



**NESTLÉ (MALAYSIA) BERHAD**  
(198301015532 (110925-W))  
(Incorporated in Malaysia)

The Directors are pleased to present the following report for the period ended 31 December 2023 as follows:

**CONDENSED AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023**

|  | 3 months ended 31 December          |                  |              | 12 months ended 31 December               |                  |             |
|--|-------------------------------------|------------------|--------------|---|------------------|-------------|
|  | 2023<br>RM'000                      | 2022<br>RM'000   | %            | 2023<br>RM'000                            | 2022<br>RM'000   | %           |
| <b>Revenue - Sale of goods</b>   | <b>1,685,287</b>                    | <b>1,647,983</b> | <b>2.3%</b>  | <b>7,050,879</b>                          | <b>6,664,145</b> | <b>5.8%</b> |
| Cost of sales  | (1,144,329)                         | (1,139,495)      |              | (4,819,875)                               | (4,603,260)      |             |
| <b>Gross profit</b>  | <b>540,958</b>                      | <b>508,488</b>   | <b>6.4%</b>  | <b>2,231,004</b>                          | <b>2,060,885</b> | <b>8.3%</b> |
| Operating expenses   | (347,934)                           | (311,259)        |              | (1,291,667)                               | (1,157,954)      |             |
| <b>Operating profit</b>  | <b>193,024</b>                      | <b>197,229</b>   | <b>-2.1%</b> | <b>939,337</b>                            | <b>902,931</b>   | <b>4.0%</b> |
| Finance costs  | (16,278)                            | (13,581)         |              | (60,687)                                  | (44,994)         |             |
| Finance income   | 65                                  | 31               |              | 339                                       | 721              |             |
| Share of (loss)/profit of an equity-accounted associate, net of tax                | (150)                               | (351)            |              | 104                                       | 819              |             |
| <b>Profit before tax</b>   | <b>176,661</b>                      | <b>183,328</b>   | <b>-3.6%</b> | <b>879,093</b>                            | <b>859,477</b>   | <b>2.3%</b> |
| Income tax expense   | (28,557)                            | (50,476)         |              | (219,223)                                 | (239,143)        |             |
| <b>Profit after tax</b>  | <b>148,104</b>                      | <b>132,852</b>   | <b>11.5%</b> | <b>659,870</b>                            | <b>620,334</b>   | <b>6.4%</b> |
| Minority interests   | -                                   | -                |              | -   | -                |             |
| <b>Profit after tax and minority interest</b>                                      | <b>148,104</b>                      | <b>132,852</b>   | <b>11.5%</b> | <b>659,870</b>                            | <b>620,334</b>   | <b>6.4%</b> |
| <b>Profit for the period/year</b>  | <b>148,104</b>                      | <b>132,852</b>   | <b>11.5%</b> | <b>659,870</b>                            | <b>620,334</b>   | <b>6.4%</b> |
| <b>Other comprehensive income/(expense), net of tax</b>                            |                                     |                  |              |   |                  |             |
| <b>Item that may be reclassified to profit or loss in subsequent periods</b>       |                                     |                  |              |   |                  |             |
| Cash flow hedge  | 264                                 | (8,313)          |              | 7,138                                     | (6,651)          |             |
| <b>Item that will not be reclassified to profit or loss in subsequent periods</b>  |                                     |                  |              |   |                  |             |
| Remeasurement of defined benefit liability   | (4,038)                             | (2,574)          |              | (4,038)                                   | (2,574)          |             |
| <b>Total other comprehensive (expenses)/income for the period/year, net of tax</b> | <b>(3,774)</b>                      | <b>(10,887)</b>  |              | <b>3,100</b>                              | <b>(9,225)</b>   |             |
| <b>Total comprehensive income for the period/year</b>                              | <b>144,330</b>                      | <b>121,965</b>   | <b>18.3%</b> | <b>662,970</b>                            | <b>611,109</b>   | <b>8.5%</b> |
| <b>Basic earnings per share (sen)</b>  | <b>63.16</b>                        | <b>56.65</b>     |              | <b>281.39</b>                             | <b>264.53</b>    |             |
| <b>Proposed/Declared dividend per share-net (sen)</b>                              | <b>128.00</b>                       | <b>122.00</b>    |              | <b>268.00</b>                             | <b>262.00</b>    |             |
|  | <b>AS AT END OF CURRENT QUARTER</b> |                  |              | <b>AS AT PRECEDING FINANCIAL YEAR END</b> |                  |             |
| <b>Net assets per share attributable to owners of the parent (RM)</b>              | 2.88                                |                  |              | 2.67                                      |                  |             |

This financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2022.

**CONDENSED AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2023**

|   | As at<br>31.12.2023<br>RM'000 | As at<br>31.12.2022<br>RM'000 |
|---|-------------------------------|-------------------------------|
| <b>Assets</b>   |                               |                               |
| Property, plant and equipment   | 1,749,545                     | 1,669,316                     |
| Right-of-use assets   | 237,703                       | 184,583                       |
| Intangible assets   | 234,360                       | 62,183                        |
| Investment in an associate  | 5,972                         | 6,288                         |
| Deferred tax assets   | 26,765                        | 24,140                        |
| Trade and other receivables   | 8,871                         | 8,283                         |
| <b>Total non-current assets</b>                                       | <b>2,263,216</b>              | <b>1,954,793</b>              |
| Trade and other receivables   | 462,968                       | 445,201                       |
| Inventories   | 831,435                       | 1,115,083                     |
| Current tax assets  | 565                           | 30,763                        |
| Cash and bank balances  | 11,038                        | 8,171                         |
| <b>Total current assets</b>   | <b>1,306,006</b>              | <b>1,599,218</b>              |
| <b>Total assets</b>   | <b>3,569,222</b>              | <b>3,554,011</b>              |
| <b>Equity</b>   |                               |                               |
| Share capital   | 267,500                       | 267,500                       |
| Hedging reserve   | (257)                         | (7,395)                       |
| Retained earnings   | 407,653                       | 366,211                       |
| <b>Total equity attributable to owners of the parent</b>              | <b>674,896</b>                | <b>626,316</b>                |
| <b>Liabilities</b>  |                               |                               |
| Loans and borrowings  | 300,000                       | 300,000                       |
| Lease liabilities   | 170,202                       | 120,036                       |
| Employee benefits   | 87,229                        | 84,267                        |
| Deferred tax liabilities  | 199,011                       | 164,421                       |
| <b>Total non-current liabilities</b>                                  | <b>756,442</b>                | <b>668,724</b>                |
| Trade and other payables  | 1,671,552                     | 1,724,873                     |
| Loans and borrowings  | 419,796                       | 486,890                       |
| Lease liabilities   | 33,164                        | 27,496                        |
| Current tax liabilities   | 13,372                        | 19,712                        |
| <b>Total current liabilities</b>                                      | <b>2,137,884</b>              | <b>2,258,971</b>              |
| <b>Total liabilities</b>  | <b>2,894,326</b>              | <b>2,927,695</b>              |
| <b>Total equity and liabilities</b>                                   | <b>3,569,222</b>              | <b>3,554,011</b>              |
| <b>Net assets per share attributable to owners of the parent (RM)</b> | <b>2.88</b>                   | <b>2.67</b>                   |

This financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2022.

**CONDENSED AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2023**

|  | <i>Non-Distributable</i> |                        | <i>Distributable</i>     | <b>Total Equity</b><br>RM'000 |
|--|--------------------------|------------------------|--------------------------|-------------------------------|
|  | <b>Share capital</b>     | <b>Hedging reserve</b> | <b>Retained earnings</b> |                               |
|  | RM'000                   | RM'000                 | RM'000                   |                               |
| <b>At 1 January 2022</b>                       | 267,500                  | (744)                  | 315,941                  | 582,697                       |
| Cash flow hedge                                | -                        | (6,651)                | -                        | (6,651)                       |
| Remeasurement of defined benefit liability     | -                        | -                      | (2,574)                  | (2,574)                       |
| Profit for the year                            | -                        | -                      | 620,334                  | 620,334                       |
| <b>Total comprehensive income for the year</b> | -                        | (6,651)                | 617,760                  | 611,109                       |
| <u>Dividends to owners of the parent</u>       |                          |                        |                          |                               |
| - Interim dividend for the year 2021           | -                        | -                      | (239,190)                | (239,190)                     |
| - Interim dividend for the year 2022           | -                        | -                      | (328,300)                | (328,300)                     |
| <b>At 31 December 2022</b>                     | 267,500                  | (7,395)                | 366,211                  | 626,316                       |
| <b>At 1 January 2023</b>                       | 267,500                  | (7,395)                | 366,211                  | 626,316                       |
| Cash flow hedge                                | -                        | 7,138                  | -                        | 7,138                         |
| Remeasurement of defined benefit liability     | -                        | -                      | (4,038)                  | (4,038)                       |
| Profit for the year                            | -                        | -                      | 659,870                  | 659,870                       |
| <b>Total comprehensive income for the year</b> | -                        | 7,138                  | 655,832                  | 662,970                       |
| <u>Dividends to owners of the parent</u>       |                          |                        |                          |                               |
| - Interim dividend for the year 2022           | -                        | -                      | (286,090)                | (286,090)                     |
| - Interim dividend for the year 2023           | -                        | -                      | (328,300)                | (328,300)                     |
| <b>At 31 December 2023</b>                     | 267,500                  | (257)                  | 407,653                  | 674,896                       |

This financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2022.

**CONDENSED AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

|   | <b>12 months ended<br/>31.12.2023</b><br>RM'000 | <b>12 months ended<br/>31.12.2022</b><br>RM'000 |
|---|---|---|
| <b>Cash flows from operating activities</b>                 |   |   |
| Profit before tax   | 879,093   | 859,477   |
| <i>Adjustments for:</i>                                     |   |   |
| Amortisation and depreciation                               | 211,117   | 198,419   |
| Impairment loss on property, plant and equipment            | 90,620  | 8,100   |
| Net finance costs   | 60,348  | 44,273  |
| Loss on disposal of property, plant and equipment           | 948   | 655   |
| Net write-down of slow moving inventories                   | 1,149   | 2,665   |
| <i>Add/Less:</i>  |   |   |
| Movement in working capital                                 | 222,696   | (353,817)                                       |
| Income tax paid   | (197,787)                                       | (244,319)                                       |
| Others  | 8,010   | (3,928)   |
| <b>Net cash from operating activities</b>                   | 1,276,194                                       | 511,525   |
| <b>Cash flows from investing activities</b>                 |   |   |
| Acquisition of property, plant and equipment                | (352,586)                                       | (312,218)                                       |
| Acquisition of a subsidiary, net of cash acquired           | (151,090)                                       | -   |
| Proceeds from disposal of property, plant and equipment     | 1,384   | 1,357   |
| Others  | 759   | 1,201   |
| <b>Net cash used in investing activities</b>                | (501,533)                                       | (309,660)                                       |
| <b>Cash flows from financing activities</b>                 |   |   |
| Finance costs paid  | (60,687)  | (44,994)  |
| Proceeds from borrowings                                    | 100,000   | 265,000   |
| Dividends paid  | (614,390)                                       | (567,490)                                       |
| Payment of lease liabilities                                | (29,623)  | (29,305)  |
| <b>Net cash used in financing activities</b>                | (604,700)                                       | (376,789)                                       |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | 169,961   | (174,924)                                       |
| <b>Cash and cash equivalents at 1 January</b>               | (178,719)                                       | (3,795)   |
| <b>Cash and cash equivalents at 31 December</b>             | (8,758)   | (178,719)                                       |

This financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2022.

## NOTES TO THE FINANCIAL REPORT

### 1 Basis of preparation

This financial report is based on the audited financial statements for the year ended 31 December 2023 and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, Interim Financial Reporting in Malaysia and International Financial Reporting Standards. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2022.

2 There was no qualification made on the preceding audited financial statements.

3 The Group's operations are affected by economic cycles and festive seasons.

### 4 Items affecting assets, liabilities, equity, net income or cash flow

Other than as disclosed in Note 11 on page 6, there were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group.

#### a. Property, plant and equipment

As at the end of this quarter, the Group has acquired / disposed the following assets:

|  | 3 months ended 31 December             |                                       | 12 months ended 31 December            |                                       |
|--|--|---------------------------------------|--|---------------------------------------|
|  | Assets acquired <sup>1</sup><br>RM'000 | Assets disposed / write-off<br>RM'000 | Assets acquired <sup>1</sup><br>RM'000 | Assets disposed / write-off<br>RM'000 |
| Building (improvements and additions)  | 15,999                                 | 169                                   | 26,533                                 | 1,140                                 |
| Plant and machinery, tools, furniture and equipment (including Asset Under Construction) | 139,480                                | 537                                   | 310,041                                | 2,970                                 |
| Motor vehicles   | (277)                                  | 70                                    | -                                      | 101                                   |
| Information systems  | 8,997                                  | 16                                    | 16,152                                 | 58                                    |
|  | <b>164,199</b>                         | <b>792</b>                            | <b>352,726</b>                         | <b>4,269</b>                          |

<sup>1</sup> Included in the assets acquired are plant and machinery, tools, furniture and equipment (including Asset Under Construction) and information systems acquired via the acquisition of a subsidiary amounting to RM1k and RM139k respectively.

#### b. Right-of-use

As at the end of this quarter, the movement in the right-of-use assets is as follow:

|                     | 3 months ended 31 December      |                         | 12 months ended 31 December     |                         |
|---------------------|---------------------------------|-------------------------|---------------------------------|-------------------------|
|                     | Addition <sup>1</sup><br>RM'000 | Derecognition<br>RM'000 | Addition <sup>1</sup><br>RM'000 | Derecognition<br>RM'000 |
| Building            | 952                             | -                       | 2,909                           | 1,161                   |
| Tools and equipment | 82,880                          | -                       | 83,722                          | -                       |
|                     | <b>83,832</b>                   | <b>-</b>                | <b>86,631</b>                   | <b>1,161</b>            |

<sup>1</sup> Included in the addition is the leases of building acquired via the acquisition of a subsidiary amounting to RM34k.

### 5 Changes in estimates

There were no significant changes in estimates for prior periods that have materially affected the results of this quarter.

### 6 Debts and equity security

There was no issuance of debts and equity security in this quarter.

### 7 Dividends paid

Dividends paid during the reporting period are as follows:

|  | 3 months ended<br>31.12.2023<br>RM'000 | 12 months ended<br>31.12.2023<br>RM'000 |
|--|--|---|
| Interim dividend for the financial year ended 31 December 2023 |  |   |
| 1st interim: 70.00 sen per share (single-tier)                 | 164,150                                | 164,150                                 |
| 2nd interim: 70.00 sen per share (single-tier)                 | 164,150                                | 164,150                                 |
| Interim dividend for the financial year ended 31 December 2022 |  |   |
| 3rd interim: 122.00 sen per share (single-tier)                | -                                      | 286,090                                 |
| <b>Total</b>   | <b>328,300</b>                         | <b>614,390</b>                          |

**8 Operating segment**

MFRS 8 requires separate reporting of segmental information for operating segments. Operating segments reflect the Group's management structure and the way financial information is regularly reviewed by the Chief Executive Officer and Chief Financial Officer. The Group is focused in two areas of activity, Food & Beverages and Others which include Nutrition, Nestlé Professional, Nestlé Health Science and NESPRESSO.

| 12 months ended 31 December 2023   |                            |                  |                 |
|------------------------------------|----------------------------|------------------|-----------------|
|                                    | Food & Beverages<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
| <b>Segment revenue and results</b> |                            |                  |                 |
| Revenue                            | 5,716,534                  | 1,334,345        | 7,050,879       |
| Operating Profit                   | 824,229                    | 116,243          | 940,472         |

| 12 months ended 31 December 2022   |                            |                  |                 |
|------------------------------------|----------------------------|------------------|-----------------|
|                                    | Food & Beverages<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
| <b>Segment revenue and results</b> |                            |                  |                 |
| Revenue                            | 5,495,663                  | 1,168,482        | 6,664,145       |
| Operating Profit                   | 812,550                    | 91,570           | 904,120         |

The comments on page 7 apply to both segments Food & Beverages (81% of total sales) and Others (19% of total sales).

**Reconciliations of reportable segment operating profit:**

|  | 12 months ended<br>31.12.2023<br>RM'000 | 12 months ended<br>31.12.2022<br>RM'000 |
|--|---|---|
| Total operating profit for reported segments | 940,472                                 | 904,120                                 |
| Other unallocated expense                    | (1,135)                                 | (1,189)                                 |
| <b>Consolidated operating profit</b>         | <b>939,337</b>                          | <b>902,931</b>                          |

**9 Valuation of property, plant and equipment**

There were no changes or amendments to the valuation of property, plant and equipment from the previous annual financial statements.

**10 Material events subsequent to the current quarter**

There were no material events subsequent to the current quarter up to the date of this report.

**11 Changes in the composition of the Group**

On 22 February 2023, the Group entered into a conditional share purchase agreement with Wyeth (Hong Kong) Holding Company Limited for the acquisition of the entire equity interest in Wyeth Nutrition (Malaysia) Sdn. Bhd. for a cash consideration of RM165.0 million ("Wyeth Acquisition"). The Wyeth Acquisition was approved by the shareholders at an Extraordinary General Meeting held on 26 April 2023 and was completed on 30 June 2023.

Summary of effects of the Wyeth Acquisition on the consolidated statement of financial position of the Group is illustrated as follows:

| Identifiable net assets as at acquisition date | RM'000          |
|--|-----------------|
| <b>Assets</b>                                  |                 |
| Property, plant and equipment                  | 140             |
| Intangible assets                              | 143,426         |
| Right-of-use assets                            | 34              |
| Deferred tax assets                            | 2               |
| Trade and other receivables                    | 45,352          |
| Inventories                                    | 19,510          |
| Cash and bank balances                         | 13,910          |
| Current tax assets                             | 1,012           |
| <b>Total Assets</b>                            | <u>223,386</u>  |
| <b>Liabilities</b>                             |                 |
| Trade and other payables                       | (53,840)        |
| Lease liabilities                              | (34)            |
| Deferred tax liabilities                       | (34,422)        |
| <b>Total liabilities</b>                       | <u>(88,296)</u> |
| Total identifiable net assets at fair value    | 135,090         |
| Goodwill arising on acquisition                | 29,910          |
| Purchase consideration transferred             | <u>165,000</u>  |

Summary of effects of the Wyeth Acquisition on the consolidated statement of cash flows:

|  | RM'000         |
|--|----------------|
| Cash consideration                                     | 165,000        |
| Less: Cash and cash equivalents of subsidiary acquired | (13,910)       |
| Net cash outflow on the acquisition                    | <u>151,090</u> |

**12 Changes in contingent liabilities**

As of the date of this report, there were no other contingent liabilities to the Group except for material litigation as disclosed in Note 12 on page 9.

**13 Related party transactions**

Transactions related to Nestlé S.A. and companies owned by Nestlé S.A. and other affiliates are as follows:

|                                  | 3 months ended<br>31.12.2023<br>RM'000 | 12 months ended<br>31.12.2023<br>RM'000 |
|----------------------------------|--|---|
| Sales of goods                   | 313,720                                | 1,206,000                               |
| Rendering of services            | 9,734                                  | 40,701                                  |
| Purchases of goods and services  | 524,820                                | 2,042,504                               |
| Purchases of plant and equipment | 44,066                                 | 98,018                                  |
| Royalty expenses                 | 74,688                                 | 350,668                                 |
| IT shared service expenses       | 14,418                                 | 57,613                                  |
| Finance costs                    | 3,191                                  | 14,405                                  |

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

## ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

### 1 Review of performance (Quarter 4, 2023 vs Quarter 4, 2022)

For the fourth quarter ended 31 December 2023, the Group posted a turnover of RM1.69 billion, up by 2.3% from last year's corresponding quarter, contributed by positive domestic growth and some correction in export sales against a high baseline last year.

Through the last quarter of the year, we remained focused on our core mission of delivering high quality foods and beverages meeting the needs and expectations of Malaysians. We continued to harness all opportunities to drive demand in a more subdued environment where Malaysians paid increased attention to their spending, and competitive activity remained very intense. Our recipe to deliver another quarter of growth remains unchanged: to continue capturing all consumption opportunities across brands and products, leveraging the strength of our existing portfolio, driving innovation and excelling in commercial execution.

Profit Before Tax (PBT) in Q4 2023 was slightly lower at RM176.7 million, primarily owing to higher operating expenses. During the quarter, the Group recognised impairment losses for some of the assets after a thorough assessment of the recoverable amount. Profit After Tax (PAT) increased to RM148.1 million, mainly due to the absence of *Cukai Makmur* (Prosperity Tax) imposed in 2022.

### 2 Review of performance (Year-to-date, 2023 vs Year-to-date, 2022)

For the full year ended 31 December 2023, the Group recorded a turnover of RM7.05 billion, up by 5.8% from RM6.66 billion in the previous financial year. Domestic sales remained a key driver, fuelled by resilient consumer demand. This was offset slightly by lower export sales compared with 2022 which had experienced a strong rebound following the easing of global pandemic restrictions.

The resilient momentum we have achieved reflects the hard work and dedication of our team, always committed to deliver on our promise of Good Food, Good Life for all Malaysians. Our core brands continued to drive growth, while our new innovative products are tapping on emerging growth trends to create growth platforms for the future. As an example, we continue to drive the development of Plant Based Meals and Drinks under our HARVEST GOURMET and GOODNES brands; the development of new Culinary solutions under MAGGI, and the exciting additions to our Confectionery and Ice Cream ranges, such as KIT KAT Pink and KIT KAT Salted Caramel Cookies.

We renew constantly our full commitment to live up to the trust that Malaysians have placed in us for over 112 years. This is also demonstrated by our solid investment plans, supporting local employment and uplifting communities, as well as contributing to the economic development and food security of Malaysia. 100% of our products are Halal-certified and we take great pride in over 90% of the products we sell being proudly "*Buatan Malaysia*" (Made in Malaysia) by Malaysians and for Malaysians. Our products are also exported to many parts of the world, as we are the largest Halal manufacturing hub in the Nestlé world.

For the full year of 2023, the Group registered a PBT of RM879.1 million and PAT of RM659.9 million. This was contributed by the higher sales and the Group's continuous focus on driving internal efficiencies and saving initiatives, which helped to alleviate the impact of unfavourable commodity prices and exchange rates. The improved PAT was also supported by lower taxes in the absence of *Cukai Makmur* (Prosperity Tax) imposed in 2022.

In line with the Group's commitment to delivering value for shareholders, the Board declared a third interim dividend of RM1.28 per share for the financial year ended 31 December 2023, 6 sen higher than the third interim dividend of 2022.

Alongside our financial performance, we have continued to drive in 2023 very substantive Environmental, Social and Governance (ESG) efforts. We completed an important milestone for Project RELeaf, successfully planting 1.5 million trees, on track to our target of reaching 3 million trees by 2025. This will bring our total to 4 million trees including those planted under our previous initiative Project RiLeaf, which concluded in 2020.

Also on the sustainability front, we further expanded our community recycling programmes together with our partners and local municipalities, now reaching more than 170,000 households across Selangor and Kuala Lumpur. In 2023, we successfully collected close to 12,000 tonnes of post-consumer packaging waste, with nearly 6,750 tonnes being plastic materials.

In addition, to empower local farming communities with sustainable agricultural practices while supporting the nation's food security, we extended our Farmer Connect Programme for the first time to East Malaysia, partnering with the Malaysian Cocoa Board to shape a responsible cocoa supply chain. We also strengthened our collaboration with the Malaysian Red Crescent Society to aid their various relief efforts, contributing a total of RM3.5 million in cash and in-kind contributions in 2023. Special thanks to all our employees involved in supporting flood relief efforts and other community initiatives under our NESTLÉ CARES volunteering programme.

### 3 Variation of results against previous quarter (Quarter 4, 2023 vs Quarter 3, 2023)

For the fourth quarter ended 31 December 2023, the Group registered a slightly lower turnover of RM1.69 billion.

Profit Before Tax was lower at RM176.7 million, mainly due to the lower sales.

### 4 Current year prospects

Looking forward in 2024, challenges such as currency and commodity price fluctuations may persist, as well as the more subdued consumer sentiment and the impact on the purchasing power following the cumulated inflation of the last couple of years. We will continue doing in this context what we have been doing for over 112 years of presence in Malaysia: delivering high quality, great tasting nutritious products that meet the needs and expectations of Malaysians while making a positive difference for society through our values, our initiatives in support of the community and our efforts behind sustainability and the transition to a greener future for all.

Our investment plans, as planned earlier, are progressing and will set the foundation for further growth in the years to come. For the financial year of 2024, we are again confident in delivering resilient performance and meeting the expectations of our shareholders.

### 5 Profit forecast

We do not issue any profit forecast.

**6 Income tax expense**

|   | 3 months ended<br>31.12.2023<br>RM'000 | 12 months ended<br>31.12.2023<br>RM'000 |
|---|--|---|
| <b>Current tax</b>                                |  |   |
| Malaysian - Current period                        | 44,465                                 | 218,714                                 |
| - Under provision in prior year                   | -                                      | 3,943                                   |
| <b>Total current tax expense</b>                  | <b>44,465</b>                          | <b>222,657</b>                          |
| <b>Deferred tax</b>                               |  |   |
| Origination and reversal of temporary differences | (15,612)                               | (16,465)                                |
| (Over)/Under provision in prior year              | (296)                                  | 13,031                                  |
| <b>Total deferred tax expense</b>                 | <b>(15,908)</b>                        | <b>(3,434)</b>                          |
| <b>Total income tax expense</b>                   | <b>28,557</b>                          | <b>219,223</b>                          |

The Group's effective tax rates for the current quarter and year ended 31 December 2023 were 16.2% and 24.9% respectively. The current quarter tax rate was lower than the statutory tax rate of 24% mainly due to Reinvestment Allowance utilised in the current quarter.

**7 Unquoted investments**

Not applicable in this quarter.

**8 Quoted investments**

Not applicable to the Group.

**9 Status of corporate proposals**

There were no corporate proposals announced but not completed at the date of this report.

**10 Loans and borrowings**

Group Borrowings and Debt Securities are:

**Short term - Unsecured loans**

Revolving credit

Bank overdraft

**Total short term loans**

**Long term - Unsecured loans**

Loan from a financial institution

**Total long term loans**

| As at<br>31.12.2023<br>RM'000 |
|-------------------------------|
| 400,000                       |
| 19,796                        |
| <b>419,796</b>                |
| 300,000                       |
| <b>300,000</b>                |

**11 Derivatives**

**a. Summary of outstanding derivative assets / (liabilities) as at 31.12.2023 :**

| Type of derivatives        | Notional Value<br>RM'000 | Fair Value<br>RM'000 | Difference<br>RM'000 | Ageing           |
|----------------------------|--------------------------|----------------------|----------------------|------------------|
| Forward exchange contracts | 1,095,886                | 1,094,885            | (1,001)              | Less than 1 year |

**b. Fair value changes of financial liabilities**

Other than derivatives which are classified as liabilities only when they are at fair value loss position as at the end of the reporting period, the Group does not remeasure its financial liabilities at fair value after the initial recognition.



**12 Material litigation**

In March 2019, Nestlé Products Sdn. Bhd. ("NPSB" or "the Appellant"), a subsidiary of Nestlé (Malaysia) Berhad, was served with a Writ of Summons and Statement of Claim by Mad Labs Sdn. Bhd. ("Mad Labs"), seeking for amongst others, the sum amounting to RM139,344,262.25. Mad Labs alleged unauthorised use of their QR Code, breach of an implied contract, unjust enrichment and negligence. NPSB subsequently filed its Statement of Defence and a separate action against Mad Labs and its sole Director and shareholder, Chow Kien Loon for amongst others, to challenge the ownership of Mad Labs in the QR Code, negligence, unlawful interference with trade as well as defamation and trade libel. Both suits filed by Mad Labs and NPSB were subsequently consolidated and heard by the High Court (Intellectual Property Division). The trial which commenced in June 2021 concluded in April 2023, with the High Court delivering the following oral findings:

- Mad Labs does not own any intellectual property rights in the QR Code. Damages on royalty basis amounting to RM139,344,262.25 was dismissed;
- Mad Labs' claim for breach of an implied contract was dismissed;
- Mad Labs and its director were negligent; damages to be assessed in favor of NPSB;
- NPSB's report to the Malaysian Communications and Multimedia Commission was not malicious;
- While Mad Labs lacks ownership in the QR Code, it was generated by and under the exclusive control of Mad Labs which gave rise to Mad Labs having the "right to sell" the QR Code. NPSB was directed to compensate Mad Labs for continued use after the trial period;
- A permanent injunction against NPSB's use of the QR Code was granted;
- Mad Labs and its director were not found guilty of defamation and NPSB's claim for unlawful interference with trade was also dismissed.

The High Court has further directed for damages and costs to be separately assessed and determined.

Pending the issuance of the full written judgment by the High Court judge, both NPSB and Mad Labs have since filed their Records of Appeal with the Court of Appeal on 27 December and 28 December 2023 respectively to appeal against the High Court decision.

The solicitors, LindaWang Su & Boo, representing NPSB are of the view that NPSB has a reasonably fair chance of success in its appeal at the Court of Appeal. At this juncture, the Board is of the opinion that no provision needs to be made for this claim.

**13 Dividend**

The Board of Directors has proposed a third interim dividend of 128 sen per share (2022: 122 sen per share) in respect of year ended 31 December 2023 which will be paid on 16 May 2024 to shareholders whose names appear on the Record of Depositors on 18 April 2024. Under current rules, single-tier dividends are not taxable in the hand of shareholders.

A Depositor shall qualify for entitlement only in respect of:

- a. shares transferred into the Depositor's Securities Account before 5.00 p.m. on 18 April 2024 in respect of ordinary transfers.
- b. shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

Total dividend year-to-date ("YTD") for the year ending 31 December 2023 is 268 sen per ordinary share (YTD 2022: 262 sen).

14 Profit for the period/year

|   | 3 months ended 31 December |        | 12 months ended 31 December |         |
|---|----------------------------|--------|-----------------------------|---------|
|   | 2023                       | 2022   | 2023                        | 2022    |
|   | RM'000                     | RM'000 | RM'000                      | RM'000  |
| <b>Profit for the period/year is arrived at after charging:</b> |                            |        |                             |         |
| Depreciation of property, plant and equipment                   | 46,590                     | 39,549 | 177,608                     | 165,087 |
| Depreciation of right-of-use assets                             | 10,524                     | 8,147  | 32,350                      | 32,173  |
| Amortisation of intangible assets                               | 290                        | 289    | 1,159                       | 1,159   |
| Finance cost of lease liabilities                               | 2,386                      | 1,416  | 6,245                       | 5,897   |
| Impairment loss on property, plant and equipment                | 42,621                     | 6,233  | 90,620                      | 8,100   |
| Property, plant and equipment written off                       | 322                        | 91     | 1,937                       | 1,971   |
| Loss on disposal of property, plant and equipment               | 128                        | -      | 948                         | 655     |
| Net loss on derivatives   | -                          | -      | 32                          | 81      |
| Allowance for expected credit loss on trade receivables         | 928                        | 41     | 1,034                       | -       |
| Net write-down of slow moving inventories                       | 408                        | -      | 1,149                       | 2,665   |
| Net foreign exchange loss                                       | 6,927                      | 11,286 | 16,915                      | 39,888  |
| <b>and after crediting:</b>                                     |                            |        |                             |         |
| Gain on disposal of property, plant and equipment               | -                          | 105    | -                           | -       |
| Net gain on derivatives   | 91                         | 16     | -                           | -       |
| Reversal of expected credit loss on trade receivables           | -                          | -      | -                           | 257     |
| Net reversal of slow moving inventories                         | -                          | 35,748 | -                           | -       |

15 Basic earnings per share

a. Basic earnings per share

The calculation of the basic earnings per share is based on the net profit attributable to ordinary shareholders of RM659.9 million (RM620.3 million in December 2022) and the number of ordinary shares outstanding of 234.5 million (234.5 million in December 2022).

b. Diluted earnings per share

Not applicable for the Group.

BY ORDER OF THE BOARD

Tengku Ida Adura Binti Tengku Ismail

Company Secretary

(SSM PC No. 201908001581)

(MACS 01686)

Date : 27 February, 2024