results from operating activities		**246,841**	200,075	**(14,379)**	(6,783)
Investment income		**-**	-	**181,076**	184,251
Finance income		**749**	1,745	**14**	99
Finance costs		**(3,197)**	(6,972)	**(5,005)**	(4,558)
Operating profit	6	**244,393**	194,848	**161,706**	173,009
Share of profit of equity accounted associate, net of tax		**15,180**	14,932	**-**	-
Profit before taxation		**259,573**	209,780	**161,706**	173,009
Taxation	7	**(55,208)**	(43,595)	**3,682**	1,027
Profit for the financial year		**204,365**	166,185	**165,388**	174,036
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		**5,573**	359	**5,573**	359
(Loss)/gain in fair value of cash flow hedges transferred to the income statement		**(5,225)**	2,511	**(5,225)**	2,511
Exchange differences on translation of foreign operations		**(4,760)**	(3,834)	**-**	-
Other comprehensive (loss)/income for the financial year, net of tax		**(4,412)**	(964)	**348**	2,870
Total comprehensive income for the financial year		**199,953**	165,221	**165,736**	176,906
Profit attributable to:					
Owners of the Company		**200,988**	162,180	**165,388**	174,036
Non-controlling interests		**3,377**	4,005	**-**	-
Profit for the financial year		**204,365**	166,185	**165,388**	174,036
Total comprehensive income attributable to:					
Owners of the Company		**196,576**	161,216	**165,736**	176,906
Non-controlling interests		**3,377**	4,005	**-**	-
Total comprehensive income for the financial year		**199,953**	165,221	**165,736**	176,906
Basic/Diluted earnings per ordinary share (sen)	8	**65.74**	53.04		

The notes on pages 125 to 189 are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	9	**211,124**	208,211	**191,133**	184,403
Intangible assets	10	**5,533**	7,235	**751**	1,295
Right-of-use assets	11	**10,110**	12,140	**6,390**	6,508
Investments in subsidiaries	12	**-**	-	**391,572**	391,572
Investment in an associate	13	**94,748**	92,486	**25,164**	25,164
Deferred tax assets	14	**7,160**	2,725	**-**	-
Total non-current assets		**328,675**	322,797	**615,010**	608,942
Current assets					
Inventories	15	**78,953**	85,822	**39,621**	42,861
Receivables, deposits and prepayments	16	**134,873**	130,830	**40,892**	32,050
Tax recoverable		**3,384**	3,107	**3,373**	3,098
Cash and cash equivalents	17	**75,586**	93,991	**6,124**	9,992
Total current assets		**292,796**	313,750	**90,010**	88,001
Total assets		**621,471**	636,547	**705,020**	696,943
EQUITY AND LIABILITIES					
Equity					
Share capital	18	**149,363**	149,363	**149,363**	149,363
Reserves	18	**61,763**	18,498	**296,090**	283,529
Total equity attributable to owners of the Company		**211,126**	167,861	**445,453**	432,892
Non-controlling interests		**4,456**	6,773	**-**	-
Total equity		**215,582**	174,634	**445,453**	432,892
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	14	**15,023**	18,559	**14,635**	18,210
Provision	19	**334**	329	**-**	-
Lease liabilities	11	**2,590**	3,769	**-**	-
Loans and borrowings	20	**5,504**	-	**-**	-
Total non-current liabilities		**23,451**	22,657	**14,635**	18,210

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Current liabilities					
Payables and accruals	19	**315,606**	281,090	**234,932**	129,402
Current tax liabilities		**32,221**	33,556	**-**	-
Lease liabilities	11	**1,321**	2,070	**-**	-
Loans and borrowings	20	**33,290**	122,540	**10,000**	116,439
Total current liabilities		**382,438**	439,256	**244,932**	245,841
Total liabilities		**405,889**	461,913	**259,567**	264,051
Total equity and liabilities		**621,471**	636,547	**705,020**	696,943

The notes on pages 125 to 189 are an integral part of these financial statements.

CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		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 2020		149,363	(312)	(911)	3,931	2,624	(6,211)	148,484	8,224	156,708
Profit for the financial year		-	-	-	-	-	162,180	162,180	4,005	166,185
Other comprehensive income:										
- Exchange differences on translation of foreign operations		-	(3,834)	-	-	-	-	(3,834)	-	(3,834)
- Fair value income on cash flow hedge		-	-	2,870	-	-	-	2,870	-	2,870
Total comprehensive income for the financial year		-	(3,834)	2,870	-	-	162,180	161,216	4,005	165,221
Dividends to owners of the Company	22	-	-	-	-	-	(138,810)	(138,810)	-	(138,810)
Dividends to non-controlling interests		-	-	-	-	-	-	-	(5,456)	(5,456)
Effects of share-based payment		-	-	-	-	(3,029)	-	(3,029)	-	(3,029)
Total transactions with owners of the Company		-	-	-	-	(3,029)	(138,810)	(141,839)	(5,456)	(147,295)
At 31 December 2020		149,363	(4,146)	1,959	3,931	(405)	17,159	167,861	6,773	174,634

STATEMENT OF
CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Share capital RM'000	Equity contribution reserve RM'000	Cash flow hedge reserve RM'000	Retained earnings RM'000	Total equity RM'000
		← Non-distributable		→	Distributable	
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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		← 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 2020		149,363	1,890	(911)	246,989	397,331
Profit for the financial year		-	-	-	174,036	174,036
Other comprehensive income:						
- Fair value income on cash flow hedge		-	-	2,870	-	2,870
Total comprehensive income for the financial year		-	-	2,870	174,036	176,906
Dividends to owners of the Company	22	-	-	-	(138,810)	(138,810)
Effects of share-based payment		-	(2,535)	-	-	(2,535)
Total transactions with owners of the Company		-	(2,535)	-	(138,810)	(141,345)
At 31 December 2020		149,363	(645)	1,959	282,215	432,892

The notes on pages 125 to 189 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		**259,573**	209,780	**161,706**	173,009
Adjustments for:					
Amortisation of:					
- Intangible assets	10	**2,541**	2,184	**667**	523
- Right-of-use assets	11	**2,028**	2,004	**118**	118
Dividend income from:					
- Unquoted subsidiaries		**-**	-	**(173,545)**	(180,670)
- A foreign quoted associate		**-**	-	**(7,531)**	(3,581)
Finance costs:					
- Interest on borrowings		**3,003**	6,702	**5,005**	4,558
- Interest on lease liability		**194**	270	**-**	-
Finance income		**(749)**	(1,745)	**(14)**	(99)
Inventories:					
- Written down	15	**5,574**	2,557	**5,630**	1,131
- Finished goods written off	15	**2,465**	5,978	**-**	92
Loss on unrealised foreign exchange		**198**	220	**221**	121
Loss/(reversal) of allowance on					
- Trade receivables		**523**	802	**-**	-
- Other receivables		**-**	(44)	**-**	(44)
Property, plant and equipment:					
- Depreciation	9	**52,679**	38,975	**44,851**	31,062
- Net (gain)/loss on disposal		**(722)**	544	**(523)**	791
- Written off		**464**	1,713	**119**	1,705
Share based payment expense		**1,127**	436	**863**	332
Share of profit of equity - accounted associate, net of tax		**(15,180)**	(14,932)	**-**	-
Operating profit before changes in working capital		**313,718**	255,444	**37,567**	29,048
Changes in working capital:					
Inventories		**(1,170)**	(27,488)	**(2,390)**	(2,391)
Receivables, deposits and prepayments		**(3,891)**	89,438	**(8,209)**	(7,362)
Payables and accruals		**32,334**	(50,189)	**103,985**	(16,676)
Cash generated from operations		**340,991**	267,205	**130,953**	2,619
Tax paid		**(65,123)**	(55,466)	**(278)**	(955)
Net cash generated from operating activities		**275,868**	211,739	**130,675**	1,664

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment		**(56,822)**	(42,724)	**(51,844)**	(40,761)
Acquisition of intangible assets	10	**(600)**	(1,683)	**(5)**	(619)
Dividends received from unquoted subsidiaries		**-**	-	**173,545**	180,670
Dividends received from a foreign quoted associate		**7,531**	3,581	**7,531**	3,581
Interest received		**749**	1,745	**14**	99
Proceeds from disposal of property, plant and equipment		**1,329**	627	**549**	53
Net cash (used in)/generated from investing activities		**(47,813)**	(38,454)	**129,790**	143,023
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to owners of the Company		**(152,874)**	(190,787)	**(152,874)**	(190,787)
Dividends paid to non-controlling interests	12	**(5,694)**	(5,456)	**-**	-
Interest paid		**(4,435)**	(5,262)	**(6,444)**	(3,119)
Repayment of loans and borrowings		**(257,106)**	(203,558)	**(220,000)**	(170,000)
Drawdown of loans and borrowings		**174,792**	249,658	**115,000**	210,000
Repayment of lease liabilities		**(2,122)**	(2,095)	**-**	-
Net cash used in financing activities		**(247,439)**	(157,500)	**(264,318)**	(153,906)
Net (decrease)/increase in cash and cash equivalents		**(19,384)**	15,785	**(3,853)**	(9,219)
Effect of exchange rate fluctuations on cash held		**979**	(411)	**(15)**	(102)
Cash and cash equivalents at 1 January		**93,991**	78,617	**9,992**	19,313
Cash and cash equivalents at 31 December	17	**75,586**	93,991	**6,124**	9,992

The notes on pages 125 to 189 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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
2021			
As 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
2020			
As at 1 January 2020	7,669	75,000	82,669
Cash flows from financing activities:			
Drawdown from borrowings	-	249,658	249,658
Repayment of borrowings	-	(203,558)	(203,558)
Repayment of lease liabilities	(2,095)	-	(2,095)
Finance costs paid	-	(5,262)	(5,262)
Non-cash changes:			
Finance costs	270	6,702	6,972
Foreign exchange movement	(5)	-	(5)
At 31 December 2020	5,839	122,540	128,379

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

	Borrowings RM'000
2021	
As at 1 January 2021	**116,439**
Cash flows from financing activities:	
Drawdown from borrowings	**115,000**
Repayment of borrowings	**(220,000)**
Finance costs paid	**(6,444)**
Non-cash changes:	
Finance costs	**5,005**
At 31 December 2021	**10,000**
2020	
As at 1 January 2020	75,000
Cash flows from financing activities:	
Drawdown from borrowings	210,000
Repayment of borrowings	(170,000)
Finance costs paid	(3,119)
Non-cash changes:	
Finance costs	4,558
At 31 December 2020	116,439

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 2021 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 2021 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 2022.

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.

2 BASIS OF PREPARATION (CONTINUED)

(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 2021:

- Amendments to MFRS 16 'COVID-19-Related Rent Consessions'
- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark Reform - Phase 2'

The Group has applied the Phase 2 amendments related to interest rate benchmark ("IBOR") reform. The term "IBOR reform" refers to the market-wide reform of an IBOR (e.g. GBP LIBOR, USD LIBOR, SIBOR, KLIBOR, etc.), including the replacement of an IBOR with an alternative benchmark rate such as that resulting from the recommendations set out in the Financial Stability Board's July 2014 report 'Reforming Major Interest Rate Benchmarks'. There was no impact from the adoption of Interest Rate Benchmark Reform - Phase 2 amendments during the financial period as there were no changes or modification to the contractual cash flows of the LIBOR-linked contracts. The effect of IBOR reform is disclosed in Note 27.

Other than that, the adoption of other amendments to standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

(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 2021:

- Amendments to MFRS 16 –COVID-19-Related Rent Concessions beyond 30 June 2021 (effective 1 April 2021) extends the applicable period of the practical expedient by one year to cover rent concessions that reduce lease payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

  Lessees that had already applied the 2020 practical expedient has no option but must apply the 2021 amendment. In contrast, lessees that had not applied the 2020 practical expedient are not allowed to apply the 2021 amendment.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 116 'Proceeds before intended use' (effective 1 January 2022) prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss.

  The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 3 'Reference to Conceptual Framework' (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments did not change the current accounting for business combinations on acquisition date.

  The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 'Provisions, contingent liabilities and contingent assets' and IC Interpretation 21 'Levies' when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

  The amendments shall be applied prospectively.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONTINUED)

(b) Standards and amendments to published standards and interpretations that have been issued but not yet effective (continued)

- Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives (effective 1 January 2022) removed the illustration on the reimbursement relating to leasehold improvements by the lessor to avoid potential confusion as the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in MFRS 16.

  The amendments shall be applied retrospectively.

- Annual Improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities' (effective 1 January 2022) clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other's behalf, are included in the cash flow of the new loan when performing the 10% test.

  An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Amendments to MFRS 137 'onerous contracts – cost of fulfilling a contract' (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

  The assessment of whether an entity has the right to defer settlement of a liability at the reporting date is not affected by expectations of the entity or events after the reporting date.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates (effective 1 January 2023) require companies to disclose material accounting policies rather than significant accounting policies as 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.

  The amendments shall be applied retrospectively.

- 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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(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.

(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 decreases 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

(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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

(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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases (continued)

(i) Accounting by lessee (continued)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases (continued)

(i) Accounting by lessee (continued)

Lease liabilities (continued)

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.

(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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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 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).

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

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. 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.

The Group pays various discounts depending on nature of customer and business. Customer discounts comprise off-invoice discounts, volume and activity-related discounts, including specific promotion prices offered, 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 and activity-related discounts are a broad term covering incentives for customers to sustain business with the Group and the Company over a longer time 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, or progressive discounts offered in step with increasing sales to a customer.

Other discounts 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.

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).

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUE

(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 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 other comprehensive income. 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 other comprehensive income 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 other comprehensive income 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, fair value through other comprehensive income 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Impairment of assets (continued)

Impairment of financial assets (continued)

For other receivables and non-trade intercompany balances, the Group and the Company apply 3-stage approach to measure expected credit losses 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.

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 (as shown in Note 16.1). 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.

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 and activity related discounts are typically associated with certain sales targets to be achieved by the customers and distributors. 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.

These accruals are netted off within receivables, deposits and prepayments (Note 16.1). 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 performs an impairment review of its investments in its subsidiaries on an annual basis, in accordance with the accounting policy stated in Note 3(u).

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 investment in subsidiaries (continued)

The key assumptions used for the CGU Carlsberg Singapore Pte Ltd. were as follows:

	2021	2020
Sales volume (% annual growth)	**2.1%**	1.5%
Long-term growth rate (% per annum)	**1.0%**	1.0%
Pre-tax discount rate (% per annum)	**6.7%**	5.1%

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. at 31 December 2021 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contracts with customers	**1,772,821**	1,785,000	**863,844**	990,024

Breakdown of the Group's revenue from contracts with customers:

	Manufacturing* RM'000	Marketing & Distribution RM'000	Total RM'000
2021			
Sales of beverages	**862,875**	**908,622**	**1,771,497**
Sales of by-products and others	**969**	**355**	**1,324**
	863,844	**908,977**	**1,772,821**
2020			
Sales of beverages	988,915	794,446	1,783,361
Sales of by-products and others	1,109	530	1,639
	990,024	794,976	1,785,000

* The manufacturing segment relates to the Company's operations.

NOTES TO THE FINANCIAL STATEMENTS

6 OPERATING PROFIT

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Operating profit is arrived at after charging:				
Amortisation of:				
- Intangible assets	**2,541**	2,184	**667**	523
- Right-of-use assets	**2,028**	2,004	**118**	118
Audit fees:				
- Payable to PricewaterhouseCoopers PLT	**257**	257	**183**	183
- Payable to PricewaterhouseCoopers International Limited	**170**	168	**-**	-
- Payable to other auditor	**11**	11	**11**	11
Audit related services				
- Payable to PricewaterhouseCoopers PLT	**9**	9	**9**	9
Excise duties and sales tax	**913,710**	973,951	**626,477**	740,909
Finance costs:				
- Interest on borrowings	**3,003**	6,702	**5,005**	4,558
- Interest on lease liability	**194**	270	**-**	-
Foreign exchange loss:				
- Realised	**-**	21	**-**	-
- Unrealised	**198**	220	**221**	121
Inventories:				
- Written down	**5,574**	2,557	**5,630**	1,131
- Finished goods written off	**2,465**	5,978	**-**	92
Loss allowance on:				
- Trade receivables	**523**	802	**-**	-
Personnel expenses (including key management personnel):				
- Wages, salaries and others	**122,809**	120,196	**36,314**	34,412
- Contributions to Employees Provident Fund	**10,767**	10,660	**2,934**	2,947
- Contributions to other defined contribution plan	**1,217**	1,347	**536**	605
- Share based payment expense	**1,127**	436	**863**	332
- Termination benefits	**4**	9,889	**-**	2,423
Property, plant and equipment:				
- Depreciation*	**52,679**	38,975	**44,851**	31,062
- Net loss on disposal	**-**	544	**-**	791
- Written off	**464**	1,713	**119**	1,705
Management fees charged from related companies	**12,081**	10,461	**7,074**	5,700
Lease expenses relating to short-term and low value assets	**819**	871	**134**	220

* Included in the depreciation of property, plant and equipment of the Group and the Company are accelerated depreciation on 'plant and machinery' amounting to RM5,267,000 (2020: nil) arising from the discontinuation of one of the packaging lines that will be replaced in 2022, as announced in the third quarter financial results for the period ended 30 September 2021.

6 OPERATING PROFIT (CONTINUED)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Operating profit is arrived at after crediting:				
Dividend income from:				
- Unquoted subsidiaries	**-**	-	**173,545**	180,670
- A foreign quoted associate	**-**	-	**7,531**	3,581
Finance income	**749**	1,745	**14**	99
Realised gain on foreign exchange	**420**	-	**324**	172
Gain on disposal of property, plant and equipment	**722**	-	**523**	-
Management fees charged to a subsidiary	**-**	-	**19,010**	17,864
Operating lease income from a subsidiary	**-**	-	**780**	780
Reversal of loss allowance on:				
- Other receivables	**-**	44	**-**	44

7 TAXATION

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current taxation				
Current tax:				
- Malaysian income tax	**54,564**	42,173	**3**	23
- foreign income tax	**9,992**	11,047	**-**	-
- (over)/under provision in prior years	**(1,269)**	361	**-**	-
	63,287	53,581	**3**	23
Deferred taxation (Note 14):				
- origination and reversal of temporary differences	**(8,079)**	(9,986)	**(3,685)**	(1,050)
Tax expense/(credit)	**55,208**	43,595	**(3,682)**	(1,027)

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before taxation	**259,573**	209,780	**161,706**	173,009
Statutory income tax at rate of 24% (2020: 24%)	**62,298**	50,347	**38,809**	41,522
Tax effects of:				
- different tax rates in foreign jurisdiction	**(4,039)**	(4,491)	**-**	-
- income not subject to tax	**-**	-	**(43,458)**	(44,220)
- expenses not deductible for tax purposes	**2,499**	1,345	**967**	1,671
- share of results of an associate	**(3,644)**	(3,584)	**-**	-
- expenses qualified for double deduction	**(446)**	(383)	**-**	-
- effects of changes in tax rate*	**(191)**	-	**-**	-
	56,477	43,234	**(3,682)**	(1,027)
(Over)/under provision in prior years	**(1,269)**	361	**-**	-
Total taxation charge/(credit)	**55,208**	43,595	**(3,682)**	(1,027)

In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognised in other comprehensive income:

Deferred tax				
Items that will not be reclassified subsequently to profit or loss:				
- fair value of financial instruments treated as cash flow hedges	**110**	906	**110**	906

* 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.

8 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2021 and 2020 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2021 RM'000	2020 RM'000
Profit for the financial year attributable to shareholders	**200,988**	162,180

Weighted average number of ordinary shares:

	Group	
	2021 '000	2020 '000
Issued ordinary shares	**305,748**	305,748
Basic earnings per ordinary share (sen)	**65.74**	53.04

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 2020		18,952	67,908	4,164	509,892	15,063	12,553	11,571	640,103
Additions		-	962	-	28,541	-	125	13,096	42,724
Disposals		-	-	-	(1,471)	(1,093)	(7)	-	(2,571)
Written off		-	-	-	(36,710)	-	(587)	(1,280)	(38,577)
Transfers		-	96	-	7,343	-	12	(7,451)	-
Transfer from/(to) intangible assets	10	-	-	-	-	-	540	(203)	337
Effect of movements in exchange rates		-	-	6	11	-	7	-	24
At 31 December 2020/1 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		**18,952**	**69,344**	**3,575**	**515,115**	**12,675**	**13,709**	**37,495**	**670,865**

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 2020		-	36,768	1,273	379,964	5,341	9,684	-	433,030
Depreciation for the financial year	6	-	2,436	788	32,330	2,196	1,225	-	38,975
Disposals		-	-	-	(592)	(805)	(3)	-	(1,400)
Written off		-	-	-	(36,280)	-	(584)	-	(36,864)
Transfer from intangible assets	10	-	-	-	-	-	75	-	75
Effect of movements in exchange rates		-	-	3	8	-	2	-	13
At 31 December 2020/1 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		**-**	**41,884**	**1,775**	**397,780**	**7,688**	**10,614**	**-**	**459,741**
Carrying amounts									
At 31 December 2021		**18,952**	**27,460**	**1,800**	**117,335**	**4,987**	**3,095**	**37,495**	**211,124**
At 31 December 2020		**18,952**	**29,762**	**2,106**	**132,176**	**7,238**	**2,244**	**15,733**	**208,211**

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 2020		18,952	65,749	482,442	549	7,818	11,571	587,081
Additions		-	962	26,698	-	74	13,027	40,761
Disposals		-	-	(1,329)	-	-	-	(1,329)
Written off		-	-	(35,342)	-	(419)	(1,280)	(37,041)
Transfers		-	96	7,343	-	12	(7,451)	-
Transfer to intangible assets	10	-	-	-	-	-	(203)	(203)
At 31 December 2020/1 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		**18,952**	**67,587**	**487,723**	**549**	**8,219**	**37,206**	**620,236**

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 2020		-	36,099	366,163	212	7,151	-	409,625
Depreciation for the financial year	6	-	2,270	28,278	89	425	-	31,062
Disposals		-	-	(485)	-	-	-	(485)
Written off		-	-	(34,919)	-	(417)	-	(35,336)
At 31 December 2020/1 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		**-**	**41,045**	**380,341**	**400**	**7,317**	**-**	**429,103**
Carrying amounts								
At 31 December 2021		**18,952**	**26,542**	**107,382**	**149**	**902**	**37,206**	**191,133**
At 31 December 2020		18,952	28,438	120,775	248	326	15,664	184,403

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

9.1 Leasing arrangements

The Company leases certain buildings with carrying amount of RM7,284,000 (2020: RM7,709,000) to a subsidiary under operating leases with rentals payable monthly.

Minimum lease receivable on buildings are as follows:

	Company	
	2021 RM'000	2020 RM'000
Within 1 year	**954**	780
Between 1 and 2 years	**954**	780
Between 2 and 3 years	**954**	780
Between 3 and 4 years	**954**	180
Between 4 and 5 years	**954**	180
More than 5 years	**1,020**	540
	5,790	3,240

10 INTANGIBLE ASSETS

	Note	Goodwill RM'000	Computer software RM'000	Total RM'000
Group				
Cost				
At 1 January 2020		2,634	11,227	13,861
Acquisition		-	1,683	1,683
Transfer to property, plant and equipment	9	-	(337)	(337)
Written off		-	(116)	(116)
Effect of movements in exchange rates		-	3	3
At 31 December 2020/1 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		**2,634**	**11,747**	**14,381**

10 INTANGIBLE ASSETS (CONTINUED)

	Note	Goodwill RM'000	Computer software RM'000	Total RM'000
Group (continued)				
Amortisation				
At 1 January 2020		-	5,863	5,863
Amortisation for the financial year	6	-	2,184	2,184
Transfer to property, plant and equipment	9	-	(75)	(75)
Written off		-	(116)	(116)
Effect of movements in exchange rates		-	3	3
At 31 December 2020/1 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		**-**	**8,848**	**8,848**
Carrying amounts				
At 31 December 2021		**2,634**	**2,899**	**5,533**
At 31 December 2020		2,634	4,601	7,235

10 INTANGIBLE ASSETS (CONTINUED)

	Note	Computer software RM'000
Company		
Cost		
At 1 January 2020		2,896
Additions		619
Transfer from property, plant and equipment	9	203
Written off		(116)
At 31 December 2020/1 January 2021		**3,602**
Additions		**5**
Transfer from property, plant and equipment	9	**118**
Written off		**(23)**
At 31 December 2021		**3,702**
Amortisation		
At 1 January 2020		1,900
Amortisation for the financial year	6	523
Written off		(116)
At 31 December 2020/1 January 2021		**2,307**
Amortisation for the financial year	6	**667**
Written off		**(23)**
At 31 December 2021		**2,951**
Carrying amounts		
At 31 December 2021		**751**
At 31 December 2020		1,295

10 INTANGIBLE ASSETS (CONTINUED)

10.1 Impairment testing for CGUs containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating geographical divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

	Group	
	2021 RM'000	2020 RM'000
Singapore		
MayBev Pte. Ltd.	**2,634**	2,634

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:

	2021	2020
Sales volume (% annual growth)	**9.4%**	4.7%
Long-term growth rate (% per annum)	**1.0%**	1.0%
Pre-tax discount rate (% per annum)	**6.7%**	4.4%

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.

11 RIGHT-OF-USE ASSETS/LEASES

11.1 Amounts recognised in the statements of financial position:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Right-of-use assets				
Leasehold land	**6,454**	6,577	**6,390**	6,508
Buildings	**3,656**	5,563	**-**	-
	10,110	12,140	**6,390**	6,508
Lease liabilities				
Current	**1,321**	2,070	**-**	-
Non-current	**2,590**	3,769	**-**	-
	3,911	5,839	**-**	-

There were no additions to the right-of-use assets during the current financial year.

11.2 Amounts recognised in the statements of comprehensive income and statements of cash flows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Amortisation charge of right-of-use assets				
Leasehold land	**122**	122	**118**	118
Buildings	**1,906**	1,882	**-**	-
	2,028	2,004	**118**	118
Interest expense (included in finance cost)	**194**	270	**-**	-
Lease expenses relating to short-term and low value assets that are not shown above (included in sales, distribution and administrative expenses)	**819**	871	**134**	220

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 2021 are RM 2,942,000 (2020: RM2,966,000) and RM134,000 (2020: RM220,000) respectively.

11 RIGHT-OF-USE ASSETS/LEASES (CONTINUED)

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	
	2021 RM'000	2020 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 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 2021 %	2020 %
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.

12 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group's subsidiary that has material non-controlling interest ("NCI") is as follows:

	Effective ownership interest held by NCI	
	2021 %	**2020 %**
MayBev Pte. Ltd.	**49**	49

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.	
	2021 RM'000	**2020 RM'000**
As at 31 December		
Non-current assets	**6,424**	8,531
Current assets	**27,564**	27,422
Non-current liabilities	**(2,966)**	(4,164)
Current liabilities	**(19,637)**	(15,924)
Net assets	**11,385**	15,865
Accumulated non-controlling interests	**4,456**	6,773
Year ended 31 December		
Revenue	**78,447**	76,632
Profit for the financial year	**6,892**	8,173
Total comprehensive income	**6,892**	8,173
Profit allocated to non-controlling interests	**3,377**	4,005
Dividend paid to non-controlling interests	**5,694**	5,456
Cash flow generated from operating activities	**10,278**	16,437
Cash flow used in investing activities	**(215)**	(303)
Cash flow used in financing activities	**(5,781)**	(12,471)
Net changes in cash and cash equivalents	**4,282**	3,663

13 INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Quoted shares, outside Malaysia	**25,164**	25,164	**25,164**	25,164
Share of post-acquisition reserves	**69,584**	67,322	**-**	-
	94,748	92,486	**25,164**	25,164
Market value				
Quoted shares, outside Malaysia	**221,655**	254,749	**221,655**	254,749

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 2021 %	Effective ownership interest 2020 %
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:

	2021 RM'000	2020 RM'000
As at 31 December		
Non-current assets	**424,938**	454,146
Current assets	**363,187**	348,660
Non-current liabilities	**(163,947)**	(207,011)
Current liabilities	**(245,185)**	(225,851)
Net assets	**378,993**	369,944
Year ended 31 December		
Revenue	**1,133,878**	1,064,655
Interest income	**11,802**	17,717
Interest expense	**(18,113)**	(29,617)
Tax expense	**(37,425)**	(29,041)
Profit for the financial year	**60,719**	59,728
Total comprehensive income	**60,719**	59,728
Dividends received from associate	**7,531**	3,581

13 INVESTMENT IN AN ASSOCIATE (CONTINUED)

Reconciliation to carrying amount:

	2021 RM'000	2020 RM'000
Net assets as at 1 January	**369,944**	338,880
Profit for the financial year	**60,719**	59,728
Dividend paid	**(30,124)**	(14,324)
Exchange differences	**(21,546)**	(14,340)
Net assets as at 31 December	**378,993**	369,944
Group share at 25%	**94,748**	92,486
Carrying amount	**94,748**	92,486

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Group						
Property, plant and equipment	-	-	(23,974)	(24,206)	(23,974)	(24,206)
Right-of-use assets	-	-	(635)	(948)	(635)	(948)
Trade and other receivables	1,893	-	-	(628)	1,893	(628)
Trade and other payables	15,311	9,980	-	-	15,311	9,980
Lease liabilities	679	995	-	-	679	995
Others	-	-	(1,137)	(1,027)	(1,137)	(1,027)
Tax assets/(liabilities)	17,883	10,975	(25,746)	(26,809)	(7,863)	(15,834)
Offsetting	(10,723)	(8,250)	10,723	8,250	-	-
Net tax assets/(liabilities)	7,160	2,725	(15,023)	(18,559)	(7,863)	(15,834)
Company						
Property, plant and equipment	-	-	(21,428)	(21,508)	(21,428)	(21,508)
Trade and other payables	7,930	4,325	-	-	7,930	4,325
Others	-	-	(1,137)	(1,027)	(1,137)	(1,027)
Tax assets/(liabilities)	7,930	4,325	(22,565)	(22,535)	(14,635)	(18,210)
Offsetting	(7,930)	(4,325)	7,930	4,325	-	-
Net tax liabilities	-	-	(14,635)	(18,210)	(14,635)	(18,210)

14 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movement in temporary differences during the financial year:

	At 1.1.2020 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 31.12.2020 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
Group									
Property, plant and equipment	(26,604)	2,399	-	(1)	(24,206)	237	-	(5)	(23,974)
Right-of-use assets	(1,266)	318	-	-	(948)	324	-	(11)	(635)
Trade and other receivables	(9,172)	8,544	-	-	(628)	2,521	-	-	1,893
Trade and other payables	10,740	(761)	-	1	9,980	5,325	-	6	15,311
Lease liabilities	1,304	(309)	-	-	995	(328)	-	12	679
Others	84	(205)	(906)	-	(1,027)	-	(110)	-	(1,137)
	(24,914)	9,986	(906)	-	(15,834)	8,079	(110)	2	(7,863)
Company									
Property, plant and equipment	(23,561)	2,053	-	-	(21,508)	80	-	-	(21,428)
Trade and other payables	5,123	(798)	-	-	4,325	3,605	-	-	7,930
Others	84	(205)	(906)	-	(1,027)	-	(110)	-	(1,137)
	(18,354)	1,050	(906)	-	(18,210)	3,685	(110)	-	(14,635)

15 INVENTORIES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Finished goods	**57,798**	60,422	**18,846**	17,808
Work-in-progress	**3,728**	4,184	**3,728**	4,184
Raw, packaging and other materials	**10,754**	10,089	**10,705**	10,015
Spare parts for machinery	**6,673**	11,127	**6,342**	10,854
	78,953	85,822	**39,621**	42,861
Recognised in profit or loss:				
Allowance for inventories written down	**5,574**	2,557	**5,630**	1,131
Finished goods written off	**2,465**	5,978	**-**	92
Inventories recognised as Cost of Sales	**202,193**	204,095	**142,751**	160,535

16 RECEIVABLES, DEPOSITS AND PREPAYMENTS

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current					
Trade					
Trade receivables from contracts with customers	16.1	**86,962**	76,928	**-**	-
Less: Loss allowance		**(1,366)**	(1,017)	**-**	-
		85,596	75,911	**-**	-
Prepayments	16.3	**39,993**	40,019	**34,539**	19,259
Amount due from immediate holding company	16.2	**1,959**	2,082	**1,959**	2,082
Amounts due from related companies	16.2	**3,568**	8,771	**3,531**	8,768
		131,116	126,783	**40,029**	30,109

16 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-trade					
Amount due from a subsidiary	16.2	**-**	-	**281**	373
Amounts due from related companies	16.2	**-**	191	**-**	191
Other receivables		**1,532**	2,576	**507**	1,259
Deposits		**1,848**	1,180	**45**	118
Prepayments		**377**	100	**30**	-
		3,757	4,047	**863**	1,941
		134,873	130,830	**40,892**	32,050

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.

The Group currently has 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 amount netted within trade receivables of the Group are trade offer accruals amounting to RM186,858,000 (2020: RM164,436,000). There were changes in the basis of certain accounting estimates resulting from reassessing the actual and future expected obligations associated with trade offers. These changes in estimates have been accounted for prospectively.

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 fair value through OCI 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 a subsidiary, immediate holding company and related companies

The trade balances have a credit term of 30 days (2020: 30 days).

The non-trade balances are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

16 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

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.

17 CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash at bank	**75,537**	93,891	**6,124**	9,989
Cash held on hand	**49**	100	**-**	3
	75,586	93,991	**6,124**	9,992

18 SHARE CAPITAL

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 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.

NOTES TO THE FINANCIAL STATEMENTS

18 SHARE CAPITAL (CONTINUED)

Reserves

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Other reserves:					
Capital reserve	18.1	**3,931**	3,931	**-**	-
Exchange reserve	18.2	**(8,906)**	(4,146)	**-**	-
Equity contribution reserve	18.3	**2,131**	(405)	**1,659**	(645)
Cash flow hedge reserve	18.4	**2,307**	1,959	**2,307**	1,959
		(537)	1,339	**3,966**	1,314
Distributable reserves:					
Retained earnings		**62,300**	17,159	**292,124**	282,215
		61,763	18,498	**296,090**	283,529

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 2021, the unrealised fair value gain on cash flow hedge included in the amount due from immediate holding company (trade) was RM3,036,000 (2020: fair value gain of RM2,577,000).

NOTES TO THE FINANCIAL STATEMENTS

19 PAYABLES AND ACCRUALS

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Non-current					
Provision		**334**	329	**-**	-
Current					
Trade					
Trade payables	19.1	**215,057**	198,571	**103,122**	97,432
Amount due to immediate holding company	19.2	**2,294**	3,338	**-**	-
Amount due to a subsidiary	19.2	**-**	-	**2,017**	8,038
Amounts due to related companies	19.2	**11,697**	9,361	**-**	285
		229,048	211,270	**105,139**	105,755
Non-trade					
Other payables	19.3	**21,314**	11,448	**12,339**	3,414
Accrued expenses		**57,600**	49,243	**16,188**	13,162
Amount due to immediate holding company	19.4	**547**	1,077	**417**	844
Amount due to a subsidiary	19.5	**-**	-	**94,761**	-
Amounts due to related companies	19.4	**7,097**	8,052	**6,088**	6,227
		86,558	69,820	**129,793**	23,647
		315,606	281,090	**234,932**	129,402
		315,940	281,419	**234,932**	129,402

19 PAYABLES AND ACCRUALS (CONTINUED)

19.1 Trade payables carry credit terms ranging from 0 to 130 days (2020: 0 to 130 days).

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 (2020: 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.

19.4 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% (2020: 2.5%) based on an overnight sweep arrangement. Interest expenses from the cash pooling arrangement amounting to RM2,811,000 (2020: RM1,039,000) is presented within the finance cost in the statements of comprehensive income.

20 LOANS AND BORROWINGS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current - unsecured				
Terms loan	**5,504**	-	**-**	-
	5,504	-	**-**	-
Current – unsecured				
Terms loan	**1,667**	-	**-**	-
Revolving credits	**31,623**	122,540	**10,000**	116,439
	33,290	122,540	**10,000**	116,439

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 0.84% to 2.17% (2020: 0.9% to 3.47%) per annum.

The maturity analysis of the loans and borrowings at end of reporting date is disclosed in Note 24.5 under liquidity risk.

21 KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors:				
- Fees	**311**	273	**311**	273
- Defined contribution plan	**178**	173	**178**	173
- Short-term employee benefits (including estimated monetary value of benefits-in-kind)	**3,115**	2,904	**3,115**	2,904
	3,604	3,350	**3,604**	3,350
- Share-based payments	**521**	195	**521**	195
	4,125	3,545	**4,125**	3,545
Other key management personnel:				
- Defined contribution plan	**1,059**	1,168	**318**	544
- Short-term employee benefits	**13,887**	14,667	**4,134**	6,244
- Share-based payments	**606**	241	**54**	(42)
	15,552	16,076	**4,506**	6,746
	19,677	19,621	**8,631**	10,291

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
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**	
2020			
Fourth interim 2019	17.0	51,977	10 April 2020
Final and special 2019	28.4	86,833	30 September 2020
Total amount		138,810	

22 DIVIDENDS (CONTINUED)

The Board of Directors recommended for shareholders' approval at the forthcoming Annual General Meeting a final single-tier dividend of 46.0 sen per ordinary share in respect of the financial year ended 31 December 2021.

	Sen per ordinary share	Total amount RM'000
For the financial year ended 31 December 2021		
Final	**46.0**	**140,644**

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
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**
2020				
Segment profit	135,392	64,629	-	200,021
Included in the measure of segment profit are:				
Revenue from external customers	1,257,139	527,861	-	1,785,000
Inter-segment revenue*	57,189	-	-	57,189
Depreciation and amortisation	38,811	4,352	-	43,163
Not included in the measure of segment profit but provided to Group's Managing Director:				
Finance costs	(6,559)	(413)	-	(6,972)
Finance income	1,745	-	-	1,745
Income tax expense	(33,004)	(10,591)	-	(43,595)
Share of profit of equity - accounted associate, net of tax	-	-	14,932	14,932

* Inter-segment revenue derived from Singapore.

23 OPERATING SEGMENTS (CONTINUED)

Reconciliation of segment profit or loss

	2021 RM'000	2020 RM'000
Profit		
Total segment profit	**247,865**	200,021
Inter-segment elimination	**(1,024)**	54
Finance costs	**(3,197)**	(6,972)
Finance income	**749**	1,745
Share of profit of equity - accounted associate, net of tax	**15,180**	14,932
Consolidated profit before taxation	**259,573**	209,780

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*	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Geographical location				
Malaysia	**1,171,040**	1,217,452	**214,285**	213,019
Singapore	**574,347**	531,918	**12,482**	14,567
Other countries	**27,434**	35,630	**94,748**	92,486
	1,772,821	1,785,000	**321,515**	320,072

* 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 two external customers that amounted to 10% or more of the Group's revenue for the financial year was RM685,239,000 (2020: RM353,898,000 was derived from transactions with a single external customer).

24 FINANCIAL INSTRUMENTS

24.1 Financial instruments by categories

The table below provides an analysis of financial instruments categorised as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financial assets at FVOCI				
Receivables	**86,675**	45,216	**-**	-
Financial assets at amortised cost				
Receivables and deposits	**7,828**	45,495	**6,323**	12,791
Cash and cash equivalents	**75,586**	93,991	**6,124**	9,992
	83,414	139,486	**12,447**	22,783
Financial liabilities at amortised cost				
Payables and accruals*	**(288,768)**	(260,871)	**(225,799)**	(122,239)
Loans and borrowings	**(38,794)**	(122,540)	**(10,000)**	(116,439)
Lease liabilities	**(3,911)**	(5,839)	**-**	-
	(331,473)	(389,250)	**(235,799)**	(238,678)

* 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financial assets at FVOCI and amortised cost	**646**	(1,060)	**175**	(136)
Financial liabilities at amortised cost	**(3,814)**	(6,906)	**(5,387)**	(4,510)

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysia	**60,730**	32,939	**-**	-
Singapore	**25,174**	43,056	**-**	-
Others	**5,219**	10,769	**5,490**	10,850
	91,123	86,764	**5,490**	10,850

(b) Reconciliation on loss allowance

The loss allowance for trade and other receivables as at 31 December 2021 reconciles to the opening loss allowance for that provision as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	**(1,017)**	(270)	**-**	(55)
Loss allowance recognised	**(1,110)**	(802)	**-**	-
Loss allowance reversed	**587**	44	**-**	44
Loss allowance written off	**174**	11	**-**	11
At 31 December	**(1,366)**	(1,017)	**-**	-

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Assessed collectively	**92,489**	87,781	**5,490**	10,850
Total trade receivables (including intercompany balances)	**92,489**	87,781	**5,490**	10,850

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
2021					
Expected loss rate	**-**	**-**	**16%**	**71%**	
RM'000					
Gross carrying amount					
- Trade receivables (assessed collectively)	**80,334**	**4,082**	**824**	**1,722**	**86,962**
- Amounts due from related companies	**1,723**	**1,808**	**37**	**-**	**3,568**
- Amount due from immediate holding company	**1,959**	**-**	**-**	**-**	**1,959**
Carrying amount	**84,016**	**5,890**	**861**	**1,722**	**92,489**
Loss allowance	**-**	**-**	**(139)**	**(1,227)**	**(1,366)**
Carrying amount (net of loss allowance)	**84,016**	**5,890**	**722**	**495**	**91,123**

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 ageing of trade receivables (including intercompany balances) as at the end of the reporting period was:

Group	Current	1 - 30 days past due	More than 30 days past due	More than 60 days past due	Total
2020					
Expected loss rate	-	-*	4%	65%	
RM'000					
Gross carrying amount					
- Trade receivables (assessed collectively)	69,415	5,247	747	1,519	76,928
- Amounts due from related companies	3,866	4,875	30	-	8,771
- Amount due from immediate holding company	2,082	-	-	-	2,082
Carrying amount	75,363	10,122	777	1,519	87,781
Loss allowance	-	(4)	(33)	(980)	(1,017)
Carrying amount (net of loss allowance)	75,363	10,118	744	539	86,764

* 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 (2020: 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
AAA	**21,185**	52,392	**6,062**	9,951
AA1	**37**	2	**33**	1
AA2	**-**	58	**-**	37
AA3	**849**	-	**29**	-
A1	**53,466**	41,439	**-**	-
	75,537	93,891	**6,124**	9,989

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.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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						
2021						
Payables and accruals*	**288,768**	**-**	**288,768**	**288,768**	**-**	**-**
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**
	331,473		**332,085**	**323,709**	**3,141**	**5,235**
2020						
Payables and accruals*	260,871	-	260,871	260,871	-	-
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
	389,250		390,696	386,534	1,471	2,691
Company						
2021						
Payables and accruals*	**225,799**	**-**	**225,799**	**225,799**	**-**	**-**
Loans and borrowings	**10,000**	**2.17**	**10,017**	**10,017**	**-**	**-**
	235,799		**235,816**	**235,816**	**-**	**-**
2020						
Payables and accruals*	122,239	-	122,239	122,239	-	-
Loans and borrowings	116,439	2.15-3.47	117,463	117,463	-	-
	238,678		239,702	239,702	-	-

*Net of provisions and payroll liabilities

24 FINANCIAL INSTRUMENTS (CONTINUED)

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").

Risk management objectives, policies and processes for managing the risk

The Group and the Company did not hedge any 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.

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				
2021				
Trade receivables	**5,435**	**-**	**-**	**-**
Cash and cash equivalents	**7,118**	**399**	**-**	**6,584**
Trade payables	**(12,436)**	**(477)**	**(5,720)**	**-**
Intercompany balances	**(8,519)**	**-**	**(520)**	**-**
Net exposure	**(8,402)**	**(78)**	**(6,240)**	**6,584**

	Denominated in			
	USD RM'000	SGD RM'000	EUR RM'000	LKR RM'000
2020				
Trade receivables	3,873	-	-	-
Cash and cash equivalents	7,165	6,551	-	-
Trade payables	(11,258)	(320)	(948)	-
Intercompany balances	(478)	-	(1,202)	-
Net exposure	(698)	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				
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**

	Denominated in			
	USD RM'000	SGD RM'000	EUR RM'000	LKR RM'000
2020				
Cash and cash equivalents	3,257	6,452	-	-
Trade payables	(10,959)	-	(340)	-
Intercompany balances	8,832	-	(350)	-
Net exposure	1,130	6,452	(690)	-

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% (2020: 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.

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
USD	**168**	14	**137**	(23)
SGD	**2**	(125)	**(2)**	(129)
EUR	**125**	43	**94**	14
LKR	**(132)**	-	**(132)**	-
	163	(68)	**97**	(138)

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

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. During 2021, the Group enters 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.

<u>Exposure to interest rate risk</u>

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Floating rate instruments</u>				
Loan and borrowings	**(31,623)**	(122,540)	**(10,000)**	(116,439)

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.

As at the reporting date, if the annual interest rates increase/decrease by 0.5% (2020: 0.5%) respectively and all other variables including tax and interest rates being held constant, the profit after tax will be higher/lower by RM188,000 (2020: RM749,000) 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 2021 and 2020 are as follows:

	Group	
	2021 RM'000	2020 RM'000
Total debt	**42,705**	128,379
Total equity	**215,582**	174,634
Total capital	**258,287**	303,013
Gearing ratio	**17%**	42%

26 CAPITAL COMMITMENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Capital expenditure commitments				
Authorised and contracted for				
- Property, plant and equipment	**73,196**	1,867	**71,210**	1,043

27 EFFECT OF IBOR REFORM

During the financial year, the Group changed its accounting policies on borrowings upon adoption of the Phase 2 amendments related to KLIBOR and SIBOR.

In accordance with the transitional provisions, the amendments are applied retrospectively to borrowings. The adoption of the amendments has no impact on the opening retained earnings as at 1 January 2021 because none of the LIBOR-linked contracts of the Group were modified in 2020.

Following the Global Financial Crisis, the reform and replacement of benchmark interest rates such as GBP LIBOR, USD LIBOR and other interbank offered rates has become a priority for global regulators. Globally, the new alternative reference rates ("ARR") are being introduced to improve the integrity of financial benchmark rates as part of a transition to transaction-based rates, in line with the LIBOR reforms. The Group currently has revolving credits which references to SIBOR and KLIBOR.

27 EFFECT OF IBOR REFORM (CONTINUED)

On 24 September 2021, Bank Negara Malaysia ("BNM") announced the launch of the Malaysia Overnight Rate ("MYOR") as the new alternative reference rate for Malaysia. The MYOR will run in parallel to the existing Kuala Lumpur Interbank Offered Rate ("KLIBOR"). There remain key differences between KLIBOR and MYOR. KLIBOR is a 'term rate', which means that it is published for a borrowing period (such as 3- or 6-month tenor) and is 'forward looking', because it is published at the beginning of the borrowing period. MYOR is currently a 'backward-looking' rate, based on unsecured overnight Malaysian Ringgit interbank transactions in the Malaysian financial market, and it is published on the next business day (i.e. at the end of the overnight borrowing period). Furthermore, KLIBOR includes a credit spread over the risk-free rate, which MYOR currently does not. To transition existing contracts and agreements that reference KLIBOR to MYOR, adjustments for term and credit differences might need to be applied to MYOR, to enable the two benchmark rates to be economically equivalent on transition.

The publication of the 2- and 12-month KLIBOR tenors will be discontinued on 1 January 2023. The remaining 1-, 3- and 6-month KLIBOR tenors will be reviewed by BNM in the second half of 2022. A new Islamic benchmark rate to replace the Kuala Lumpur Islamic Reference Rate will be announced by BNM by the first half of 2022.

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

Temporary suspension of the Company's brewery operations and impact of COVID-19 restrictions

On 28 May 2021, the Malaysian Government imposed Full Movement Control Order ("FMCO") effective from 1 June 2021 to curb the spread of the coronavirus ("COVID") infection in the country. In accordance with the FMCO rulings, and in line with the National Security Council's standard operating procedures ("SOPs") announced on 1 June 2021, the Company's brewery in Shah Alam was temporarily closed from 2 June 2021 and necessary arrangements to work-from-home ("WFH") for its employees were put in place. The temporary suspension of Company's brewery operations from 2 June 2021 to 15 August 2021 had a major impact to the Company's business and financial performance for the financial year ended 31 December 2021. The brewery resumed operations on 16 August 2021.

During this time, the Malaysian Government announced that the FMCO, which was modified into National Recovery Plan ("NRP") Phase 1 starting from 29 June 2021 would be extended and will only move to NRP Phase 2 depending on the target achieved for the three factors, which are the number of active cases of COVID, the capacity of Malaysia's public health system and the percentage of Malaysians vaccinated. The National Security Council's SOPs would continue to apply. Gradually, the nation eventually moved from NRP Phase 1 and eventually achieved NPR Phase 4 by state in October 2021. Throughout the phases, the various lockdown measures continued to have impact on the Company's financial performance.

Similar lockdown measures were also imposed by the Singapore Government. The re-imposition of such lockdown measures and other restrictions on dining-in caused by the resurgence of the COVID-19 pandemic during this period exacerbated the adverse impact on the Group's business and financial performance. The performance on Lion Brewery in Sri Lanka was similarly impacted by the COVID-19 lockdown measures in that country.

29 SUBSEQUENT EVENT

One-time surcharge tax in Sri Lanka

In the 2022 Sri Lanka's National Budget, the Sri Lanka's government proposed a one-time surcharge tax (ST) at a rate of 25% in Sri Lanka for companies with a taxable income exceeding Sri Lankan Rupee 2 billion for the year of assessment 2020/2021. This was published on 3 February 2022 and is scheduled to be enacted by the Parliament in due course. The Group's share of the potential additional tax expense for its associate, Lion Brewery (Ceylon) PLC, arising from this tax ruling amounted to approximately RM6 million. As this proposed tax ruling has yet to be legislated, the Group has not provided for the potential liability in its financial statements for the financial year ended 31 December 2021.

Other than above, there are no other material events subsequent to the end of the current financial year ended 31 December 2021 that should have been reflected in the financial statements.

30 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
Carlsberg Brewery (Guangdong) Ltd.	China	Fellow subsidiary
Cambrew Limited	Cambodia	Fellow subsidiary
Monster the Cat GmbH	Switzerland	Fellow subsidiary
Saku Õlletehase AS	Estonia	Fellow subsidiary
Carlsberg Supply Company Polska SA	Poland	Fellow subsidiary
Carlsberg Taiwan Trading Company Ltd.	Taiwan	Associate company of immediate holding company
Myanmar Carlsberg Co. Ltd	Myanmar	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.

30 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ultimate holding company				
Reimbursement for share based payments granted to employees	**1,564**	3,714	**1,164**	2,868
Immediate holding company				
Purchases of materials and products	**18**	104	**-**	104
Purchases of services	**7,465**	8,058	**4,143**	4,401
Royalties	**29,603**	31,679	**5,237**	3,632
Net settlements in respect of (gain)/loss from hedging contracts	**(6,875)**	3,304	**(6,875)**	3,304
Related companies				
Management fees	**12,081**	10,461	**7,074**	5,700
Purchases of materials and products	**37,382**	31,535	**-**	25
Purchases of services	**5,373**	5,710	**2,616**	3,254
Sale of goods and services	**(27,196)**	(33,592)	**(27,196)**	(33,592)
Royalties	**5**	4	**-**	-

	Company	
	2021 RM'000	2020 RM'000
Subsidiaries		
Sale of goods and services	**837,296**	956,776
Management fee received	**19,010**	17,864
Operating leases income	**780**	780
Dividend income	**173,545**	180,670
Interest expenses on cash pooling arrangement	**2,811**	1,039
Associate		
Dividend income	**7,531**	3,581

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.

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 114 to 189 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 2021 and the financial performance and cash flows of the Group and of the Company for the financial year ended 31 December 2021 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 2022.

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 114 to 189 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 2022

Before me:

COMMISSIONER FOR OATHS

INDEPENDENT
AUDITORS' REPORT

TO THE MEMBERS OF CARLSBERG BREWERY MALAYSIA BERHAD
(Incorporated in Malaysia)
(Company 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 2021, 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 2021 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 114 to 189.

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)
(Company No. 196901000792 (9210-K))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
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 discount 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 discounts and 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.	• 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 accruals required; • Developed an expectation of the current year accrual 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 actual trade discounts and volume rebates given by the Group against the accruals recorded by management; • We reviewed the reconciliation performed by management between the trade discounts and volume rebates balance payable per the sales system to the accruals made in the Group's financials as at 31 December 2021. We test checked the material reconciling items to supporting documentation and discussed this with management to ensure the appropriateness of these items; • We discussed the critical accounting estimates and assumptions used in the determination of the 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 accruals, we assessed the reasonableness of those changes in the rates to actual claims made in respect of recent sales or revised terms in the trading agreements. Based on the procedures performed, we noted the results of management's assessment and computation are not materially different with the outcome of our procedures.

There are no key audit matters to report for the Company.

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 2021 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CARLSBERG BREWERY MALAYSIA BERHAD
(Incorporated in Malaysia)
(Company No. 196901000792 (9210-K))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon (continued)

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.

(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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CARLSBERG BREWERY MALAYSIA BERHAD
(Incorporated in Malaysia)
(Company No. 196901000792 (9210-K))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(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

HERBERT CHUA GUAN HENG
03483/01/2024 J
Chartered Accountant

Kuala Lumpur
2 March 2022

CARLSBERG MALAYSIA'S **SALES OFFICES**

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c/o Sin Yew Hin Sdn Bhd
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Fax : 086-338 923

BUTTERWORTH
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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
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KOTA KINABALU
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KUANTAN
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Fax : 09-573 0136

KUCHING
No. 287, Section 9, KTLD,
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MENTAKAB
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PT 1303B, Jalan Industri 4,
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SEREMBAN
No. 15-2, 2nd Floor,
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SHAH ALAM
Lot 22, Jalan Pengapit 15/19,
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40200 Shah Alam,
Selangor.
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Fax : 03-5510 1135

SIBU
c/o Ee Chung Han Co. Sdn Bhd
Lot 1248-1249 Lorong Sukun 18,
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96007 Sibu, Sarawak.
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Fax : 084-213 323

TAWAU
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PARTICULARS OF
GROUP PROPERTIES

The Properties included in land and buildings and rights-of-use assets as at 31 December 2021 and their net book values are indicated below:

Address	Area (Acres)	Existing Use	Land Tenure	Approx. Age of Building (Years)	Description	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	51	Land Building	3,375 23,108	31/3/81 (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	42	Land Building	64 146	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	31	Land Building	3,016 4,077	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	24	Land and Building	129	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)
						52,867	

ANALYSIS OF **SHAREHOLDINGS**

AS AT 8 FEBRUARY 2022

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	963	5.868	8,465	0.002
100 - 1,000	8,688	52.943	4,836,714	1.581
1,001 - 10,000	5,410	32.967	19,567,725	6.399
10,001 - 100,000	1,162	7.081	34,284,534	11.213
100,001 - 15,287,399*	186	1.133	91,118,062	29.801
15,287,400 and above**	1	0.006	155,932,500	51.000
TOTAL	**16,410**	**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.	8,939,500	2.923
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	7,179,820	2.348
4	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	3,466,800	1.133
5	HSBC NOMINEES (ASING) SDN BHD JPMBL SA FOR JPMORGAN FUNDS	2,228,300	0.728
6	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	2,127,448	0.695
7	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	2,045,200	0.668
8	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	2,017,181	0.659
9	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAK TIAN MENG (7001418)	2,003,000	0.655
10	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	1,778,496	0.581
11	YEOH SAIK KHOO SENDIRIAN BERHAD	1,719,800	0.562
12	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	1,689,900	0.552

ANALYSIS OF SHAREHOLDINGS
AS AT 8 FEBRUARY 2022

NO.	NAME	NO. OF SHARES	% OF SHARES
13	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR VIRTUS KAR EMERGING MARKETS SMALL-CAP FUND	1,651,700	0.540
14	TAI TAK ESTATES SDN BHD	1,500,000	0.490
15	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	1,275,190	0.417
16	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND JNDP FOR JNL MULTI - MANAGER EMERGING MARKETS EQUITYFUND	1,171,900	0.383
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	1,106,000	0.361
18	HO HAN SENG	1,100,000	0.359
19	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR JPMORGAN GLOBAL EMERGING MARKETS INCOME TRUST PLC	1,051,100	0.343
20	KEY DEVELOPMENT SDN.BERHAD	1,038,000	0.339
21	CARTABAN NOMINEES (ASING) SDN BHD GIC PRIVATE LIMITED FOR GOVERNMENT OF SINGAPORE (C)	997,600	0.326
22	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	845,100	0.276
23	GAN TENG SIEW REALTY SDN.BERHAD	845,000	0.276
24	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND TCTA FOR CALIFFORNIA STATE TEACHERS RETIREMENT SYSTEM	819,621	0.268
25	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	722,068	0.236
26	WONG YOKE FONG @ WONG NYOK FING	713,000	0.233
27	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR NORGES BANK (FI 17)	703,200	0.229
28	HSBC NOMINEES (ASING) SDN BHD BANQUE DE LUXEMBOURG FOR BL-EMERGING MARKETS	700,000	0.228
29	CHINCHOO INVESTMENT SDN.BERHAD	675,000	0.220
30	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	643,200	0.210
	TOTAL	**208,685,624**	**68.254**

ANALYSIS OF SHAREHOLDINGS
AS AT 8 FEBRUARY 2022

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	Datuk Toh Ah Wah	10,000	0.003	-	-
2	Chew Hoy Ping	10,000	0.003	-	-
3	Datuk Lee Oi Kuan	-	-	-	-
4	Leonard Cornelis Jordan Evers	-	-	-	-
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 2021 or entered into since the end of the previous financial year 2020, 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 51st AGM held on 14 April 2021 is as follows:

Transacting Parties	Interested Related Parties	Nature of Transaction	(2) Actual Value Transacted (14 April 2021 – 31 December 2021) (RM' million)
CBAS and the Group	SC, RAL, CPKK, LCJE, GJF and CBAS	Purchase of raw materials (hops, yeasts, aroma etc) and related services from CBAS	0.2
CBAS and the Group	SC, RAL, CPKK, LCJE, GJF and CBAS	Royalties payable to CBAS for inter alia, the exclusive use of trademark licences and supply of technical and commercial assistance	21.3
CVBL and the Group	SC, RAL, CPKK, LCJE, GJF and CBAS	Purchase of beverage products from CVBL	25.8
CDTL and the Group	SC, RAL, CPKK, LCJE, GJF and CBAS and the Group	Sale and supply of goods to CDTL and the Group	0.5
CBHKL and the Group	SC, RAL, CPKK, LCJE, GJF and CBAS	Provision of administrative support services from CBHKL	11.4
CCDOO and the Group	SC, RAL, CPKK, LCJE, GJF and CBAS	Purchase of beverage products from CCDOO	0.6
LAO and the Group	SC, RAL, CPKK, LCJE, GJF and CBAS	Sale and supply of goods to LAO	1.0
CSCAL and the Group	SC, RAL, CPKK, LCJE, GJF and CBAS	Purchase of beverage products and provision of administrative support services from CSCAL	2.7
CSCAG and the Group	SC, RAL, CPKK, LCJE, GJF and CBAS	Purchase of beverage products, materials (Advertising & Promotion items and services from CSCAG)	1.0
CBHKL and the Group	SC, RAL, CPKK, LCJE, GJF and CBAS	Sale and supply of goods to CBHKL	13.3
CL and the Group	SC, RAL, CPKK, LCJE, GJF and CBAS	Sale and supply of goods to CL	0.5
CBAC and the Group	SC, RAL, CPKK, LCJE, GJF and CBAS	Purchase of beverage products from CBAC	1.2
CSCAG and the Group	SC, RAL, CPKK, LCJE, GJF and CBAS	Sale and supply of goods to CSCAG	0.1
SOAS and the Group	SC, RAL, CPKK, LCJE, GJF and CBAS	Purchase of beverage products from SOAS	0.5

Notes:

(1) The above actual value of the recurrent related party transactions "RRPT" is for the period 14 April 2021 to 31 December 2021.

(2) The nature of relationship with the above Related Parties is as follows as at 31 December 2021:

(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) LCJE (appointed on 23 July 2021), RAL 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, LCJE, RAL, CPKK and SC are nominees/representatives of CBAS and do not hold any shares in CBAS or the Company.

(iii) GJF 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 23 July 2021.

(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
GJF	-	Graham James Fewkes
Group	-	Company and its wholly-owned subsidiaries, namely Carlsberg Marketing Sdn. Bhd., Euro Distributors Sdn. Bhd. and Carlsberg Singapore Pte Ltd
LAO	-	Lao Brewery Co Ltd, a fellow subsidiary of CBAS
LJCE	-	Leonard Cornelis Jorden Evers
SC	-	Stefano Clini
SOAS	-	Saku Õlletehase AS, a fellow subsidiary of CBAS

CORPORATE **INFORMATION**

DIRECTORS

DATUK TOH AH WAH P.M.W
Chairman

STEFANO CLINI
Managing Director

CHEW HOY PING
Independent Non-Executive Director

DATUK LEE OI KUAN DPSM
Independent Non-Executive Director

CHAN PO KEI KAY
Non-Independent and Non-Executive Director

LEONARD CORNELIS JORDEN EVERS
Non-Independent and Non-Executive Director

GAVIN STUART BROCKETT
Non-Independent and Non-Executive Director

COMPANY SECRETARY

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
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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

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SHARE REGISTRAR

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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-Second (52nd) 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 Thursday, 14 April 2022 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 2021 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 46 sen per ordinary share in respect of the financial year ended 31 December 2021.	**Resolution 1**
3.	To re-elect Chew Hoy Ping, who retires pursuant to Article 21.6 of the Constitution of the Company, as Director of the Company.	**Resolution 2**
4.	To re-elect Leonard Cornelis Jorden Evers, who retires pursuant to Article 21.10 of the Constitution of the Company, as Director of the Company.	**Resolution 3**
5.	To re-elect Gavin Stuart Brockett, who retires pursuant to Article 21.10 of the Constitution of the Company, as Director of the Company.	**Resolution 4**
6.	To re-elect Datuk Lee Oi Kuan, 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 RM550,000 for the period from 15 April 2022 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 Resolutions, with or without modifications, as Ordinary Resolutions of the Company.

9. **ORDINARY RESOLUTION** **Resolution 8**
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR 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(a) of the Circular to Shareholders dated 16 March 2022 ("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 Renewal of Shareholders' Mandate").

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 Renewal of 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 Renewal of Shareholders' Mandate."

10. **ORDINARY RESOLUTION** **Resolution 9**
PROPOSED NEW SHAREHOLDERS' MANDATE FOR 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(b) of the Circular to Shareholders dated 16 March 2022 ("the Related Parties") provided that such transactions and/or arrangements 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

("the Proposed New Shareholders' Mandate").

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 New 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 in 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 New Shareholders' Mandate."

11. 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 ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND PAYMENT AND CLOSURE OF REGISTER

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the 52nd AGM to be held on Thursday, 14 April 2022, a Final Single-Tier Dividend of 46 sen per ordinary share in respect of the financial year ended 31 December 2021 will be payable on 12 May 2022 to shareholders registered in the Register of Members and Record of Depositors at the close of business on 15 April 2022.

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 15 April 2022 in respect of transfers;
(b) Shares deposited into the Depositor's securities account before 12.30 p.m. on 12 April 2022 (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 2022

1. **IMPORTANT NOTICE**

   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.

   Shareholders **WILL NOT BE ALLOWED** to attend the 52nd AGM in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 52nd 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 52nd 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 7 April 2022**. 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.

NOTICE OF ANNUAL GENERAL MEETING

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 52nd 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 **Tuesday, 12 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

Chew Hoy Ping, Leonard Cornelis Jorden Evers, Gavin Stuart Brockett and Datuk Lee Oi Kuan are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 52nd AGM.

The Board had through the Nomination and Remuneration Committee ("NRC") carried out assessment on the Directors who are standing for re-election 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 Chew Hoy Ping and Datuk Lee Oi Kuan and is satisfied that they met the criteria of independence as prescribed in the MMLR of Bursa Malaysia Securities Berhad.

4. Resolution 6 – Directors' Fees and Benefits 2022

The Directors' fees and benefits proposed for the period from 15 April 2022 until the next AGM are calculated based on the current Board size and number of scheduled Board and Committee meetings for 2022 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.

The fees of each NED for the financial year ended 31 December 2021 are set out in the Details of Directors' Remuneration on page 96 of the Integrated Annual Report.

5. Resolution 7 – Re-appointment of Auditors

The Audit Committee and the Board had, on 2 March 2022, 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 ("Proposed Renewal of 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 Renewal of Shareholders' Mandate is included in the Circular to Shareholders dated 16 March 2022.

2. Resolution 9 – Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed New 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 9 on the Proposed New Shareholders' Mandate is included in the Circular to Shareholders dated 16 March 2022.

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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
Company 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 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-Second (52nd) 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 Thursday, 14 April 2022 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 46 sen per ordinary share.		
2	Re-election of Chew Hoy Ping as Director.		
3	Re-election of Leonard Cornelis Jorden Evers as Director.		
4	Re-election of Gavin Stuart Brockett as Director.		
5	Re-election of Datuk Lee Oi Kuan as Director.		
6	Approval of Directors' fees and benefits of RM550,000 from 15 April 2022 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.		
9	Proposed new shareholders' mandate for 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 be vote or abstain as he/she thinks fit.

As witness my/our hand this ____________ day of ______________________ 2022.

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 proxy form 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 proxy form should be affixed with the rubber stamp of your company (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.
Shareholders **WILL NOT BE ALLOWED** to attend the 52nd AGM in person at the Broadcast Venue on the day of the meeting.
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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.
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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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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 **Tuesday, 12 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.
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    (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

SECOND FOLD

CARLSBERG BREWERY MALAYSIA BERHAD
[196901000792 (9210-K)]

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