Nestlé Good food, Good life

CORPORATE GOVERNANCE & FINANCIAL REPORT 2024

Unlocking the power of food
to enhance quality of life for everyone,
today and for generations to come.

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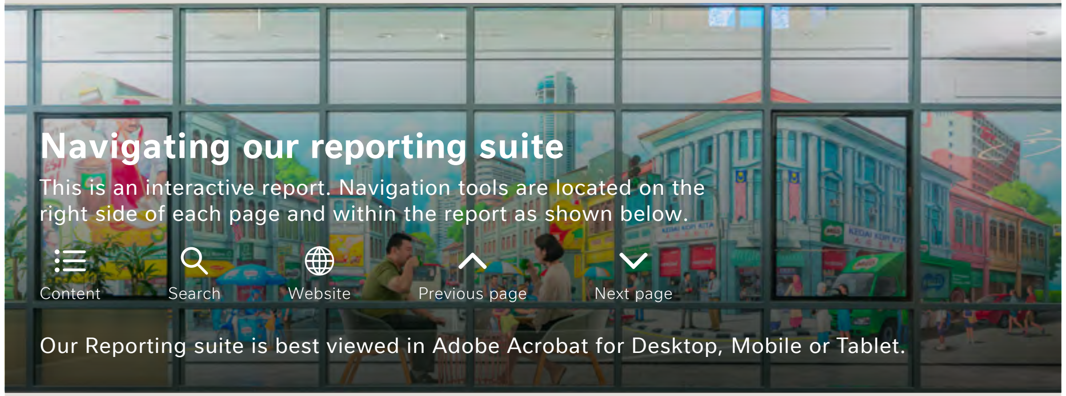


Basis of This Report

The Nestlé Corporate Governance & Financial Report 2024 (this Report) assesses our governance practices and reports on our financial performance for the financial year ended 31 December 2024. Our Corporate Governance Overview Statement is to be read in conjunction with our Corporate Governance Report, which has been made available on our corporate website at www.nestle.com.my. Save as disclosed in our Corporate Governance Report, Nestlé (Malaysia) Berhad (Nestlé Malaysia or Company) and its subsidiaries (Group) has complied with the main principles of the Malaysian Code on Corporate Governance.

DEVELOPING CONTENT

This Report was prepared based on local and global standards, including the:

- Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements)
- Malaysian Code on Corporate Governance 2021 (MCCG)
- Corporate Governance Guide by Bursa Malaysia Berhad (4th Edition)
- Companies Act 2016
- International Financial Reporting Standards (IFRS)
- Malaysian Financial Reporting Standards

ANNUAL REPORT & ANNUAL GENERAL MEETING

Issuance of Annual Report and Notice of 41st Annual General Meeting	: **28 March 2025**
41st Annual General Meeting	: **30 April 2025**

ICONS IN THIS REPORT

AR *Annual Review 2024*

CGFR *Corporate Governance & Financial Report 2024*

NIS *Nestlé in Society Report 2024*

Directs readers to pages or other supplementary reports with more information

Corporate Governance Overview Statement

MESSAGE FROM THE CHAIRMAN

TAN SRI WAN ZULKIFLEE WAN ARIFFIN
Chairman

> "Robust corporate governance and responsible leadership remains the foundation upon which we continue to build a sustainable business and uphold stakeholder trust, today and for the long run."

Dear Shareholders,

On behalf of the Board of Directors, I am honoured to present the Corporate Governance Overview Statement (CGOS) for Nestlé Malaysia for the year ended 31 December 2024, marking my inaugural message as Chairman. This CGOS statement not only outlines our governance stewardship but also highlights how the Board's activities have supported the Company's resilience and sustained effort to drive value creation throughout the year.

Resilience in a Challenging External Context

The global and domestic context in 2024 presented significant challenges. Continued geopolitical tensions affected consumer sentiments and created hesitancy around international brands, a phenomenon fueled with unprecedented intensity by social media. This was particularly felt in Malaysia throughout most of 2024. Additionally, constraints in purchasing power amidst inflation and commodity price volatility have also impacted Malaysians' tendency to spend.

While this complex backdrop had a significant impact on the short-term financial performance, Nestlé Malaysia persevered and succeeded in its efforts to preserve market leadership across its main businesses, while adapting the organisation to an evolving environment, protecting its foundation for the future. In 2024, Nestlé Malaysia further intensified its commitment to support Malaysians, continued leading the sustainability transition and advanced progress in Environmental, Social and Governance (ESG) activities, in close alignment with the UN's Sustainable Development Goals. The Company and the management team remained focused on delivering high quality *halal* foods, beverages and nutrition products under trusted brands manufactured in Malaysia, by Malaysians, for Malaysians, while continuing to drive positive social impact across its wide range of Corporate Social Responsibility initiatives.

Strengthening Governance and Leadership Excellence

At the core of Nestlé Malaysia's success is a robust governance framework, built on accountability and a clear sense of purpose. The Company's ethical values are integral to our corporate culture and strategic goals, promoting open communication and engagement throughout the organisation to align efforts towards shared goals.

Driven by the Board of Directors and the Key Senior Management Team, our governance practices have proven resilient, enabling agile decision making while maintaining proper checks and balances. In 2024, we continued to uphold the highest standards of ethics and compliance, adhering to the Malaysian Code on Corporate Governance, Bursa Malaysia's Main Market Listing Requirements, the Nestlé Code of Business Conduct, and the Nestlé Corporate Governance Guidelines.

Recognising the importance of effective stewardship, the Board's oversight functions ensure that it remains proactive and strategic in navigating the evolving landscape. These measures reflect our unwavering commitment to building a foundation of trust and integrity that underpins everything we do.

Board Leadership

In 2024, the Board remained focused on providing effective oversight by drawing from the diverse expertise and broad experience of its members. Their collective knowledge continues to support Nestlé Malaysia's commitment to maintaining high governance standards and fostering long-term sustainable growth. The Board's varied perspectives and local insights helped the Company to navigate a difficult external context and adapt to an evolving business landscape while staying true to our core values and strategic goals.

To uphold and maintain the highest standards of governance, the Board of Directors played a critical role in overseeing Nestlé Malaysia's progress in embracing sustainable practices, nurturing talent, and supporting a diverse and inclusive organisation. To signify their commitment to strong governance of sustainable practices, the Directors participated in multiple education and training sessions in 2024 to stay informed with the latest ESG standards and best practices. The Company also conducted comprehensive briefing sessions for the Board of Directors including featuring insights from industry sustainability experts focused on sustainability reporting, the Corporate Sustainability Due Diligence Directive (CS3D) framework, as well as sessions to raise awareness on cybersecurity threats and the evolution of the digital consumer ecosystem. This oversight and engagement in different areas enables the Board of Directors to provide strategic guidance to management, ensuring that the Group not only complies with relevant standards but also leads in innovation within its industry.

Delivering Value for Stakeholders

Navigating the challenges of 2024, we remained committed to delivering consistent returns to our shareholders. The declaration of dividend reflects our focus on sustaining value creation while maintaining financial stability amidst the volatile market landscape.

Beyond financial results, we continued to invest in initiatives that benefit society, from promoting healthy and active lifestyles to environmental stewardship and impactful community outreach programmes, as well as multiple targeted programmes that have changed and impacted the lives of many Malaysians for the better.

Looking ahead

After navigating a complex 2024, Nestlé Malaysia is well positioned for long-term success, and significant effort has been done to adapt and resume growth in 2025, going back to the Company's historical trajectory of driving sustainable profitable growth for its shareholders and creating shared value for all stakeholders.

The Company will further advance initiatives to optimise and streamline its operations, generating efficiencies that can be reinvested to support growth and sustained returns for shareholders. Amidst a highly volatile and uncertain global environment, Nestlé Malaysia's return-to-growth strategy will be driven by its fundamental strength — in delivering great-tasting, high-quality products that have earned the trust of Malaysians for over 112 years, reflecting the Company's enduring commitment to enhancing the quality of life for all Malaysians.

Acknowledgement

On behalf of the Board of Directors, I would like to express our deepest appreciation to all our employees for their hard work and dedication, and to our shareholders and stakeholders for their continued trust and support. Their commitment and contributions have been integral to our progress, enabling us to navigate challenges and stay agile in an ever-changing environment.

On this note, I would also like to take this opportunity to extend the Company's deepest appreciation to our former Chairman, YAM Tan Sri Dato' Seri Syed Anwar Jamalullail for his invaluable leadership during his tenure. His guidance has been instrumental in shaping the Company's direction, and we will continue to build upon this strong foundation as we drive the organisation towards future growth. With the continued support of our people and partners, I am confident that Nestlé Malaysia will remain resilient, creating lasting value and making a meaningful impact in the years to come.

OUR BOARD AT A GLANCE

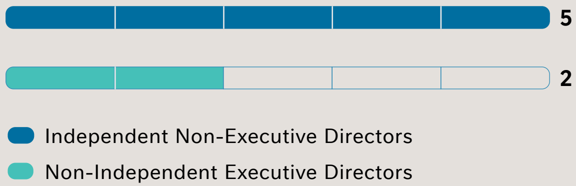
Meeting Attendance 2024

	Board	ARC	GNCC
Tan Sri Wan Zulkiflee Wan Ariffin *Chairman, Independent Non-Executive Director* *(Appointed as Chairman on 1 May 2024)*	5/5	4/4	-
Mr. Chin Kwai Fatt *Independent Non-Executive Director*	5/5	4/4	-
Dato' Hamidah Naziadin *Independent Non-Executive Director*	5/5	-	3/3
YM Dr. Tunku Alina Alias *Independent Non-Executive Director*	5/5	4/4	3/3
YTM Tan Sri Tunku Puteri Intan Safinaz Sultan Abdul Halim *Independent Non-Executive Director*	5/5	-	3/3
Juan Aranols *Non-Independent Executive Director*	5/5	-	-
Syed Saiful Islam *Non-Independent Executive Director*	5/5	-	-
YAM Tan Sri Dato' Seri Syed Anwar Jamalullail *Chairman, Non-Independent Non-Executive Director* *(Retired on 30 April 2024)*	3/3	2/2	1/1

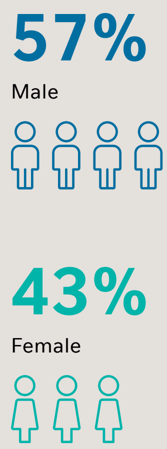
ARC - *Audit and Risk Committee*

GNCC - *Governance, Nomination and Compensation Committee*

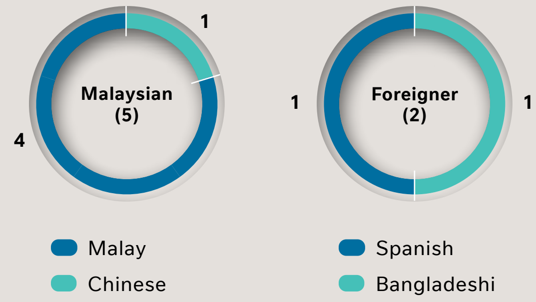
Overview of the Board of Directors



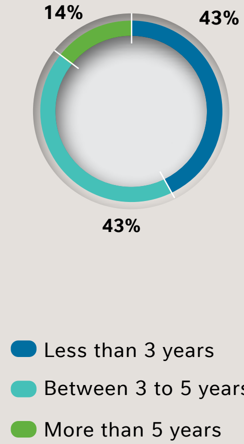
Gender Diversity



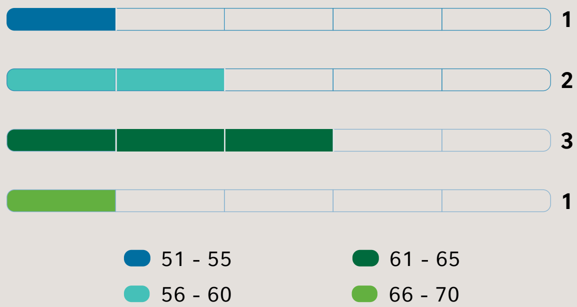
Diversity of Nationality & Ethnicity



Diversity of Tenure



Diversity of Age



Corporate Governance Overview Statement

Our Board At A Glance

Skills and Experiences of Directors

- Accounting/Auditing
- Business Strategy & Operations
- Chemical Engineering
- Corporate Social Responsibility
- Corporate Finance
- Government Liaison
- Humanitarian
- Human Resource
- Industrial Relations
- Investment Banking
- Investor Relations
- Legal & Regulatory
- Non-Government Organisation
- Political Studies
- Risk Management
- Sales & Marketing
- Sustainable Development
- Sustainability Governance

Board Roles and Responsibilities

The positions of Chairman and Chief Executive Officer are held by different individuals.

CHAIRMAN
Responsible for the operation and leadership of the Board, ensuring its effectiveness and setting its agenda.

EXECUTIVE DIRECTORS
Implement strategic direction, operational decisions and managing the day-to-day responsibilities of the Group within the set boundaries of authority delegated by the Board.

CHIEF EXECUTIVE OFFICER
Responsible for leading and managing the Group's business within a set of authorities delegated by the Board and for the implementation of the Group's strategies and policies.

NON-EXECUTIVE DIRECTORS
Play a key role in ensuring a robust framework for effective corporate governance, ensuring that no individual or group dominates the decision making process of the Board.

INDEPENDENT DIRECTORS
Responsible for protecting the interests of minority shareholders and other stakeholders.

COMPANY SECRETARY
Plays an advisory role to the Board in relation to the Group's policies and procedures, and compliance with relevant regulatory requirements.

Matters Reserved for the Board

- Review, and endorse the Company's strategic plans and annual budgets.
- Significant capital investment and disposal of material assets of an existing business to a third party.
- Declares dividends, approves financial statements, accounts and quarterly reports of the Company.
- Increase or reduction of the Company's subsidiary(ies)'s issued capital.
- Acquisition, divestment or closure of business.
- Establishment of new substantial business.
- Selected corporate restructuring exercise.
- Any change of name of any entity within the Group and incorporation of any new subsidiary company.

AN ECOSYSTEM OF ACCOUNTABILITY AND INTEGRITY

Compliance Framework Structure

The Group's compliance framework structure is overseen by the Compliance Steering Committee (the Committee), which is chaired by the Chief Executive Officer (CEO). It consists of several members of the Key Senior Management Team, including the Executive Director of Legal and Secretarial as the Market Compliance Officer and the Legal and Compliance Counsel. The Committee establishes the strategy and direction of the Group's Compliance Programme.

The Compliance Programme is a plan which covers the evaluation and execution of internal policies, guidelines, and relevant laws of Malaysia. This includes the formation of policies and guidelines in accordance with the Group's business, the continuous implementation of employee awareness and engagement activities, the continuous evaluation of the Group's internal controls and monitoring, the identification of gaps and risks, and the resolution of such gaps to manage compliance risks. The execution and progress of the Compliance Programme are closely overseen by the Committee.

For the financial year ended 31 December 2024, the Committee convened three (3) meetings.

Nestlé Code of Business Conduct (NCBC)

The NCBC is a code which implements the non-negotiable minimum standards in key areas set by the Nestlé Corporate Business Principles. It provides a reference for employees and Directors when they seek guidance on the proper course of action in a given situation. The three (3) basic guiding principles are:

a) avoid any conduct that could damage or create risk to the Group or its reputation;
b) act legally and honestly; and
c) put the Group's interests ahead of personal or other interests.

The NCBC comprises of 14 sections:

1. Compliance with laws, rules and regulations
2 Conflicts of interest
3. Outside directorships and other outside activities
4. Families and relatives
5. Corporate opportunities
6. Insider trading
7. Antitrust and fair dealing
8. Confidential information
9. Fraud, protection of company assets, accounting
10. Bribery and corruption
11. Gifts, meals, entertainment
12. Discrimination and harassment
13. Failure to comply
14. Reporting illegal or non-compliant conduct

Nestlé Corporate Business Principles (NCBP)

The NCBP sets the fundamental principles in which Nestlé is established, setting a strong ethical framework, ensuring integrity of action and compliance with laws, regulations and our own commitments.

It also prescribes certain values and principles to which Nestlé has globally committed. The principles focus on:

Consumers:
Emphasising nutrition, health and wellness, quality assurance and product safety as well as responsible and reliable consumer communication.

Our People:
Emphasising human rights, diversity and inclusion as well as safety and health at work.

Value Chain:
Emphasising responsible sourcing, honesty, integrity and fairness to our customers and business partners, and commitment to environmental sustainability.

Business Integrity:
Emphasising ethics, privacy and ethical data management.

Transparent Interaction and Communication:
Emphasising transparent internal interaction, communication and responsible external engagement and advocacy.

Compliance:
Emphasising a "doing the right thing for the right reason" mindset, a robust compliance assessment, communication and training programme, and putting in place an accessible grievance reporting mechanism for both internal and external stakeholders.

Nestlé Responsible Sourcing Core Requirements (NRSC)

The NRSC establishes the standards and requirements of practices that the Group enforces for third parties in the upstream supply chain to ensure sustainable long-term supply while continuously reducing the impact on the planet's resources. It sets out ways of working with regards to sourcing and production for the Group's supply chain tiers, from the Group to suppliers, through intermediaries and back to the origins of the goods and services purchased.

The NRSC defines the way the Group sources products with care and respect for individuals, communities and the planet. It delivers on consumers' expectation regarding the sources of the Group's products and how they are produced, while also supporting the Group's commitment to implementing the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises on Responsible Business Conduct, the UN Guiding Principles on Business and Human Rights (UNGPs), the International Bill of Human Rights, and the principles concerning fundamental rights set out in the International Labour Organisation's Declaration on Fundamental Principals and Rights at Work.

Nestlé Malaysia Charter: Infant Formula Policy

To ensure that the Group markets and sells Breast-Milk Substitutes (BMS) responsibly across all Nestlé S.A. operations globally, the Group voluntarily adopts the recommendations from the World Health Organisation (WHO) International Code of Marketing of Breast-Milk Substitutes and the Malaysia's Code of Ethics for the Marketing of Infant Foods and Related Products (collectively, WHO Code). Nestlé S.A. has published, and updates periodically, the Nestlé Policy For Implementing the WHO Code which was subsequently adopted by the Company through the Nestlé Malaysia Charter: Infant Formula Policy (collectively, Nestlé Infant Formula Policy).

To properly monitor effective implementation of the Nestlé Infant Formula Policy, all employees of the Group involved in BMS business activities must complete a mandatory WHO Code compliance training exercise and the Do's and Don'ts of the Nestlé Infant Formula Policy. The Group is committed to ensuring consistent and comprehensive adherence to the WHO Code across its entire value chain. This includes offering regular training and enhancing responsible BMS marketing practices throughout its distribution channels. Both distributors and manufacturers share the responsibility for maintaining these standards within their respective supply networks. This is to help third parties with whom Nestlé has a direct service relationship comply with the Nestlé Infant Formula Policy, the applicable national legislation, and regulatory policies implementing the WHO Code and BMS business activities.

Our ultimate holding company, Nestlé S.A., has put in place a global management system overseen by the WHO Code Compliance Committee to ensure effective implementation and worldwide compliance of the Nestlé Infant Formula Policy. To make our global ambitions locally relevant, Nestlé Malaysia has similarly set up a local WHO Code Compliance Committee. The Nestlé Malaysia WHO Code Compliance Committee convenes quarterly meetings and/or as necessary, including to receive business operational updates, to oversee the compliance management system, and adherence to the Nestlé Infant Formula Policy and applicable national legislation and regulatory policies implementing the WHO Code and BMS business activities. The members of the Nestlé Malaysia WHO Code Compliance Committee include the Chief Executive Officer (CEO), the Business Executive Officer of Nestlé Nutrition, the Executive Director of Legal and Secretarial, the Executive Director of Group Corporate Affairs, the WHO Code Compliance Manager, and when required, the Chief Financial Officer (CFO) and the Head of Regulatory Affairs are invited to the meeting.

WHO Code Ombudsperson System

Nestlé S.A. has established a comprehensive whistleblowing platform that enables both employees and third parties to report any instances of non-compliance or to express concerns regarding the marketing and selling of BMS practices. For employees, this can be done through the Group's WHO Code Ombudsperson system, which is communicated annually to ensure awareness among employees.

Additionally, the Group provides a platform for reporting non-compliance concerns accessible to both employees and third parties via the Company's website at *https://nestle.speakup.report/speakup* (Organisation Code - 124045). This initiative is consistent with the Nestlé's Corporate Business Principles and underscores the Company's commitment to fostering a robust ethical culture and maintaining a non-negotiable foundation for conducting its business. All investigations carried out by the appointed Ombudsperson are treated with the utmost confidentiality.

Competition Law and Antitrust Policy

The Group continued to build on the strong compliance framework established in previous years, reinforcing its commitment to upholding competition laws and ethical business practices. Key initiatives, such as the Nestlé Global Antitrust e-Learning programme and the revised Competition Compliance Manual, were further embedded into daily operations through ongoing training sessions, regular engagement with employees, and the distribution of updated materials. These efforts ensured that employees at all levels remained well-versed in competition laws applicable to their roles, promoting a culture of compliance across the organisation.

Overall, 2024 was a year of consolidation, with the Group continuing to drive its compliance initiatives forward, ensuring that all business activities are conducted within the framework of the Nestlé Group Antitrust Law Policy. The emphasis on continuous education, practical trainings, and proactive engagement underscores the Group's unwavering commitment to fostering a compliant and ethical corporate culture.

Nestlé Malaysia Anti-Corruption, Gifts & Entertainment Guidelines (Anti-Corruption Guidelines)

Nestlé has a strict, zero tolerance approach against corruption. The Anti-Corruption Guidelines provide clarity to the employees and Directors on how to handle, among others, situations involving gifts, sponsorships, meals and entertainment, dealings with government officials, conflicts of interest, and facilitation payments. It clearly reiterates Nestlé's stance against bribery and corruption.

In 2024, the Group continued to strengthen its procedures to fortify its defence of Adequate Procedures against corporate liability for bribery and corruption under section 17A of the Malaysian Anti-Corruption Commission Act 2009. This year, the Group undertook a review by an external third party of its anti-corruption policies, processes and practices. The recommendations in the third-party report will be thoroughly reviewed and addressed in 2025.

In December 2024, in conjunction with International Anti-Corruption Day, a strong tone-from-the-top message was communicated by the Key Senior Management Team to remind all employees about the Group's commitment towards ethics, integrity, and honesty. This was accompanied by awareness creation activities to commemorate International Anti-Corruption Day.

The Group continues to reiterate on its stand against corruption through regular communications to its employees, Directors, customers, and suppliers.

Whistleblowing

Speak Up, the Group's whistleblowing channel, enables any of the Group's employees or third parties to report any grievances, incidents or potential incident of non-compliance.

The Group consistently creates awareness on the Speak Up channel to encourage employees to raise their concerns. This whistleblowing channel is also communicated to the Group's customers and suppliers, and made apparent on Nestlé's corporate website for easy access by any member of the public.

The identity of a whistleblower under Speak Up is safeguarded at all times and protected from coercion, retaliation or reprisal. For this purpose, Speak Up is operated by an independent third party service provider. All reports are investigated and treated with strict confidentiality by the Business Ethics and Fraud Committee. Reports of non-compliance received through other avenues are also investigated in the same manner. In 2024, 19 non-compliance complaints were received under the Speak Up channel and through other avenues, all of which have been duly investigated, and where necessary, actions have been taken.

Speak Up Dial : +603 7724 3136 (Organisation Code - 124045)
Web : *https://nestle.speakup.report/speakup* (Organisation Code - 124045)

Business Ethics and Fraud Committee (BEFC)

The BEFC reviews all non-compliance complaints or allegations lodged by employees or third parties through any channel, including Speak Up. It oversees proper investigations of all complaints and ensures appropriate actions are taken based on the nature of the violation.

The BEFC is chaired by the CEO and other members include the CFO, the Executive Director of Legal and Secretarial (as the Market Compliance Officer), and the Executive Director of Group Human Resources. All reports and updates from the BEFC are reviewed by the Audit and Risk Committee prior to being reviewed by the Board of Directors.

Personal Data Protection

In line with the Group's commitment to protect personal data under the Nestlé Corporate Business Principles, Nestlé continues to meet all obligations set out under the Personal Data Protection Act 2010 and the Nestlé's S.A. Group's privacy policy and standards.

We are transparent about the data we collect and the purposes for which it is processed. Alongside the Nestlé Privacy Policy and Nestlé Privacy Standard, the Nestlé Malaysia Personal Data Guidelines offer guidance to the Group on the use and processing of personal data in Nestlé Malaysia.

In 2024, the Group revised and updated the Nestlé Malaysia Personal Data Guidelines to ensure we continue to meet our obligations alongside new ways in which we use personal data to meet business needs. This includes updating our CCTV privacy policy and social media privacy notices. We continuously conduct trainings for employees and suppliers who handle personal data on the Group's behalf.

Conflict of Interest

The Nestlé Purpose and Values, the Nestlé Corporate Business Principles, and the Nestlé Code of Business Conduct establish certain non-negotiable standards and in particular, the duty to disclose situations that could lead to conflict of interest (COI). All employees and Directors are always guided by the following basic principles:

- avoid any conduct that could damage or risk Nestlé, or its reputation;
- act legally and honestly; and
- put the Group's interests ahead of personal or other interests.

In the commitment to transparency and ethical practices, Nestlé requires all employees worldwide to regularly declare any COI.

The Company has implemented significant measures to enhance governance practices and improve transparency in disclosures made by the Board of Directors, including the annual submission of COI declarations through a digital platform for streamlined tracking and management. This platform also allows for reporting conflicts as they arise. Furthermore, the review of COI has been formally established as a permanent agenda item for the Audit and Risk Committee, ensuring continuous oversight.

Human Rights Framework

Nestlé S.A. Group is committed to respecting and advancing human rights in its operations and supply chain. In December 2021, Nestlé S.A. launched its Human Rights Framework and Roadmap (Framework) which aims to strengthen its level of due diligence and support enabling environments for the respect and promotion of human rights. The Framework identifies the 10 salient human rights areas that Nestlé is committeed to:

- Child labour and access to education
- Forced labour and responsible recruitment
- Living income and living wage
- Health and safety at work
- Freedom of association and collective bargaining
- Gender equity, non-discrimination and non-harassment
- Right to water and sanitation
- Indigenous peoples and local communities' land rights
- Data protection and privacy
- Right to food and access to nutritious, affordable and adequate diets

The Framework puts due diligence at the core of Nestlé's approach and defines the five (5) enablers that support Nestlé's work in the area of human rights:

1. **Governance and Incentives**
   Nestlé integrates human rights at all levels of its governance structure.
2. **Policies and Control Systems**
   Nestlé leverages on its policies and control systems to embed human rights throughout the organisation.
3. **Engagement and Advocacy**
   Nestlé engages with key stakeholders and advocates for smart due diligence legislation and collective action on the ground.
4. **Strategic Partnerships**
   Nestlé partners with thought-leading and boots-on-the-ground organisations.
5. **Transparency and Reporting**
   Nestlé provides a high level of transparency on the progress it makes and the challenges it faces.

In February 2023, Nestlé enhanced its due diligence by launching its action plans for each of the 10 salient human rights areas. These plans articulate Nestlé's strategy for assessing, addressing, and reporting on each salient area, defining what it needs to do across its supply chain, as well as what collective action can be taken.

The Framework helps the business determine the area of focus based on data collected from among others, human rights impact assessments, supplier assessments, certification schemes and grievance mechanisms. The gathered information identifies the risks, their locations, and the measures to address them.

In December 2024, the Group established the Human Rights Committee (HRC) a governance body tasked with overseeing human rights at the local market level. The HRC comprised of a cross-functional team of core senior managers such as the Executive Director of Supply Chain, the Executive Director of Technical & Production, the Executive Director of Corporate Affairs, the Executive Director of Human Resources and the Executive Director of Legal and Secretarial.

Sanctions

Sanctions laws from the United Nations, Switzerland, the European Union, the US and the UK may impose certain embargoes on certain countries and target specially designated nationals, blocked persons or entities. Where the Group engages in business activities with such embargoed countries, it is guided by the Nestlé Corporate Business Principles and the Sanctions Compliance Standard launched by Nestlé S.A., which applies a risk-based approach when dealing with such countries. Such sanctions laws may impose embargoes on certain countries and target specially designated nationals, blocked persons or entities. Consistent with its approach to comply with all applicable laws as laid out in the Nestlé Corporate Business Principles, Nestlé S.A. launched its Sanctions Compliance Standard to provide guidance worldwide, applying a risk-based approach when dealing with such jurisdictions.

In 2024, the Group issued a Sanctions Guidance document which includes a sanctions compliance plan and standard operating procedure based on its sanctions risk profile. This guidance document outlines how the Group will fulfil its obligations under relevant sanctions laws and provides guidelines on handling potential business dealings with sanctioned entities.

GOVERNANCE FRAMEWORK

At Nestlé Malaysia, the Board is committed to Creating Shared Value (CSV) for both shareholders and stakeholders. This is achieved by addressing global and local issues aligned with our Environmental, Social and Governance (ESG) priorities and supported by strong governance practices.

Board's Commitment to Sustainability

Our CSV approach connects business strategy and opportunities while addressing global challenges and societal issues. Through the four (4) core pillars of our CSV strategy, Nestlé integrates sustainability into its operations to enhance livelihoods, protect the environment, and promote healthier lives. This builds trust and the Company strives to create value for shareholders while positively impacting consumers, farmers, and stakeholders. This commitment reinforces Nestlé's dedication as a socially responsible company and committed to build a sustainable and inclusive future.

NIS *For further information on our Creating Shared Value, please refer to pages 8 to 9 of the Nestlé in Society Report 2024.*

Governance Structure

To maintain trust in Nestlé's brands and reduce risk throughout our value chain, the Company recognises the importance of building its business on clear principles and sound governance. To that end, sustainability governance has been incorporated into the Company corporate structure.

The Group's sustainability strategy is led by the Head of Sustainability under the stewardship of the CEO, with strategic oversight from the Board. The Head of Sustainability is responsible for steering and implementing the Group's sustainability agenda and briefs the Board bi-annually on the progress. The Board reviews key initiatives, deliberates on non-financial matters, and provides counsel and evaluates long-term strategies to ensure alignment with our sustainability strategies, ESG priorities and broader business aims.

To ensure the Board is kept updated on the progress of the initiatives throughout the year, the CEO delivers quarterly updates to the Board, covering the Sustainability KPI Dashboard as well as emerging developments in sustainability and climate related policies.

Through this interconnected CSV and sustainability governance structures, the Board continues its unwavering commitment in ensuring the Company fulfils its commitments, sustains brand trust, and achieves long-term business success while delivering value for its shareholders, stakeholders, people, and communities.

NIS *For further information on our CSV and ESG and Sustainability Governance Structure, please refer to page 11 of the Nestlé in Society Report 2024.*

Corporate Governance Overview Statement
ENGAGING WITH STAKEHOLDERS

Stakeholder Engagement

The table below provides an overview of our stakeholder engagements, including how we engage each group of stakeholders alongside the frequency of our engagements, their key areas of interest, and the value we offer to each.

	Engagement Methods	Priority Issues	Our Responses	How We Are Creating Value
Employees	BA People Development and Performance AR Intranet, newsletters and internal e-announcements Q Townhall meetings and roadshows AR Safety, health and environment initiatives O Employee volunteer programme AR Employee events A Employee surveys AR Nestlé Recreational Club	• Employee satisfaction and wellbeing • Diversity, inclusion and equal opportunities • Training and development • Occupational health and safety • Fair compensation • Employee engagement • Career pathing framework	• Employee Engagement, page 111 • Diversity, Equity and Inclusion, page 101 • Training and Development, page 103 • Safety, Health and Wellbeing, page 106 • Employee Compensation and Benefits, page 114 • Nestlé Cares Employee Volunteer Programme, page 111	• Foster a balanced gender representation in our workforce and advocate for the empowerment of women throughout the value chain. • Cultivate workplaces that prioritise health and wellbeing. • Offer opportunities for the continuous professional development of our employees.
Consumers and General Public	O Corporate and brand websites O Consumer relationship marketing O Social media channels O Corporate and brand campaigns A Consumer research O Advertisements and promotions AR Exhibitions and showcases AR Product packaging O 24/7 Consumer Services Hotline	• Food safety and quality • Halal • Nutrition, health and wellness • Responsible labelling and marketing • Innovation • Transparency and integrity • Environmental impact • Affordability • Consumer feedback and queries	• Product Safety and Quality, page 41 • Our Halal Commitment, page 43 • Offer Tasty and Nutritious Foods, page 26 • Responsible Marketing and Advertising, page 39 • Enhancing Biomedical Science Through Nutritional Therapy, page 31 • Empowerment Towards Healthier Lifestyles and Responsible Marketing, page 32 • Operating Responsibly, page 98 • Helping to Protect, Renew and Restore Natural Resources, page 48	• Develop innovative products and offerings that are attuned to consumers' needs and preferences. • Ensure convenient access to product information.
Shareholders and Investors	A Annual and Sustainability Reports A Annual General Meeting Q Analyst briefings AR Announcements to Bursa Malaysia Securities Berhad AR One-on-one and group investor meetings and calls AR Disclosures on corporate website	• Business performance • Integrity and governance • Business strategy • Regulatory compliance • Reporting • Risk management • ESG updates	• Fast Facts, page 3 • Operating Responsibly, page 98 • Creating Shared Value Governance, page 10 • Nestlé In Society: Creating Shared Value, page 8 • Basis of This Report, page 2	• Deliver strong profits through solid financial performance.

Frequency

D Daily	Q Quarterly	BE Bi-ennially	AR As required	O Ongoing
BA Bi-Annually	AM Alternate Month	BM Bi-monthly	A Annually	M Monthly

NIS *The table above should be read together with the Nestlé in Society Report 2024.*

	Engagement Methods	Priority Issues	Our Responses	How We Are Creating Value
Local Communities	O Community development programmes O CSV projects M Monthly food contribution programmes O Corporate Social Responsibility initiatives O Farmer Connect programmes O Food bank programmes O Initiatives supporting lower-income, hardcore poor and vulnerable communities	• Employee volunteerism • Community engagement • Rural development and empowerment • Sustainable agriculture • Environmental impact • Food security • Nutrition, health and wellness • Supporting the B40 group and other vulnerable communities	• Employee Engagement, page 111 • Enriching Lives in Our Communities, page 93 • Farmer Connect Programmes, page 84 • Regenerative Agriculture, page 61 • Helping to Protect, Renew and Restore Natural Resources, page 48 • Offer Tasty and Nutritious Foods, page 26 • SME Mentoring Programme, page 44 • Water Partnerships and Advocacy, page 66 • Reducing Food Waste, page 58	• Support and spearhead nutrition, health and wellness initiatives that enhance community wellbeing. • Support sustainable development of rural communities. • Safeguard natural resources for future generations.
Non-Governmental Organisations	BE Stakeholder engagement dialogues and materiality assessments AR Roundtable discussions AR Strategic partnerships and agreements O Memberships M Monthly food contribution programmes BE Key Opinion Leaders survey O Corporate Social Responsibility support	• Nutrition, health and wellness • Responsible labelling and marketing • Sustainable agriculture • Labour conditions and standards • Environmental and climate change impact • Community engagement	• Offer Tasty and Nutritious Foods, page 26 • Responsible Marketing and Advertising, page 39 • Regenerative Agriculture, page 61 • Diversity and Inclusion, page 101 • Safety, Health and Wellbeing, page 106 • Climate and Nature, page 50 • Helping to Protect, Renew and Restore Natural Resources, page 48 • Enriching Lives in Our Communities, page 93	• Foster collaborations and partnerships to actively support the nutrition, health and wellness of underserved communities. • Encourage impactful policy and industry-wide changes.
Government	AR Advocacy meetings AR Roundtable issue discussions AR Ministerial engagements and dialogues O Regulatory filings AR Exhibitions and showcases AR Key Opinion Leaders survey BE Materiality assessments AR Industry and regulatory working groups	• Food safety and quality • Responsible labelling and marketing • Regulatory compliance • Nutrition, health and wellness • Environmental and climate change impact • Job creation • Economic development • Regulatory reporting	• Product Safety and Quality, page 41 • Responsible Marketing and Advertising, page 39 • Operating Responsibly, page 98 • Offer Tasty and Nutritious Foods, page 26 • Helping to Protect, Renew and Restore Natural Resources, page 48 • Farmer Connect Programmes, page 84 • SME Mentoring Programme, page 44	• Contribute to the development of policies and standards. • Support and empower underserved communities.
Media	AR Face-to-face engagements AR Dialogues and forums AR Media familiarisation trip to CSV project sites AR Corporate and brand events BE Key Opinion Leaders survey	• Food safety and quality • Nutrition, health and wellness • Responsible labelling and marketing • Transparency and integrity • Environmental and climate change impacts • Rural and community development • Business performance	• Product Safety and Quality, page 41 • Responsible Marketing and Advertising, page 39 • Offer Tasty and Nutritious Foods, page 26 • Operating Responsibly, page 98 • Climate and Nature, page 50 • Helping to Protect, Renew and Restore Natural Resources, page 48 • Farmer Connect Programmes, page 84 • SME Mentoring Programme, page 44 • Enriching Lives in Our Communities, page 93 • Fast Facts, page 3	• Support and empower underserved communities. • Ensure public access to key information on the business.

Frequency

D Daily   Q Quarterly   BE Bi-ennially   AR As required   O Ongoing
BA Bi-Annually   AM Alternate Month   BM Bi-monthly   A Annually   M Monthly

NIS *The table above should be read together with the Nestlé in Society Report 2024.*

Corporate Governance Overview Statement
Engaging with Stakeholders

	Engagement Methods	Priority Issues	Our Responses	How We Are Creating Value
Industry and Trade Associations	AR Key associations AR Advisory panelists BE Key Opinion Leaders survey AR Exhibitions and showcases	• Responsible labelling and marketing • Sustainable agriculture • Labour conditions and standards • Environmental and climate change impact • Economic development • Regulatory compliance • Job creation	• Responsible Marketing and Advertising, page 39 • Sustainable Sourcing, page 79 • Regenerative Agriculture, page 61 • Climate and Nature, page 50 • Helping to Protect, Renew and Restore Natural Resources, page 48 • SME Mentoring Programme, page 44 • Operating Responsibly, page 98 • Farmer Connect Programmes, page 84 • Youth Opportunities, page 90	• Adherence with industry standards and regulations throughout the value chain. • Support industry-wide growth and development.
Suppliers	BE Supplier Engagement Day AR Training on Nestlé Responsible Sourcing Core Requirement and Anti-Corruption O Small and Medium Enterprise Mentoring Programme	• Occupational health and safety • Human rights • Responsible sourcing • Sustainable agriculture • Regulatory compliance • Rural development and empowerment	• Safety, Health and Wellbeing, page 106 • Farmer Connect Programmes, page 84 • Sustainable Sourcing, page 79 • Our Commitment to Sustainable Palm Oil, page 81 • Regenerative Agriculture, page 61 • Operating Responsibly, page 98	• Contribute to the development of suppliers throughout the value chain. • Provide support and guidance to ensure suppliers adhere to laws and regulations. • Uphold the sustainable production of food and beverages.
Customers/ Retailers	O Product campaigns O Consumer engagement activities O Customer relationship management O Corporate Social Responsibility support	• Innovation • Responsible labelling and marketing • Nutrition, health and wellness • Food safety and quality • Customer satisfaction	• Enhancing Biomedical Science Through Nutritional Therapy, page 31 • Empowerment Towards Healthier Lifestyles and Responsible Marketing, page 32 • Responsible Marketing and Advertising, page 39 • Offer Tasty and Nutritious Foods, page 26	• Develop innovative products and offerings that are attuned to consumers' needs and preferences. • Ensure convenient access to product information.
Academia	AR Partnership programmes AR Talks and forums O Employer branding activities (e.g. career fair) BE Key Opinion Leaders survey	• Nutrition, health and wellness • Food safety and quality • Responsible labelling and marketing • Environmental and climate change impact	• Offer Tasty and Nutritious Foods, page 26 • Product Safety and Quality, page 41 • Responsible Marketing and Advertising, page 39 • Climate and Nature, page 50 • Helping to Protect, Renew and Restore Natural Resources, page 48	• Support and empower underserved communities. • Foster a culture of knowledge-sharing between industry and academia.

Frequency

D Daily	Q Quarterly	BE Bi-ennially	AR As required	O Ongoing
BA Bi-Annually	AM Alternate Month	BM Bi-monthly	A Annually	M Monthly

NIS *The table above should be read together with the Nestlé in Society Report 2024.*

LEADERSHIP AND EFFECTIVENESS

The Board

The Board, comprising of five (5) Non-Executive Directors and two (2) Executive Directors, namely the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), each contribute diverse expertise and valuable insights. Together, they guide the Company's purpose, values, and strategic direction, striving to deliver long-term shareholder value and making positive impact to the society.

As the Company's ultimate governance body, the Board operates under a formal Charter that defines its responsibilities. It provides strategic leadership, approves the long-term direction, and oversees management execution of plans, ensuring alignment with the Company's core values and desired culture. Through regular reviews of operational and financial updates and oversight of major initiatives, the Board maintains a clear focus on achieving strategic objectives. Continuous updates from the management between meetings further ensure robust and informed governance for the Board's ongoing oversight.

The Board is supported by its committees, each responsible for providing independent oversight and ensuring the effective implementation of good corporate governance practices.

Diversity

The Board recognises the profound advantages of diversity within its leadership and the Key Senior Management Team. A diverse composition enhances leadership excellence and effectiveness while fostering innovation through varied perspectives and approaches. Currently, women constitute 43% of the Board and an even higher proportion within the Key Senior Management Team, underscoring the Company's steadfast commitment to diversity as outlined in its Diversity, Equity and Inclusion Policy. This aligns with the Malaysian Code on Corporate Governance's recommendation of having a minimum of 30% female representation on the Board, reflecting the Company's dedication to progressive and inclusive governance.

The Diversity, Equity and Inclusion Policy is available on our website at www.nestle.com.my

Commitment

Our Directors uphold the highest standards of ethics and integrity, dedicating their time and expertise to effectively fulfil their fiduciary duties, in alignment with the Companies Act 2016. They exercise prudence in financial oversight, prioritise the Company's best interests above personal concerns, and consistently act with responsibility toward shareholders and stakeholders. Through meticulous preparation and active engagement during Board meetings, they exemplify exemplary leadership, fostering effective governance and contributing to the Company's ethical and strategic success.

Transparency is a cornerstone of the Board's operations. Directors disclose any potential conflicts of interest and abstain from decisions where such conflicts may arise. The Audit and Risk Committee, along with the Board, conducts thorough assessments of potential conflicts, evaluating their nature, impact, and affiliations with external entities. This ensures compliance with legal and regulatory frameworks, including Bursa Malaysia's stringent standards, while promoting a culture of integrity, accountability, and responsible governance.

To safeguard their focus and dedication, the Directors ensure that their external commitments do not conflict with their responsibilities to the Company and time commitment. None of the Directors holds more than five (5) directorships in listed companies, reflecting their dedication to maintaining the highest standards of diligence and accountability in their roles.

Board Information Flow

The flow of information to the Board is seamlessly managed by the Company Secretary in collaboration with the Chairman and CEO, ensuring efficiency and effectiveness. Directors have unrestricted access to the Company Secretary, who provides them with essential policies, processes, resources, and updates on regulatory and corporate governance developments. Regular management updates further equip Directors with the insights needed to fulfil their oversight responsibilities.

Beyond formal meetings, the Chairman, CEO, and Company Secretary maintain continuous communication with Directors to foster collaboration and engagement. In-camera sessions exclusively for Non-Executive Directors are held before Board meetings, facilitating candid discussions and strengthening the Board's independence and governance effectiveness.

Purpose, Business Model and Strategy

The Board invests considerable time in evaluating the Company's performance and strategies. The Board also prioritises business sustainability and its impact on stakeholders. Specific business strategies are conducted and deliberated based on the Company's purpose and values, alongside a stringent risk management framework and robust internal controls for effective strategy implementation.

Culture and Values

Nestlé's culture is built on empowerment, enabling our employees to achieve their deliverables, create value for the organisation, and uphold strong principles of integrity, compliance, and good corporate governance. We promote values like respect, trust, courage and open-mindedness, inspiring our team to reach their full potential and cultivate an environment of innovation. The Board plays a crucial role in promoting this culture, aligning workforce policies, practices, and behaviours with the Company's purpose, values, and strategy, a task actioned through the Key Senior Management Team.

Financial Control and Reporting

The Board is responsible for overseeing the Group's financial oversight and reporting, ensuring the accuracy, integrity, and transparency of financial statements and disclosures. This accountability underscores the Board's commitment to upholding strong governance and fostering stakeholder confidence.

The Audit and Risk Committee plays a crucial role in supporting the Board's oversight of accounting and financial reporting processes. It meticulously reviews quarterly financial reports, full-year financial statements, and the Statement on Risk Management and Internal Control featured in this Corporate Governance and Financial Report before these documents are presented to the Board for approval. Through these meticulous reviews, the Audit and Risk Committee ensures that the Group's financial disclosures meet the highest standards of accuracy and compliance.

Additionally, the Audit and Risk Committee evaluates the financial statement preparation process, scrutinising significant judgments and estimates that may affect the results. Input from the external auditors, Ernst & Young PLT, is integral to this evaluation. The Audit and Risk Committee also monitors the impact of evolving accounting standards and regulatory developments on the Group's financial reporting, staying well-informed through regular updates. This diligent approach reinforces the Board's accountability, ensuring robust financial control, transparency, and compliance, aligning with its steadfast commitment to sustainable and ethical governance.

Risk Management and Internal Control

The Board, through its Audit and Risk Committee, is entrusted with the critical responsibility of overseeing the Group's internal control framework and risk management systems. This ensures they are robust, effective, and aligned with the Group's strategic objectives. By adopting a comprehensive and proactive approach, the Audit and Risk Committee conducts periodic reviews of risk management principles, policies, procedures, and practices, including sustainability and climate-related strategies. This diligent process leverages the Nestlé Enterprise Risk Management (ERM) framework, a consistent methodology for identifying, assessing, and addressing risks and opportunities.

During these reviews, the Board evaluates any new developments, emerging risks, and significant changes in the internal or external environment that may impact the Group. It also considers potential omissions or inadequacies in prior assessments. The comprehensive findings from these evaluations are systematically presented to the Board for quarterly review, ensuring a transparent, accurate and well informed decision-making process.

To enhance its oversight, the Nestlé Internal Audit performs comprehensive risk assessment audits across business units and functions throughout the year. This thorough process provides the Audit and Risk Committee with valuable insights into the identified risks exposure and the effectiveness of internal controls within the Group's operations, thereby fortifying the Board's governance framework.

The Board, also through the Audit and Risk Committee, rigorously evaluates the adequacy of the Group's internal control systems, which encompass financial, operational, and compliance controls. Recognising that no systems can entirely eliminate the risk of failing to achieve business objectives, these controls are designed to manage and mitigate risks to an acceptable level. The primary goal is to provide reasonable assurance against material misstatements or losses, reflecting a balanced and vigilant approach to risk management and internal governance.

By embedding a culture of risk awareness and maintaining a dynamic internal control framework, the Board reaffirms its unrelenting commitment to safeguarding the Group's assets, ensuring strict regulatory compliance, and upholding stakeholder trust in its governance practices.

CGFR *For further information on Nestlé Internal Audit, please refer to page 31 of this Report.*

CGFR *For further information on Risk Management and Internal Control, please refer to pages 35 to 38 of this Report.*

DIRECTORS' APPOINTMENT AND RE-ELECTION

Appointment to the Board

At Nestlé Malaysia, we uphold the principle of merit-based appointments to our Board, striving to achieve an optimal blend of skills, experience, and expertise to drive our strategic vision.

The Governance, Nomination and Compensation Committee (GNCC) leads the initiative for merit-based appointments, assessing diversity in all its dimensions, including gender, age, background, skills, experience, expertise, and distinctive personal attributes. This is in line with the Company's Diversity, Equity and Inclusion Policy and ensures a comprehensive evaluation that incorporates a wide range of perspectives essential for informed decision-making.

Adopting a structured, transparent, and thorough approach, the Board ensures that nominations align with the Company's strategic direction. This process values diversity while meeting the leadership and skill requirements essential for the Board's effectiveness. In adherence to the Listing Requirements and the Malaysian Code on Corporate Governance (MCCG), Board appointments and Director's re-elections are further governed by our Directors' Fit and Proper Policy, which evaluates prospective candidates and Directors due for re-election. This policy ensures that all Board members possess the necessary skills, knowledge, experience, and time commitment required for the Board and its Committees to function efficiently. The re-election of Directors is further contingent upon a Director's performance and contributions, as assessed through our annual Directors' and Board effectiveness assessments.

Before nominating a candidate as a Director, the GNCC conducts thorough due diligence to assess the individual's integrity, skills, experience, independence, and time commitment. This ensures that each appointment strengthens the Board's capabilities and governance standards. Following the due diligence, the candidate submits a non-conflict and time commitment declaration, which the Committee carefully reviews before deliberating on their suitability and recommendation to the Board for its ultimate decision.

The Diversity, Equity and Inclusion Policy and Directors' Fit and Proper Policy are available on our website at www.nestle.com.my.

To foster effective governance, uphold fiduciary responsibilities, and maintain the confidence of our shareholders and stakeholders, it is imperative that Directors demonstrate unwavering commitment to their roles. This includes dedicating adequate time for preparation, attending meetings, and actively engaging in discussions and deliberations.

The GNCC oversees both the appointment and re-election processes, presenting their recommendations to the Board, which deliberates and ultimately decides on appointments and re-election of Directors.

THE COMPANY IS GUIDED BY THE FOLLOWING PROCESSES AND PROCEDURES FOR THE NOMINATION OF NEW CANDIDATES TO THE BOARD:

- Identification of gap and skills required
- Selection of candidates
- Assessment of candidates
- Interaction with candidates
- Due diligence
- Assessment on Fit and Proper criteria
- Non-Conflict of Interest Declaration
- Review by the Governance, Nomination and Compensation Committee
- Board Approval

THE GOVERNANCE, NOMINATION AND COMPENSATION COMMITTEE IN MAKING ITS RECOMMENDATION ON CANDIDATES TO THE BOARD WILL CONSIDER THE FOLLOWING CRITERIA:

- Skill, knowledge, competencies, expertise and experience
- Commitment, potential contributions and performance
- Professionalism
- Integrity
- Industry standing
- Leadership
- Diversity

In the selection of Independent Non-Executive Directors, the GNCC will assess the independence and the capability of each candidate to fulfil the roles and responsibilities required for this position.

Annual Evaluation

In alignment with the MCCG, the annual Board evaluation is a cornerstone of ensuring the effectiveness and accountability of the Board of Directors. This evaluation process encompasses a comprehensive assessment of the Board's overall performance, as well as the individual contribution and performance of each Director. Its aim is to identify areas for improvement and strengthen governance practices. The GNCC, tasked with facilitating this evaluation, ensures it covers various critical dimensions, including the Board's composition, the efficacy of its Committees, and the individual contributions of each Director. The insights from the evaluation are pivotal in the re-election decisions and in developing of strategies and trainings to further strengthen the Board's capabilities. This process ensures that the Board remains highly competent and well-prepared to execute its fiduciary duties effectively and to steer the Company's strategic objectives with foresight.

CGFR *For further information on Board Effectiveness Evaluation as facilitated by the GNCC, please refer to page 24 of this Report.*

Re-Election of Directors

The Board of Directors, through the Governance, Nomination and Compensation Committee, conducted an evaluation of Directors eligible for re-election under Article 97.1 of the Company's Constitution. Based on their performance and contributions, the Board is satisfied that the Directors standing for re-election have met expectations in fulfilling their duties and responsibilities. The Board also took into account the results of the 2024 Board Effectiveness Evaluation, which assessed the skills, expertise, contributions, and overall performance of each Director and the Board as a whole. This evaluation confirmed the Directors' effectiveness and valuable contributions. Consequently, the Board recommends their re-election at the 41st Annual General Meeting (AGM).

The following Directors shall retire in accordance with Article 97.1 of the Company's Constitution:

1. **TAN SRI WAN ZULKIFLEE WAN ARIFFIN**
   (Appointed on 1 October 2023, Chairman of the Board of Directors and a member of the Audit and Risk Committee)

   The re-election of Tan Sri Wan Zulkiflee Wan Ariffin (Tan Sri) is substantiated by his high performance score in the 2024 Board Effectiveness Evaluation. Tan Sri's proactive engagement and initiative in seeking additional information and probing management when necessary, demonstrate his unwavering dedication to ensuring that the Company's strategic direction is both clear and robust. His deep commitment to understanding the intricacies of the business and industry dynamics is evident in his willingness to delve into complex issues. He contributes to strategic planning that thoroughly considers all relevant opportunities and risks.

   In addition to his proven track record since his appointment on 1 October 2023, Tan Sri is acclaimed for his professionalism and integrity, qualities that are essential for maintaining high governance standards. He cultivates a culture of mutual respect and trust among Board members, thereby facilitating efficient and effective decision-making processes. Furthermore, Tan Sri stays abreast of industry trends and best practices, ensuring that his contributions to the Board's strategic deliberations are both insightful and forward-thinking. His adeptness at fostering constructive dialogue during discussions helps mitigate conflicts and promotes a collaborative environment, which is crucial for the Board's productivity and efficacy.

   Tan Sri's leadership and unwavering dedication make him an invaluable asset to the organisation. As Chairman, ensuring leadership continuity is essential for the Board's stability and effectiveness.

2. **YTM TAN SRI TUNKU PUTERI INTAN SAFINAZ SULTAN ABD HALIM**
   (Appointed on 2 May 2023, a member the Governance, Nomination and Compensation Committee)

   The re-election of YTM Tan Sri Tunku Puteri Intan Safinaz Sultan Abd Halim (Tunku Puteri) as a Director is supported by her solid performance in the 2024 Board Effectiveness Evaluation. Her active engagement and valuable contributions to Board discussions, highlight her unwavering commitment and strategic insights.

   Beyond her outstanding contributions to the Board, Tunku Puteri is also renowned for her extensive humanitarian efforts, which have helped strengthen the Company's corporate social responsibility initiatives. Her humanitarian endeavors provide invaluable insights and perspectives, thereby enriching the Board's discussions and strategic planning.

   Since her appointment to the Board on 2 May 2023, Tunku Puteri has exemplified leadership qualities characterised by professionalism, integrity, and objectivity.

All Directors standing for re-election have duly submitted their conflicts of interest disclosures and fulfilled the criteria in accordance with the Directors' Fit and Proper Policy. They have abstained from deliberations and decisions on their own eligibility to stand for re-election at the 41st AGM of the Company.

AR *For further information on the Directors' profile, please refer to pages 44 to 48 of the Annual Review 2024.*

DIRECTORS' TRAINING AND DEVELOPMENT

Continuous learning and development are fundamental to the Board's commitment to staying informed on industry dynamics, governance best practices, and emerging business challenges. Throughout the year, the Board has benefitted from structured training programmes designed to enhance their expertise and decision-making capabilities. In addition to dedicated training sessions, regular briefings and updates have been instrumental in keeping Directors well-informed on crucial matters such as business performance, emerging risks, investor expectations, and evolving legal and regulatory frameworks. The Board and its committees also receive proactive insights on business operations, human resource developments, market trends, sustainability practices and governance requirements, ensuring that their knowledge remains both current and relevant. Additionally, the Board had an engagement session with the Head of Zone Asia, Oceania, and Africa of Nestle S.A. which provided valuable insights of the strategies and focus of Nestle S.A. The Chairman of the Audit and Risk Committee also had a separate dialogue with the Regional Audit Manager and Local Audit Manager to exchange the insights on risks related focus area and internal audit matters.

To deepen their understanding of critical business areas, the Company organises sessions with subject-matter experts from its business units and functions, providing Directors with firsthand invaluable industry insights. Additionally, if required, external trainers are invited to deliver specialised training sessions, ensuring a comprehensive approach to continuous learning that aligns with the Company's strategic direction and governance standards.

Beyond the routine training, Directors are actively encouraged to participate in external training programmes, promoting a culture of continuous professional development. Directors mayidentify specific training needs to the Chairman or Company Secretary, who ensures that training programmes are tailored to address the needs of individual Directors, the Board, and the Company as a whole.

The Directors are also equipped with the Director's Handbook, a comprehensive guide that outlines the fundamental elements of their roles and responsibilities. This serves as a key reference document and includes crucial materials such as the Board Charter, Committees' Terms of Reference, Nestlé's Guidelines and Policies, Corporate Governance practices and detailed meeting schedules.

As part of Nestlé's unwavering commitment to corporate governance and ethical business practices, all Directors are mandated to complete the required Nestlé's Global e-Learning modules. These digital courses impart crucial knowledge on Nestlé's operations and cover imperative topics such as sustainability, human rights, data privacy, anti-corruption, compliance, and nutrition. By prioritising continuous education, Directors are equipped to contribute well-informed perspectives and strategic insights during Board discussions.

To stay prepared for new challenges and opportunities, Directors have undergone in-house training sessions covering a diverse range of critical areas, including:

- Current Business Challenges and Market Trends – Analysis of global and regional economic shifts, inflationary pressures, supply chain disruptions, and consumer behaviour trends impacting the food and beverage industry.
- Food Regulatory Landscape – Updates on local and international food safety regulations, labelling requirements, compliance frameworks, and policy developments affecting Nestlé's operations.
- Digital Transformation & Information Technology Advancements – Insights into cybersecurity threats, artificial intelligence (AI), data privacy, automation, and emerging digital tools reshaping business operations and consumer engagement.
- Sustainability Policy & Regulations – Understanding the evolving ESG landscape, carbon footprint reduction initiatives, circular economy practices, and regulatory requirements on sustainable sourcing, packaging, and waste management.

As the business landscape continues to evolve, the Company remains steadfast in its commitment to enhancing its training and development initiatives. This ensures that its leadership not only stays resilient and adaptable but also remains keenly aligned with the Company's vision and core values.

COLLECTIVELY, THE DIRECTORS HAVE ATTENDED TRAININGS COVERING THESE AREAS:

10 topics **Strategy**

14 topics **Governance**

17 topics **Digital**

6 topics **Human Resources**

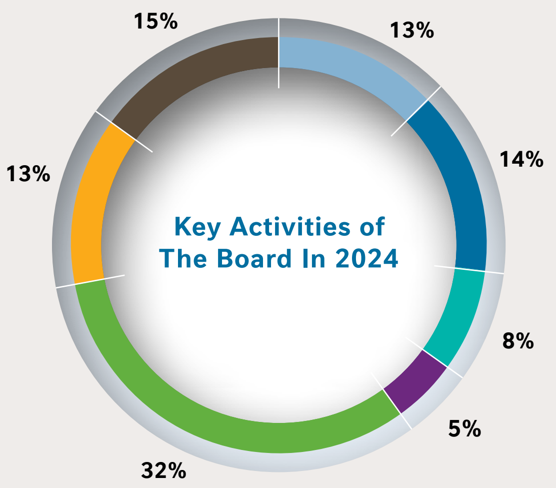
8 topics **Finance**

16 topics **Sustainability & ESG**

Corporate Governance Overview Statement

KEY ACTIVITIES OF THE BOARD IN 2024

In the year under review, five (5) Board meetings were held. An overview of the Board's key activities on the matters reviewed and considered is provided below.



Strategy

- Group's Strategy and Roadmap, and its implementation.
- Business Units Strategy, operations and update.
- Business showcase.
- Market Performance.
- Corporate Advocacy and Engagement.
- Digital Marketing Landscape and Media Strategy.
- Brand Trust and Affinity.
- Innovation and Business Initiatives.

Financial

- Cumulative full year results for the financial year ended 31 December 2023.
- Directors' Report and Audited Financial Statements for the financial year ended 31 December 2023.
- Quarterly Results.
- Report on Company's quarterly and previous year's performance and outlook for the year.
- Dividend payments and solvency position of the Company.
- Compliance with the Malaysian Accounting Standards Board and other relevant legal and regulatory requirements with regards to the financial statements.
- General budget.
- Capital Expenditure budget.
- Tax and e-invoicing updates.
- Financial results announcements to Bursa Malaysia.
- Recurrent Related Party Transactions by the Group.
- Quarterly and full year Nestlé S.A. results.

Sustainability, Environment and Social

- ESG updates.
- Sustainability reporting update.
- Creating Shared Value (CSV) initiatives.
- Sustainability initiatives.
- Update from CSV Council.
- Climate chtange and environmental impact.
- Corporate Sustainability Reporting Directive (CSRD).

Shareholders/ Investors and Engagement

- Circular to shareholders in relation to the Proposed Renewal of shareholders' Mandates for Recurrent Related Party Transactions of a revenue or trading nature.
- Quarterly Analyst and Investor briefings.
- Engagement with substantial shareholders.
- 40th Annual General Meeting.

Key Activities of The Board In 2024

Governance	• Group's compliance with the Listing Requirements. • Compliance with the MCCG and CA 2016. • Amendments/updates to the Listing Requirements. • Amendments/updates to the MCCG. • MCCG gap assessment and action plans therefrom. • Company's announcements released to Bursa Malaysia. • Submission of the semi-annual returns to Bursa Malaysia. • Directors' Written Resolutions passed by the Board. • Minutes of Meetings of the Board Committees. • Board Committees' reports and recommendations. • Board Charter and the Terms of Reference of the Board Committees. • Appointment of Ernst & Young PLT as the Group's external auditors for the financial year ending 31 December 2024 and to ensure the external auditors meet the criteria provided by Paragraph 15.21 of the Listing Requirements and maintain its independence. • Diversity, Equity and Inclusion Policy. • Compensation Policy.	• Director's Fit and Proper Policy. • Corporate Governance Report and the Annual Report 2024. • Board Effectiveness Evaluation Results and Assessment of Directors' Independence. • Composition and skills of the Board and Board Committees. • Performance and effectiveness of the Board, Board Committees and individual Directors. • Time commitment of Directors. • Other directorship of Directors. • Board Improvement Programme based on the results of the BEE. • Nestlé Corporate Business Principles, Nestlé Code of Business Conduct, Nestlé Corporate Governance Guidelines and the Nestlé Malaysia Anti-Corruption Gifts & Entertainment Guidelines. • Conflicts of Interest. • WHO Code Compliance update. • Effectiveness of Board meetings. • Board Agenda 2024 and 2025.
Risk Management and Internal Control	• Enterprise Risk Management, mitigating measures and updates. • Cyber security landscape, risks and updates. • Regulatory landscape risks impacting the business. • Corruption risks and update on Anti-Corruption initiatives. • Report on major litigation, claims and/or issues with substantial financial impact (if any). • Reports from the Nestlé Internal Audit, the recommendations and management responses.	• Reports from the external auditors. • Statement of Risk Management and Internal Control for the Annual Report. • Speak Up updates. • Integrated Risk Identification Solution (IRIS) tool. • Nestlé IT Landscape.
Leadership and People	• Board succession plans, Board composition and Board Diversity and inclusion (including gender, ethnicity/cultural background and age diversity). • Tenure of Directors. • Retirement of Directors by rotation, the re-election of Directors. • Retirement and appointment of Board Chairman. • Retirement and appointment of Governance, Nomination and Compensation Committee's Chairman. • Board trainings.	• Compensation of the Board of Directors. • Compensation of the Executive Directors. • Compensation of the Key Senior Management Team. • Compensation Direction for the Group employees. • Succession plans for the Key Senior Management Team. • Management development of the Key Senior Management Team. • Human Resource updates. • Safety updates.

Corporate Governance Overview Statement

GOVERNANCE, NOMINATION AND COMPENSATION COMMITTEE REPORT

The Governance, Nomination and Compensation Committee (Committee) plays a key role in driving good corporate governance within the Board and the Group. It promotes professionalism, ethical behaviour, and a culture of compliance. The Committee ensures that the Board and the Key Senior Management Team comprise of individuals with the skills, knowledge, and experience necessary to effectively discharge their responsibilities. Additionally, it oversees matters related to the compensation of the Board, the Key Senior Management Team, and employees within the Group.

Priorities for 2025

- Organisational Development and Talent Strategy.
- Training for Directors.

100% **MEETING ATTENDANCE**

Chairman:

1 **DATO' HAMIDAH NAZIADIN**

Independent Non-Executive Director
(Appointed as Chair on 1 May 2024)

Members:

2 **YM DR. TUNKU ALINA ALIAS**

Independent Non-Executive Director

3 **YTM TAN SRI TUNKU PUTERI INTAN SAFINAZ SULTAN ABD HALIM**

Independent Non-Executive Director

The following member retired on 30 April 2024:

YAM TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL

Principal Responsibilities

1. Oversees matters relating to good corporate governance practices and compliance.
2. Reinforces the Group's stand against corruption.
3. Reviews the composition, skills, competencies and diversity of the Board.
4. Evaluates the performance and effectiveness of the Board, Board Committees, and individual Directors.
5. Assesses the independence of Non-Executive Directors.
6. Oversees the Board Succession Plan and identifies suitable candidates for appointment to the Board and Board Committees.
7. Assesses and provides recommendation to the Board on appointments of a new Director and the re-election of Directors.
8. Reviews the human resources strategy focusing on diversity, equity, inclusion, talent development and strategy.
9. Reviews the management development, movements, and succession plans of the Key Senior Management Team.
10. Reviews the compensation package for the Executive Directors, Non-Executive Directors, and the Key Senior Management Team.
11. Assesses and formulates broad compensation strategies for the employees of the Group.

Membership of The Committee

The Committee consists exclusively of Independent, Non-Executive Directors. It underwent a change of leadership with the retirement of YAM Tan Sri Dato' Seri Syed Anwar Jamalullail on 30 April 2024 after more than 15 years of exemplary leadership as the Chairman of the Committee since its establishment. Effective 1 May 2024, Dato' Hamidah Naziadin has been appointed as the new Committee Chair. With her extensive experience and distinguished career in the field of human resources, coupled with her proven leadership capabilities and strategic acumen, Dato' Hamidah is well positioned to drive the Committee forward, ensuring it continues to uphold the highest standards of governance and effectiveness. This leadership transition further strengthens the Committee's commitment to fulfilling its responsibilities with integrity and excellence.

AR *For further information on the Committee members' skills, qualifications, experience and expertise, please refer to pages 46 and 47 of the Annual Review 2024.*

How the Committee Operates

The Committee meets three (3) times a year, with additional meetings convened, as necessary. A valid quorum requires the presence of the Chair and at least one (1) Independent Director.

In the financial year ended 31 December 2024, the Committee held three (3) meetings, with full participation from all its members. Key members of management, including the CEO, the Executive Director of Group Human Resources and the Rewards Manager, attended these meetings. As and when specialised insights are required, external consultants would also be invited to attend the meeting.

The Committee follows an annual agenda that is carefully structured in line with its Terms of Reference, ensuring its activities remain dynamic and responsive to evolving corporate governance standards. These terms are regularly reviewed and updated to ensure its relevance with corporate governance development, with the latest review on 17 February 2025 and approved by the Board on 14 March 2025.

The Company Secretary attends and documents all meetings. The Committee has unrestricted access to the Company Secretary's support and may engage independent advisors as needed. Detailed records are kept of the deliberations and decisions, and after each meeting, the Committee reports its decisions and recommendations to the Board for review and approval.

No Director participates in discussions or decisions on matters in which they have a personal interest.

The Terms of Reference of the Committee, which includes its key objectives, functions and responsibilities is available on our website at www.nestle.com.my.

Succession Planning

The Committee leads and manages the process for the appointment of new Directors, the election of new Board and Board Committee Chairmen, and the re-election of existing Directors. It employs a meticulous approach, conducts a thorough due diligence to assess each candidate's integrity, skills, experience, independence, and time commitment. This ensures that every appointment enhances the Board's capabilities and upholds robust governance standards.

It also plays a pivotal role in Board succession planning. During the year under review, with the retirement of YAM Tan Sri Dato' Seri Syed Anwar Jamalullail, the diligent approach of the Committee was exemplified during the transition. The Committee meticulously managed the process for appointing the new Board Chairman and Committee Chair, ensuring leadership continuity and stability within the Board. It facilitated a seamless handover and prepared the new Board Chairman and Committee Chair to lead effectively, maintaining a commitment to long-term strategic objectives and a strong governance culture.

CGFR *For further informationon appointments to the Board, please refer to page 16 of this Report.*

Human Resources Strategy

The Committee plays a pivotal role in overseeing human resources strategy, especially in succession planning, leadership development, and compensation strategies for the Key Senior Management Team. It is committed to ensuring that the Group's long-term success is underpinned by a robust people strategy rooted in diversity, equity, and inclusivity while also cultivating a future-ready workforce that is resilient and motivated to meet future challenges. This strategy includes a career pathing framework that outlines clear career paths, skill development opportunities, and mentorship programs to support employee growth.

Besides fostering an inclusive and diverse leadership structure, the Committee supports the Group's initiatives in identifying and nurturing local talents within the Group, equipping them with the necessary skills and experience for future leadership roles and promoting a high performance culture. This approach strengthens internal capabilities and ensures leadership continuity.

As part of the Committee's meeting agenda, the Group Human Resources would present the Committee with a review of the Group's compensation packages, ensuring they remain competitive within the industry and aligned with the Group's focus on attracting and retaining top talent. This evaluation considered key factors such as performance, market competitiveness, and talent retention, reinforcing its commitment to reward excellence and drive a high-performance culture.

Beyond leadership and compensation, the Committee also monitors workforce well-being, employee engagement and talent retention as essential components of the Company's human resources strategy, to foster a supportive and positive work environment.

Corporate Governance

Corporate governance in Malaysia continues to evolve, driven by regulatory advancements, stakeholder expectations, and global best practices. In alignment with the Malaysian Code on Corporate Governance and Listing Requirements, the Committee is committed to maintaining the highest standards of transparency, integrity, and accountability within its governance framework.

The Committee plays a crucial role in safeguarding corporate governance. It ensures that the Company's adherence to the principles and best practices outlined in the MCCG fosters a culture of exemplary governance. This involves regular review and assessment of the Company's governance policies, procedures, and practices to confirm their ongoing relevance and efficacy. The Committee also oversees the implementation of governance enhancements and compliance with evolving regulatory requirements, ensuring that the Company's governance framework remains robust and aligned with the latest standards.

It also reviews the Group's anti-corruption commitments and initiatives to ensure alignment with international best practices, regulatory requirements and in compliance with the Guidelines on Adequate Procedures pursuant to the Malaysian Anti-Corruption Commission Act 2009. By advocating a strict zero-tolerance approach towards unethical practices, the Committee contributes to maintaining the Group's integrity and reputation. These efforts fortify the Group's anti-corruption measures, ensuring they are robust, effective, and resilient against potential risks.

Activities of the Committee during the Year

AREA OF FOCUS	MATTERS REVIEWED AND CONSIDERED
Governance	• Corporate Governance and Compliance matters. • Application of the practices under the MCCG. • Sustainability leadership by the Board. • Group's Anti-Corruption commitments and initiatives.
Nomination/People	• Contribution, performance and the effectiveness of the Board as a whole, the Board Committees and individual Directors. • Size structure, balance and composition of the Board and the Board Committees, the Board's diversity and the required mix of skills and core competencies. • Board composition (including gender, ethnicity and age diversity). • Diversity Policy. • Board Effectiveness Evaluation (BEE) and Assessment of Director's Independence. • Board Improvement Programme based on the outcome of the BEE. • Declaration of directorship, Non-Conflict of Interest and time commitment of each Director. • Board retirement schedule. • Directors' Fit and Proper Policy. • Re-election of Directors at the Annual General Meeting and making the necessary recommendations to the Board. • Succession plans for the Non-Executive Directors, including the Chairman of the Board and Chair of GNCC. • Management development and succession plans for the Key Senior Management Team. • Training attended by each Director, implementation of Induction Programme for new Directors, the Directors' training needs and the Board Training Programme. • Reviewed the Independence of Directors. • Nestlé Values, HR strategic priorities & People Dashboard. • Talent Attrition and Employer Branding. • Talent Development and Retention. • Industrial Relations matters and compliance with relevant laws and regulations. • Organisational development and HR strategy.
Compensation	• Employee Remuneration Direction Package for 2024. • Proposed Employee Remuneration Direction Package 2025. • Compensation Package of the Executive Directors. • Compensation Package of the Key Senior Management Team. • Compensation for the Board of Directors. • Compensation Policy.
Governance, Nomination & Compensation	• Committee Agenda for 2024 and 2025. • Effectiveness of the Committee meetings. • Terms of Reference of the Committee. • Governance, Nomination and Compensation Committee Report to be disclosed in the Annual Report 2023.

BOARD EFFECTIVENESS EVALUATION

The Governance, Nomination and Compensation Committee (Committee) conducts an annual Board Effectiveness Evaluation (BEE) to assess the performance and effectiveness of the Board, its Committees, the Chairman, and each Director. To ensure an objective and comprehensive assessment, the Committees engages an independent consultant once every three (3) years to facilitate the evaluation process.

During the year under review, the BEE exercise was conducted internally, leveraging the use of a digital platform to improve efficiency, accessibility, and accuracy. The use of the digital platform enabled streamlined data collection, real-time monitoring and detailed analysis, ensuring that the process was not only efficient but also comprehensive. The evaluation process was customised to the specific needs and dynamics of the Board and included assessments in the following areas:

- Overall Board Performance
- Directors' Skill Set & Competency Matrix
- Directors' Self and Peer Assessment
- Independence Assessment of Independent Directors
- Effectiveness of the Audit and Risk Committee, and the Governance, Nomination and Compensation Committee

This approach contributed to a more objective and transparent evaluation.

The results of the BEE were reviewed by the Committees and presented to the Board. The findings and recommendations from the evaluation will be used to develop focused action plans aimed at enhancing the efficiency, governance practices, and strategic effectiveness of the Board and its Committee.

Upon completion of the BEE exercise, the Board Chairman conducts one-on-one sessions with each Director to review their performance, contributions, and areas for development, promoting ongoing improvement and leadership excellence.

Findings

The Board achieved an outstanding overall score, reaffirming its effectiveness and strong leadership. The assessment particularly highlighted the exemplary leadership of the new Chairman, who has successfully fostered an environment conducive to open discussions and diverse opinions. This has enhanced collaboration and improved the quality of decision-making. Furthermore, the Board has established a strong, synergistic partnership with the management, providing strategic insights and guidance while maintaining operational integrity. This dynamic relationship has facilitated productive discussions on strategic plans tailored to local needs, aligning seamlessly with the Company's objectives. In addition, the Board and management demonstrated a steadfast commitment to developing local talent, with a strong emphasis on succession planning. This ensures the continuous growth, retention, and advancement of local talents, thereby sustaining leadership excellence within the Group.

While no critical areas for improvement have been observed, the Committee has recommended certain areas for further enhancement, including professional development, skill building, and the continued valuable inputs from the Board. The Board acknowledges the Committee's recommendations for improvement and recognises them as key focus training areas in 2025 for continued growth.

The results of these assessments form the basis of the Committee's recommendations to the Board for the re-election of the Directors at the upcoming 41st AGM in April 2025.

COMPENSATION

Directors' Compensation

The Company's Compensation Policy is designed to attract and retain highly qualified individuals for the Board. The compensation structure reflects the time commitment, responsibilities, and expertise required of Directors in executing their roles on the Board and its Committees. To ensure independence and objectivity, Non-Executive Directors receive only fixed compensation without participating in any form of variable or performance-based remuneration.

The compensation of the Executive Directors and the Key Senior Management Team are guided by the compensation framework established by the ultimate holding company, Nestlé S.A.

The Company's Compensation Policy which sets out the criteria to determine the Directors' compensation, include:

- the demands, complexity of activities and performance of the Group;
- the level of responsibilities, skills, expertise and experience required;
- industry benchmarks against similar companies;
- market practice; and
- the risk environment, ensuring that the compensation does not encourage excessive risk-taking.

Non-Executive Directors receive fees and allowances for their involvement in Board and Board Committee meetings. The Company covers all reasonable travel and accommodation expenses when travel is necessary.

The Board is committed to maintaining a fair and competitive remuneration structure for the Board Chairman and Non-Executive Directors, ensuring alignment with market practices and sectoral norms to attract and retain high-calibre leadership.

The Committee regularly reviews the compensation packages for Non-Executive Directors to ensure they remain competitive and in line with the current market and industry benchmarks. In 2024, a compensation review was conducted, and a thorough analysis confirmed that the existing compensation framework is not only appropriate but also effective and competitive.

The fees for Non-Executive Directors for a given financial year are only disbursed upon the approval of shareholders at the following year's AGM, reinforcing transparency and accountability in the Company's governance practices.

The composition of the compensation for the Non-Executive Directors is as follows:

1. **Fees for acting as a Director**
   A fixed fee is allocated to each Non-Executive Director, and a fee premium is allocated to the Chairman of the Board in view of the additional accountabilities and responsibilities assumed by the Chairman.

Corporate Governance Overview Statement

Compensation

2 Fees for assuming additional responsibilities
Additional fees are allocated to Non-Executive Directors who assume more responsibilities via their appointments in the Board Committees. A fee premium is allocated to the Chairman of the respective Board Committees in view of their additional accountabilities and responsibilities.

3 Meeting attendance allowance
An attendance allowance is provided to Non-Executive Directors to compensate their personal expenses to attend the meetings of the Board and Board Committees.

A meeting allowance of RM2,000 will be paid to each Non-Executive Director for attendance at each Board and Board Committees meetings.

The breakdown of the Directors' compensation paid in 2024 is as follows:

	Fees [2]	Salary [3]	Emoluments & Benefits [4]	Total
Name	**RM**	**RM**	**RM**	**RM**
RM, in Gross [1]				
Tan Sri Wan Zulkiflee Wan Ariffin *(Appointed 1 October 2023)*	37,500.00	-	49,000.00	86,500.00
Chin Kwai Fatt	220,000.00	-	18,000.00	238,000.00
Dato' Hamidah Naziadin	180,000.00	-	16,000.00	196,000.00
YM Dr. Tunku Alina Raja Muhd Alias	204,000.00	-	24,000.00	228,000.00
YTM Tan Sri Tunku Puteri Intan Safinaz Sultan Abd Halim *(Appointed 1 May 2023)*	100,000.00	-	16,000.00	116,000.00
YAM Tan Sri Dato' Seri Syed Anwar Jamalullail *(Retired on 30 April 2024)*	445,000.00	-	28,000.00	473,000.00
Datin Sri Azlin Arshad *(Resigned 26 April 2023)*	62,000.00	-	-	62,000.00
Juan Aranols	-	1,736,223	4,491,252	6,227,475
Syed Saiful Islam	-	993,561	1,759,187	2,752,748
TOTAL	**1,248,500.00**	**2,729,784.00**	**6,401,439.00**	**10,379,723.00**

(1) Numbers are provided before Sales & Service Tax or other taxes, if any.
(2) Paid to Non-Executive Directors.
(3) Paid to Executive Directors.
(4) Include bonuses, provision for leave passage, meeting attendance allowance, club membership, share-based payments by Nestlé S.A. and other benefits.

The Compensation Policy is available on our website at www.nestle.com.my.

Remunerating Human Capital

The Committee is responsible for assisting the Board in overseeing the implementation of the Group's compensation framework. Operating under a structured mandate, the Committee works with the management and independent advisors, when necessary, to develop remuneration proposals. The Committee exercises independent judgment to ensure fairness, competitiveness, and transparency, while mitigating any potential conflicts of interest.

When evaluating remuneration packages, the Committee reviews market data from fast-moving consumer goods (FMCG) companies of comparable size and operational complexity. The Group Human Resources department provides insights into pay structures and employment conditions, ensuring alignment with the Group's overarching objective - to ensure fair employee remuneration based on role, performance, and prevailing market conditions. This strategy reinforces the Group's commitment to attracting, engaging, and retaining top talents.

The Committee ensures remuneration policies do not encourage excessive risk-taking or unethical behaviour. With a balanced, performance-driven compensation structure, the Group fosters a responsible, high-performance culture supporting long-term sustainability and growth.

The Committee designed the Compensation Policy based on these principles:

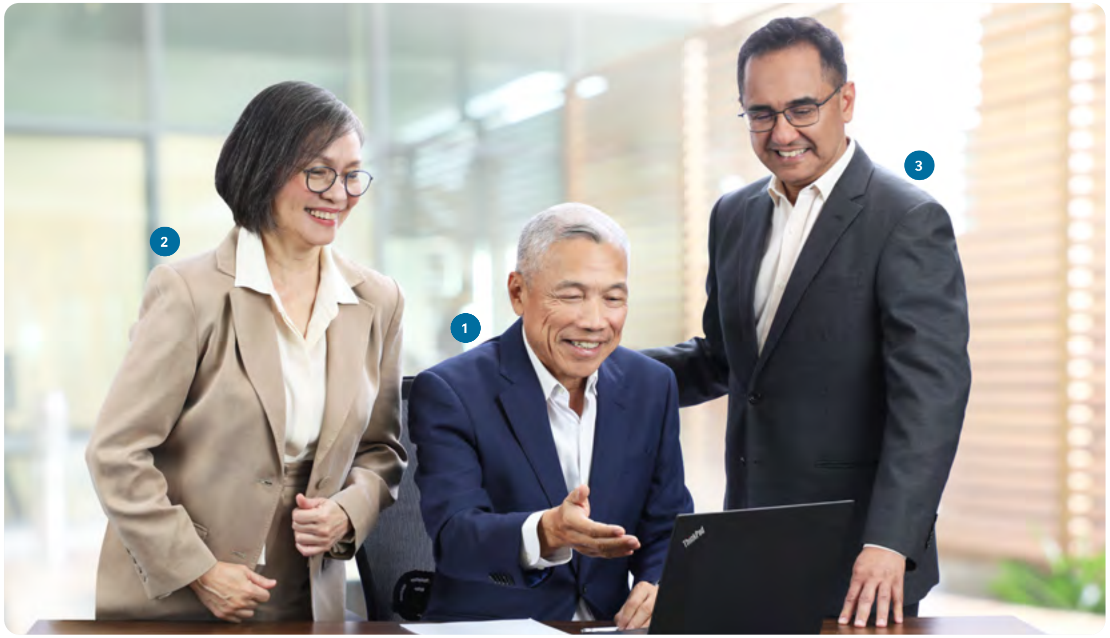
COMPETITIVE MARKET POSITIONING AND OPPORTUNITY
To attract, retain and engage top executive talents needed to realise and deliver the Group's strategy, compensation must be competitive but not excessive.

PAY ALIGNED WITH SUSTAINABLE LONG-TERM PERFORMANCE
The combination of fixed and variable pay, along with the balance between short-term and long-term performance rewards, is crucial to achieving the Group's long-term goals without compromising on short-term gains.

INCENTIVE METRICS ALIGNED WITH OUR STRATEGY
The performance measures selected to determine both the annual bonus and long-term incentive plans have been carefully considered to focus on key elements of our strategy, sustainability initiatives and long-term value creation for shareholders.

MINDFUL OF OUR WIDER STAKEHOLDER RESPONSIBILITIES
The pay arrangements for the Executive Directors take into account both financial returns and their performance related to long-term stakeholder objectives.

AUDIT AND RISK COMMITTEE REPORT



The Audit and Risk Committee (Committee) has been established by the Board primarily to oversee the Group's accounting, financial reporting, internal control and risk management processes. The Committee ensures the quality and integrity of the Group's financial reporting, statements, accounting policies, and practices. Additionally, it identifies, assesses, and mitigates risks that may impact the Group's objectives. This includes monitoring the effectiveness of the risk management framework and ensuring the implementation of appropriate risk management strategies.

Priorities for 2025

- Enhancing the internal controls related to climate-related financial disclosures
- Capital management
- Overseeing emerging risks

100% MEETING ATTENDANCE

Chairman:

1 MR. CHIN KWAI FATT

Independent Non-Executive Director

- Fellow Member of the Institute of Chartered Accountants in England and Wales
- Member of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants
- Bachelor of Science (Economics), University of Hull, United Kingdom

Members:

2 YM DR. TUNKU ALINA ALIAS

Independent Non-Executive Director

- PhD in Islamic Finance, International Centre for Education in Islamic Finance, Malaysia
- Master of Laws (LLM) (Corporate and Commercial Law), King's College, London, United Kingdom
- Advanced Management Programme, Oxford University – Green Templeton College
- Bachelor of Laws, University of Malaya, Malaysia

3 TAN SRI WAN ZULKIFLEE WAN ARIFFIN

Independent Non-Executive Director

- Honorary Fellow Member of the Institution of Chemical Engineers, United Kingdom
- Advance Management Programme, Harvard Business School, USA
- Bachelor of Engineering (Chemical), University of Adelaide, Australia

Principal Responsibilities

1. Assists the Board in ensuring that the Group's financial system provides accurate and up-to-date information on its financial position and ensures the integrity of financial and narrative reporting.
2. Ensures the effectiveness of the Group's internal control framework and the robustness of its risk management framework.
3. Assists the Board by establishing, reviewing and monitoring the formal and transparent policies and procedures to ensure the independence and effectiveness of the internal and external audit functions.
4. Reviews the Group's non-compliance complaints received through Speak Up and other avenues.
5. Conducts thorough reviews of any conflicts of interest and potential conflict situations and engages in discussion regarding the conflicts of interest disclosure procedures for the Directors and the Key Senior Management Team.

The following member retired on 30 April 2024:

YAM TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL

Membership of the Committee

The Committee is comprised exclusively of Independent Non-Executive Directors. Each member brings a wealth of financial and commercial expertise, combined with a deep understanding of the Group's business and financial landscape. Their diverse skill sets and extensive experience are instrumental in driving thorough oversight and strategic guidance.

Mr. Chin Kwai Fatt serves as the Chairman of the Committee, a role that is distinct from the Chairman of the Board. He brings an extensive corporate background, coupled with exceptional financial oversight and audit expertise. His adept analytical acumen and critical thinking skills are crucial in supervising the Group's financial and risk management strategies. Under his leadership, the Committee engages in thorough communication and constructive discussions with both management and external auditors. His strategic insights are pivotal in aligning the Company's long-term objectives with sustainable practices, thereby ensuring a robust and effective governance framework.

AR *For further information on the Committee members' skills, qualifications, experience and expertise, please refer to pages 45 to 47 of the Annual Review 2024.*

How the Committee Operates

The Committee meets quarterly, in line with the financial reporting schedule, with additional meetings convened as necessary. A valid quorum requires the presence of the Chairman and at least one (1) Independent Director. In the financial year ended 31 December 2024, the Committee held four (4) meetings, with full participation from all its members. To facilitate informed decision making, standing invitations are extended to essential Management personnel, including the Chief Financial Officer (CFO), the Head of Accounting & Consolidation, the Head of Nestlé Internal Audit (NIA), and the Risk Management & Control Manager. The lead partner of the external auditors is also a regular attendee at the Committee meetings. When specialised insights are needed, external consultants are invited to provide their expertise.

The Committee follows an annual agenda that is carefully structured in line with its Terms of Reference. This agenda ensures comprehensive coverage of its oversight responsibilities, including financial reporting, internal controls, risk management, and compliance. To remain agile and effective, it is regularly reviewed and updated to ensure its alignment with corporate governance and financial reporting developments. The latest review was on 24 February 2025, and was approved by the Board on 14 March 2025.

The Management provides the Committee with documents in advance for pre-read, outlining the Group's performance and financial results for review at each meeting. Besides the financial results, the Committee discussions cover key issues such as internal and external audit findings, risk management updates, related party transactions, and whistleblowing reports. Technical updates, such as changes to accounting standards and governance practices, are also presented to ensure the Committee remains updated on regulatory and industry developments.

Independence and objectivity are vital to the Committee's effectiveness. Each member ensures impartiality by avoiding affiliations with external auditors and do not participate in discussions or decisions on matters in which they have a personal interest. The Chairman plays a crucial role in fostering open dialogue with key stakeholders, including the CFO and the Head of NIA, ensuring financial oversight, risk management and internal control are conducted with diligence and integrity.

The Company Secretary attends and documents all meetings, providing unrestricted support and allowing the Committee to engage independent advisors as needed. Detailed records of deliberations and decisions are kept, and after each meeting, the Committee reports its findings and recommendations to the Board for review and approval.

No Director participates in discussions or decisions on matters in which they have a personal interest.

The Terms of Reference of the Committee, which includes its key objectives and responsibilities is available on our website at www.nestle.com.my.

Enterprise Risk Management

The Committee acknowledges the importance of effective risk management in achieving the Group's strategic goals, providing sustainable shareholder value, ensuring good governance, and protecting the Group's interests. The Committee is committed to assisting the Board in maintaining adequate and effective internal control systems. It places a strong focus on identifying and evaluating new and rapidly evolving threats that could potentially impact the Group's operations and strategic objectives. This includes monitoring regulatory changes, consumer trends, and market dynamics. The Committee ensures that proactive mitigation strategies are in place and the Group is well-prepared to navigate and adapt to these uncertainties.

The Risk Management & Control Manager attended all quarterly Committee meetings to provide the Committee with a comprehensive understanding of the Group's key and emerging risks, along with the corresponding mitigation strategies and the overarching enterprise risk management framework. By staying ahead of emerging risks, the Committee plays a vital role in ensuring the resilience and long-term sustainability of the Group.

CGFR *For further information on Risk Management and Internal Control, please refer to pages 35 to 38 of this Report.*

Recurrent Related Party Transactions

The Committee reviewed the recurrent related party transactions (RRPTs) on a quarterly basis to ensure strict compliance with shareholder mandates and regulatory requirements, including those stipulated by the Listing Requirements. An annual review validated the processes for handling related party transactions, ensuring adherence to established guidelines and alignment with prevailing market conditions.

CGFR *Further details of the RRPTs are on page 33 of this Report.*

Conflict of Interest

In line with the enhanced conflict of interest provisions under the Listing Requirements, the Committee has broadened its responsibilities to fortify its oversight and governance mechanisms. As part of this initiative, the Committee now rigorously monitors conflict of interest declarations on a quarterly basis. This review process allows the Committee to conduct thorough evaluations, ensuring that any actual or potential conflicts are identified, assessed, and managed. Through these stringent measures, the Committee upholds transparency and integrity within the Company's decision-making processes, thereby reinforcing its commitment to ethical governance.

Climate Change Reporting

The Committee remains resolute in its commitment to enhancing climate change reporting by promoting transparency and accountability regarding the Company's environmental impact. Throughout the year under review, the Company has concentrated on the disclosure of Scope 3 GHG emissions, particularly addressing the complexities associated with employee commuting and upstream transportation. In anticipation of the new reporting requirements for Category 6 and Category 7 (employee commuting) emissions disclosures, which will take effect after 31 December 2024, the Company conducted a survey to better understand employees' transportation patterns. This initiative supports the development of a robust methodology for accurate emissions calculations. Additionally, the Company has presented a detailed overview of its climate risk assessment, further reinforcing its dedication to sustainability and environmental stewardship.

Additionally, the Committee ensures that the Company's efforts align with the National Sustainability Reporting Framework and adhere to international standards such as IFRS S1 and S2. It also monitors compliance with the Bursa Malaysia's Matrix on Climate Reporting, further reinforcing its commitment to responsible corporate governance. By concentrating on these priorities, the Committee supports the Company's long-term sustainability goals while adapting to evolving industry standards.

External Auditors' Annual Transparency Report

The Committee diligently oversees the external audit process, ensuring the annual transparency report provides a comprehensive and accurate assessment of audit quality and effectiveness. The Committee conducted a thorough review of the 2023 Transparency Report presented by Ernst & Young PLT, and is confident in the robustness of the report's findings and recommendations.

Committee Evaluation

The Committee conducted an annual evaluation to assess its performance and effectiveness. This comprehensive review encompasses various facets, including the Committee's operational dynamics, oversight of crucial areas within its purview, the quality and depth of meeting discussions and supporting materials, and the collaboration between the Committee and the management.

The evaluation results underscored the Committee's exceptional performance, with high percentile ratings reflecting its effectiveness. Under the Chairman's leadership, the Committee benefitted from members' expertise, dedication, and active engagement. This synergistic collaboration has engendered insightful and impactful discussions, thereby reinforcing the Committee's pivotal role in steering meaningful outcomes.

The Committee remains committed to its mission to enhance oversight functions by proactively addressing emerging challenges and opportunities. This dedication ensures the Company upholds its strategic priorities while delivering sustained long-term value to stakeholders.

Activities of the Committee during the Year

AREA OF FOCUS	MATTERS REVIEWED AND CONSIDERED
Financial reporting	• Cumulative full year results for the financial year ended 31 December 2023. • Directors' Report and Audited Financial Accounts for the financial year ended 31 December 2023. • Quarterly Results. • Proposal of dividend payments and solvency of the Company before recommending for the Board's approval. • Financial results announcements before recommending for the Board's approval. • Recurrent Related Party Transactions (RRPT) of the Group. • Directors' Conflict of Interest.
Risk and internal control	• Enterprise Risk Management and its processes, potential major risks of the Group, the mitigating measures and updates. • Cyber security landscape and risks. • Regulatory landscape risks impacting the business. • Corruption risks and update on Anti-Corruption initiatives. • Data privacy in Nestlé Malaysia. • Report on major litigation, claims and/or issues with substantial financial impact (if any). • Overview on Enterprise Risk Management process. • Distributors' credit risks and management. • Report from the Business Ethics and Fraud Committee, including the current status of complaints received including through the whistleblowing system (Speak Up) and other avenues.
Internal audit	• Nestlé Internal Audit's (NIA) report, recommendations and responses from the Management. • Updates on the development of the Internal Audit Practices. • Nestlé Internal Audit Charter. • NIA's resource requirements, scope, adequacy and function. • Overall performance of the Head of NIA (in her absence), the NIA team and the individual members of the NIA team. • Movements of the NIA team members. • Audit Plan for 2025. • Assessment of external auditors performance.

AREA OF FOCUS	MATTERS REVIEWED AND CONSIDERED
External audit	• External auditors' report and the responses from the Management. • Discussions with the external auditors on issues/matters arising from the audit (in the absence of the Management). • Audit Plan for the financial year ended 31 December 2024 by the external auditors, Ernst & Young PLT (EY). • Guideline on provision of non-audit services by the external auditors. • Annual Transparency Report and Audit Oversight Board's Inspection Report.
Compliance, governance and other matters	• Company's compliance with the Listing Requirements, Malaysia Accounting Standards Board (MASB), and other relevant legal and regulatory requirements, ensuring accuracy and transparency in the preparation of quarterly and year end financial statements. • Register of Directors' Conflict of Interest. • Regulatory and Compliance matters and training. • Tax updates (including e-invoicing). • Nestlé Malaysia Group Retirement Scheme updates. • Draft Circular to shareholders in relation to the Proposed Renewal of shareholders' Mandates for RRPT of a revenue or trading nature. • Discussion with Management on the outcome of the Assessment of the Objectivity, Independence and Quality of Service Delivery of the Group's external auditor for the year ended 31 December 2023 and to ensure the external auditor meets the criteria provided by Paragraph 15.21 of the Listing Requirements (in the absence of EY). • Recommendation for the appointment of EY as the Group's external auditors for the financial year ending 31 December 2024, to ensure the external auditors meet the criteria provided by Paragraph 15.21 of the Listing Requirements and maintain its independence. • Statement on Risk Management and Internal Control to be disclosed in the Annual Report. • Evaluation of the Committee Assessment. • Terms of Reference of the Committee. • Audit and Risk Committee Report to be disclosed in the Annual Report 2023. • Malaysia Budget 2025 and its impact to the Group. • Climate change reporting. • Effectiveness of the Committee meetings. • Committee Agenda for 2024 and 2025.

The Nestlé Internal Audit Department

The Nestlé Internal Audit (NIA) is administered as a department within the Finance & Control function in the Group. In ensuring its independence, it reports functionally to the Audit and Risk Committee and to the Nestlé Internal Audit (Center) of Nestlé S.A. in Switzerland.

Miss Loo Wai Leng, aged 47 years old, has led the NIA since May 2022. With over 17 years of dedicated service to the Group, she has held diverse roles within the Group's Finance & Control function, including Corporate Finance & Control, Commercial Control, Credit Management, Human Resources Control, Business Control and Supply Chain Control. She is a member of the Malaysia Institute of Accountants and holds the designation of Fellow Certified Practising Accountant (Australia). Ms. Loo holds a Degree of Bachelor of Business (Accountancy) from the Royal Melbourne Institute of Technology (RMIT), Australia.

Her team consists of six (6) qualified auditors with diverse professional backgrounds, including holders of a Bachelor of Mechanical Engineering, as well as members of the Association of Chartered Certified Accountants (ACCA) and the Institute of Chartered Accountants in England and Wales (ICAEW).

All internal auditors maintain independence and are free from any relationships or conflicts of interest that could compromise their objectivity.

NIA undertakes an independent and systematic approach to assess and enhance the effectiveness of the organisation's governance, controls, and processes for compliance with internal, regulatory, legal and statutory requirements. The Head of NIA provides quarterly updates on the audit activities, including the auditors' performance and findings, communicated through audit reports to the Audit and Risk Committee. The annual audit plan is presented for review by the Audit and Risk Committee and approved by the Board during the final quarter of the preceding year. Internal audit reporting is a permanent agenda in the Audit and Risk Committee meeting, followed by an update to the Board. The reviews performed by the NIA adhere to the International Standards for the Professional Practice of Internal Auditing Framework.

Once every five (5) years, the NIA undergoes an independent external quality assessment to evaluate the effectiveness of the Nestlé internal audit function, with the latest review in 2024. The objectives of the external quality assessment include:

- Assess NIA's conformance with the Institute of Internal Auditors Standards and the International Professional Practices Framework;
- Provide forward-looking recommendations to help improve the NIA function.

The independent assessment conducted by an external certifier concluded that the NIA conforms with the Chartered Institute of Internal Auditors Standards.

In addition to the independent external quality assessment, the Head of NIA conducts interim self-assessment reviews once every three (3) years, with the last assessment completed in 2022. The results of the self-assessment were presented to the Audit and Risk Committee.

CGFR *For further information on the work of Nestlé Internal Audit, please refer to the Statement on Risk Management and Internal Control on pages 37 and 38 of this Report.*

Relationship with External Auditors

The Committee receives comprehensive reports, information, and insights from the external auditors throughout the year, as outlined in the terms of their engagement. Annually, the Committee performs a formal assessment of the external auditors' performance. This process includes the examination of the external auditors' Annual Transparency Report and the Annual Inspection Report issued by the Audit Oversight Board. In 2024, the Committee held two (2) private sessions with the leading partner of EY, without the presence of the management. Following a thorough review for the year, the Committee is satisfied that the external auditors performed effectively and provided independent, valuable feedback and insights to both the Committee and the management.

EY has provided written confirmation of its independence and compliance with regulatory and professional standards for the audit year ended 31 December 2024. The external auditors have declared that they are unaware of any relationships or circumstances that could compromise their independence. Both the Committee and the Board are satisfied with this independence. To further uphold this independence, and in alignment with the Audit Partner Rotation requirements set forth by the Malaysia Institute of Accountants, the Committee enforces the rotation of the key audit partner every seven (7) years.

EY has also provided written confirmation that it complies with the relevant criteria prescribed by Paragraph 15.21 of the Listing Requirements. They have affirmed that as a firm, EY possesses the necessary experience and resources to effectively perform the duties of the external auditors for the Group.

The fees paid/payable to EY and its affiliates in the financial years ended 2023 and 2024 respectively are as follows:

	2023 (RM)	2024 (RM)
Audit remuneration	691,000	**691,000**
Non-audit services	235,000 [1]	**523,000** [2]
TOTAL	926,000	**1,214,000**

[1] For the review of Statement on Risk Management and Internal Control, and indirect tax advisory services.
[2] For the review of Statement on Risk Management and Internal Control, indirect tax advisory services, e-invoice advisory services and limited assurance for ESG performance metrics.

The Committee is firmly dedicated to upholding the objectivity and independence of the external auditors by strictly limiting their involvement in non-audit projects. When non-audit services are deemed necessary, well-defined guidelines are in place and are regularly reviewed to delineate permissible non-audit services, including parameters and approval requirements. External auditors will not be engaged for any services that could potentially compromise their objectivity or conflict with the goals of the external audit.

The Committee has an established framework for assessing the effectiveness of the external audit process. This includes:

1. a review of the audit plan, including the materiality level set by the external auditors and the process they have adopted to identify financial statement risks and key areas of audit focus;
2. regular discussions between the Committee and the external auditors (in the absence of the management), and between the Committee and the management (in the absence of EY) to review and discuss the external audit process;
3. a review of the final audit result, noting key areas of external auditors' judgement and the reasoning behind the conclusions reached;
4. a review of the external auditors' Annual Transparency Report; and
5. a review of the Annual Inspection Report issued by the Audit Oversight Board established under Part 111A of the Securities Commission Malaysia Act 1993.

The external auditors also reviewed the reports of the NIA to obtain an understanding of the Group's internal control and areas relating to the Group's financial reporting.

Related Party Transactions

The Company has implemented a comprehensive compliance framework to ensure full adherence to the Listing Requirements, particularly in the disclosure of related party transactions. The Audit and Risk Committee rigorously reviews and monitors these transactions on a quarterly basis. Directors with any interest in a transaction must abstain from participating in discussions and voting on relevant resolutions at Board or Committee meetings, as well as at the Annual General Meeting or Extraordinary General Meetings.

The Group has established procedures regarding its related party transactions which are summarised as follows:

- all related party transactions must be conducted on an arm's length basis and on standard commercial terms that are not more favourable than those generally available to the public and other suppliers, and are not detrimental to the minority shareholders;
- all related party transactions must be reported to the Audit and Risk Committee. Any member of the Audit and Risk Committee, may request for additional information pertaining to the transactions, including guidance and advice from independent sources or advisers; and
- all recurrent related party transactions entered into under the shareholders' mandate for recurrent related party transactions must be recorded by the Group.

The recurrent related party transactions under the shareholders' mandate entered into by the Group with its related parties from 30 April 2024 (the date of the last AGM) to 28 February 2025, are as follows:

Nature of Transactions	Related Party	Related Transacting Parties	Actual Transacted Value from 30 April 2024 to 28 February 2025 (RM'000)
Purchase of raw materials, semi-finished and finished food products such as milk, cocoa, coffee beans, cereals, etc., and other services.	Nestlé S.A.	Nestlé Affiliated Companies (Seller)	1,630,095
Payment of royalties for use of trademarks for the sale of food products such as milk, cocoa, coffee, cereals, pasta, etc.	Nestlé S.A.	Nestlé Affiliated Companies (Trademark Owner)	247,578
Payment of information technology shared services for use and maintenance of information technology services, etc.	Nestlé S.A.	Nestlé Affiliated Companies (Service Provider)	57,973
Sale of food products such as instant noodles, chocolates, beverage, culinary, confectionery, etc.	Nestlé S.A.	Nestlé Affiliated Companies (Buyer)	1,079,963
Rendering of information technology, agency services and other shared services.	Nestlé S.A.	Nestlé Affiliated Companies (Buyer)	43,931
Purchase of plant and equipment such as machineries and spare parts to support the manufacturing functions of the Group.	Nestlé S.A.	Nestlé Affiliated Companies (Seller)	22,580

Corporate Governance Overview Statement
Additional Disclosure

Material Contracts
There were no material contracts entered into by the Group involving the interests of Directors and its major shareholder that were either still subsisting at the end of the financial year ended 31 December 2024, or entered into after the conclusion of the previous financial year.

Compliance Statement by the Board of Directors on Corporate Governance Overview Statement
The Board has deliberated, reviewed, and approved this Corporate Governance Overview Statement. Pursuant to Paragraph 15.25 of the Listing Requirements, the Board is pleased to report that, to the best of its knowledge, the Company has fulfilled its obligations in accordance with the applicable laws and regulations throughout the financial year ended 31 December 2024. Save as disclosed in our Corporate Governance Report, which is available on our Company's website *www.nestle.com.my*, we have complied with the main principles of the Malaysian Code on Corporate Governance. This Corporate Governance Overview Statement was presented and approved at the meeting of the Board on 14 March 2025.

On behalf of the Board
Tan Sri Wan Zulkiflee Wan Ariffin
Chairman

Zulkiflee

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Group maintains a comprehensive and effective system of risk oversight, management, and internal control to address material business risks, beside covering financial reporting, regulatory compliance, cyber security, climate-related matters and sustainability. Its purpose is to proactively manage and eliminate where possible, the risks of non-compliance with the Group's policies and guidelines, while aligning with objectives, strategic priorities, and sustainability integration within established risk tolerance thresholds. The system significantly mitigates the risk of material misstatement, loss, or fraud. Overall, the Group's risk management and internal control system is a fundamental component of its governance framework, enabling effective decision making, safeguarding assets, and promoting the achievement of strategic objectives.

The Group's Risk Management System

The Group adheres to the Nestlé Risk Management Policy, which outlines the Enterprise Risk Management (ERM) framework, governance structure, roles, and responsibilities, as well as the process.

Roles and Responsibilities

The Board and Management are responsible for periodically reviewing the Group's risk management and internal control system to ensure the adequacy, effectiveness, and integrity. The Audit and Risk Committee supports the Board in monitoring risk exposures and the effectiveness of the underlying systems. The risk management areas overseen by the Audit and Risk Committee are as follows:

1. Periodic reviews of key business risks and implementation of measures to mitigate them.
2. Assessments of strengths and weaknesses in the overall internal control system, addressing weaknesses and enhancing the assessment process.
3. Review of internal processes and operations reported by the Nestlé Internal Audit (NIA), including action plans to address control weaknesses and monitoring of implementation.
4. Examination of control issues identified by external auditors during their audit-related and non-audit-related work, along with discussions on the scope of their reviews and findings.

The Audit and Risk Committee provides updates to the Board on the matters discussed during quarterly meetings. The Board incorporate the work and findings of the Audit and Risk Committee when evaluating the effectiveness of the system.

CGFR *For further information on the Audit and Risk Committee's review work, including the forms of assurance received from management, external auditors, and internal auditors, please refer to the Audit and Risk Committee Report on pages 26 to 32 of this Report.*

The day-to-day risk management responsibilities lie with the Management, supported by their respective teams in each functional/business unit. They serve as risk owners accountable for managing and assessing the identified risks, as well as executing mitigation controls. The Risk Management Department collaborates with the respective functional/business units to review and ensure ongoing monitoring of long term and short term risks across various areas, including business, financial, geographical, governance, sustainability, and climate related matters. The adequacy and effectiveness of related controls are assessed, and action plans are developed. Control owners will execute and implement these plans to manage risks at acceptable levels.

The Group applies governance framework to ensure a structured approach, clearly defining the roles and responsibilities across various functions in safeguarding the Group's assets and interests. This approach creates a robust risk management and internal control system, fostering a culture of accountability and continuous improvement across the Group while promoting compliance awareness.

Figure 1: Governance Framework

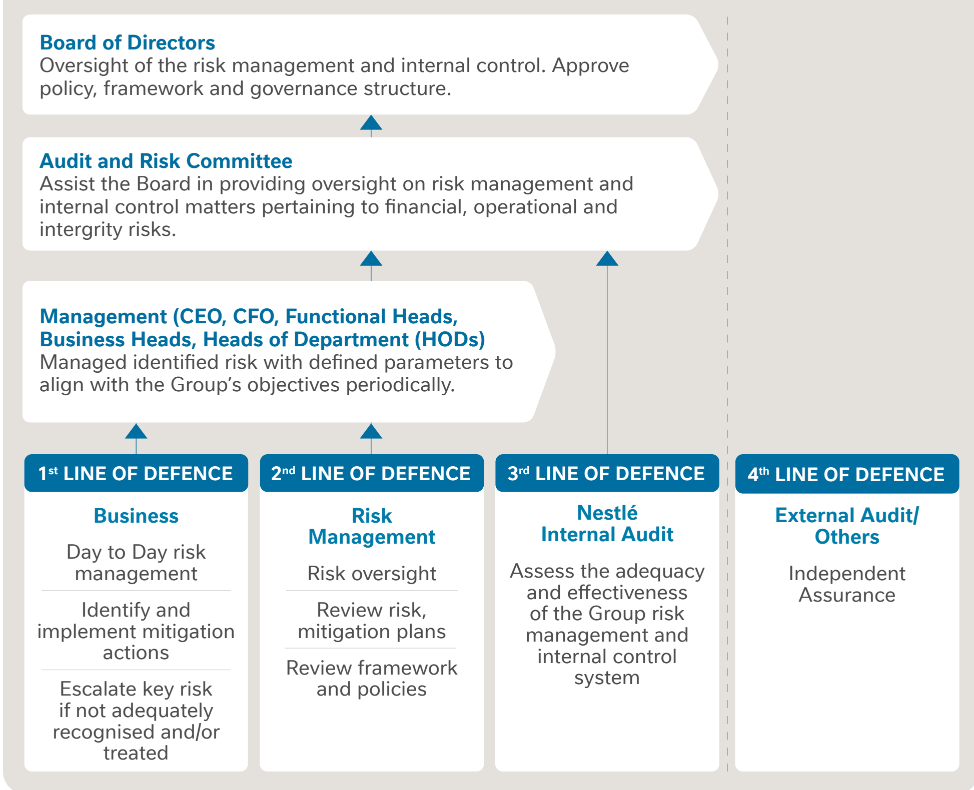
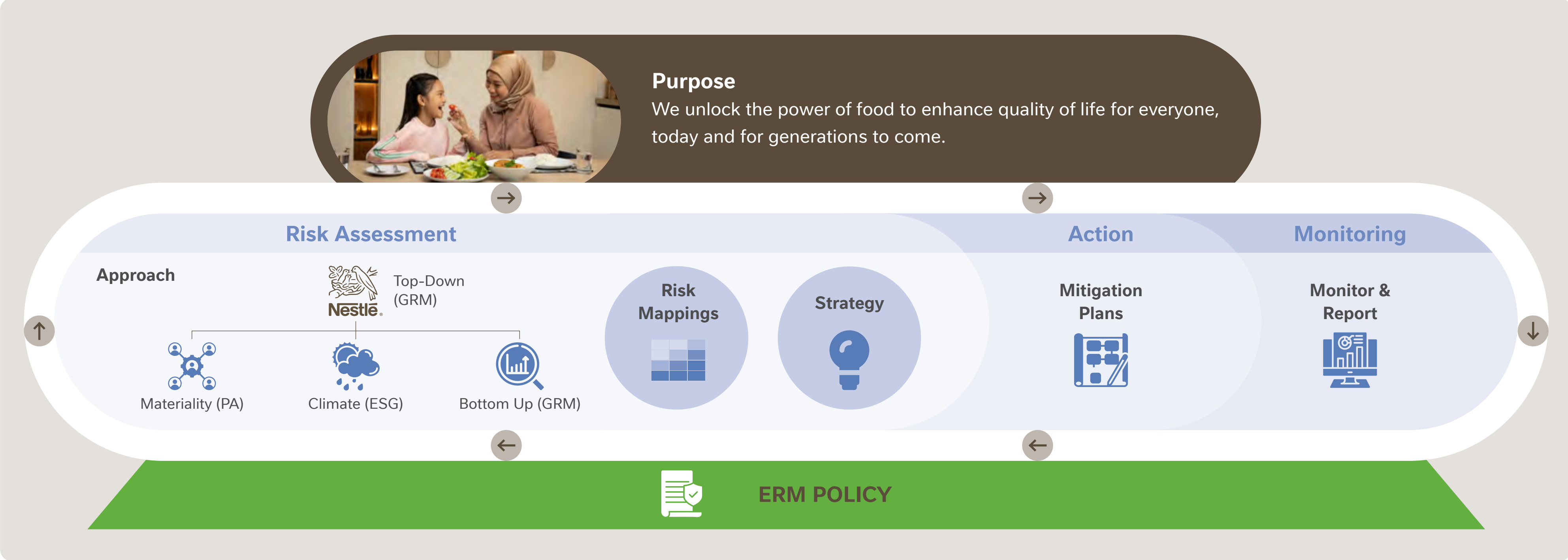


Figure 2 below summarises the ERM Framework and process flow



Note: Materiality assessment on ESG are reported to the Sustainability Market Steering Committee. Risk Management supports both assessments.

The Board and Management endorse the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. Risk management is deeply integrated in the Group's core processes through the Risk Management Framework, aligning with Principle B and Practice 10.1 and 10.2 of the MCCG.

The Group's risk assessment approach is guided by ERM, which encompasses the identification, analysis, evaluation, treatment, and review of mitigating controls in alignment with the Group's strategy. Risk assessments are prioritised according to their level of criticality, likelihood, and impact. This methodology facilitates the efficient management of both identified and unidentified risks, encompassing both external and internal factors.

ERM process is conducted annually, a comprehensive exercise involving multiple stakeholders across all functions and identified risks are reviewed periodically to ensure plans are executed accordingly. Regular reviews of risk management principles, policies, procedures, and practices are conducted in various forums or meetings. Quarterly, the Board and Audit and Risk Committee are presented with risk heat map, outlining the priority and focusing on risk mitigation strategies based on risk ratings. The risk level is determined by evaluating the effectiveness of existing controls and risk treatment plans in the current and emerging context, with a specific emphasis on compliance with relevant laws and regulations.

Figure 3 Category Risk Assessment

	Financial	Operation	Business	Reputation	Strategic	ESG
Risk Categories	Market Credit Liquidity	Processes People Technology Fraud & Security Legal & Compliance	Competition Customer Relationships Innovation	Social Media Product Quality Data breaches & Privacy issues	Technology Regulatory and Legal Consumer behaviours	Environmental Social Governance
Category Defintions	Timely and secure access to liquid funds.	Loss risk from internal process, people, financial, reporting, systems, or external events.	Risk of performance failure due to threats, actions, or events impacting objective achievement.	Damage to the image/brand of the company.	Longer term horizon, assesses potential uncertainties.	Incorporating environmental sustainability and responsible business practices.

Furthermore, the Group consistently monitors Key Risk Indicators (KRIs) related to financial reporting, ensuring the integrity of the financial statements and identifying any anomalies or trends within the business value chain. This proactive approach aims to detect and address potential fraud and accounting issues on a monthly and quarterly basis. In the event of identified gaps, thorough investigations are initiated, and action plans are implemented to enhance process efficiency and mitigate risks.

Moreover, the risk assessment strategy is seamlessly integrated into the assessment requirements of ISO standards, including ISO 9001:2015 Quality Management Systems, ISO 14001:2015 Environmental Management Systems, ISO 27001:2022 Information Security Management Systems, and ISO 45001:2018 Occupational Health and Safety Management Systems.

Nestlé Malaysia Internal Audit Department

The Nestlé Internal Audit (NIA) is guided by its Audit Charter, with the Head of Internal Audit reporting functionally to the Audit and Risk Committee and the Regional Audit Manager for Continental East and South Asia region and administratively to the CFO. The NIA is an independent and objective assurance function, adhering to the philosophy of adding value to the Group and its stakeholders. The NIA's mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight, contributing to the continuous improvement of the Company's risk management and control systems.

The NIA's responsibilities are defined by the Audit and Risk Committee as part of the Committee's oversight function. The function is independent of any operational activities in the Group. The NIA provides the Audit and Risk Committee with an independent opinion on the processes, risk exposures and internal control systems of the Group. The scope of activities includes the following areas of responsibilities:

- Reliability and integrity of financial and operational information;
- Safeguarding of assets;
- Effectiveness and efficiency of operations;
- Compliance with regulations, Company principles and guidelines;
- Ensuring appropriate follow-up of audit recommendations; and
- Performing advisory services related to governance, risk management and control.

A matrix which summarises the audit issues, root causes, specific actions, owners of issues, its priorities and status has been developed as a template and is accessible via a web-based application for easy access and as an audit repository. The system is equipped with progressive automated reminders to the owners of the issues before actions become due after the audit review is performed. Observations and proposed action plans arising from the internal audit reviews are presented, together with Management's response to the Audit and Risk Committee. The Management's actions are then reviewed and followed up periodically by the NIA and reported to the Audit and Risk Committee.

For the financial year ended 31 December 2024, NIA conducted six (6) internal audits across corporate functions, business units and factories.

Additionally, the Nestlé S.A. Audit Department, also known as the Nestlé Internal Audit (Center), the internal auditing arm of Nestlé S.A., is also responsible for assessing the effectiveness of internal control for the global Nestlé Group. The Nestlé Internal Audit (Center) conducts reviews of processes, systems and business excellence on selected areas based on a Group-wide risk assessment methodology. The annual NIA audit plan and audit results (where applicable) are reported to Nestlé S.A. Management and the Audit Committee of Nestlé S.A. via the Head of Nestlé Internal Audit (Center).

Other Risks and Internal Control Processes

The Group has implemented a comprehensive governance structure framework and documented policies, standards, and procedures, such as Company Standing Instructions, to establish a strong control and risk environment. This framework includes charters, terms of reference, and authority limits to ensure accountability and maintain a transparent audit trail.

Key group policies and procedures, including those pertaining to health and safety, training and development, equality of opportunity, staff performance, sexual harassment, and serious misconduct, as well as the Nestlé Corporate Business Principles (NCBP), IT End User Policy, and Privacy Data Policy, have been effectively communicated and disseminated to all employees. Ensuring that employees are aware of and understand these policies are crucial for the effectiveness and robustness of the Group's internal control system.

The Risk & Control Self-Assessment (RCSA) platform simplifies and streamlines control initiatives, reducing duplication and overlap, thereby enabling more meaningful assessments of internal controls. It provides clarity on control responsibilities and facilitates the integration of new automation solutions across functions. The RCSA is conducted annually and reported to Nestlé S.A to ensure compliance with Swiss regulations.

These processes and procedures are deeply ingrained throughout the organisation, providing assurance to all levels of management, including the Board. The Nestlé Internal Audit (NIA) assesses the implementation and effectiveness of these procedures and reporting structures, verifying the system of risk management and internal controls.

The CEO regularly updates the Board on significant changes in the business and the external environment that have a material impact on operations. Financial information, key performance indicators, and key risk indicators are also reported on a quarterly basis.

A Business Ethics and Fraud Committee (BEFC) chaired by the CEO meets periodically to review all complaints and allegations lodged through the whistleblowing channel of the Group, Speak Up, as described on page 8 of this Corporate Governance and Financial Statement 2024. The committee ensures investigations are conducted and reviews the findings to decide on the next course of action based on the nature of the violation.

These internal control processes and committees ensure that risks are identified, assessed, and managed effectively, and that any violations or fraud cases are addressed appropriately. Any fraud cases are also reported to Nestlé S.A. by the NIA.

Adequacy and Effectiveness of the Group's Risk Management and Internal Control Systems

The Board has received assurances from the CEO and CFO that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of approval of this Statement. Our internal control systems have been proven robust and effective. Taking into consideration the assurances from the Management and inputs from the relevant assurance providers, and to the best of its knowledge, the Board is of the view that the system of risk management and internal control is satisfactory and is adequate to safeguard shareholders' investments, customers' interest, and the Group's assets. The Group will continue to take measures to preserve, protect and strengthen the risk management and internal control environment. The internal control systems do not apply to our associate company, which falls within the control of the associate.

The Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide (AAPG) 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the financial year ended 31 December 2024. The external auditors have reported to the Board that nothing has come to their attention that causes 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.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and the Management. The report from the external auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

This Statement on Risk Management and Internal Control was presented and approved by the Board on 14 March 2025.

Financial Performance

KEY HIGHLIGHTS

Delivered another year of resilient results with revenue of

RM6.2 billion

Revenue declined by

11.7%

due to consumer hesitancy and constraints in purchasing power

The Group recorded Profit After Tax (PAT) at

RM416 million

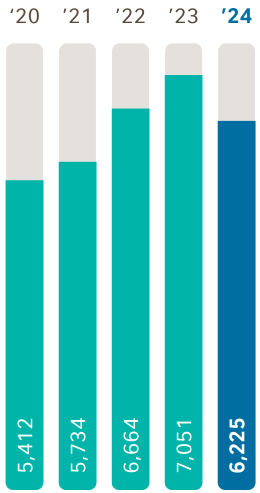
Third interim dividend of

RM0.74 per share,

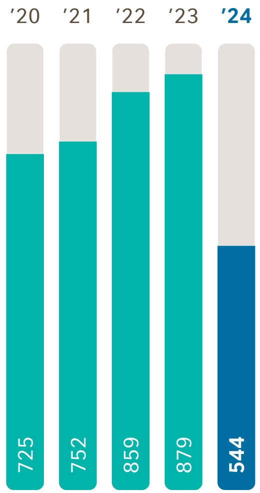
bringing total dividends for the year to

RM1.79 per share

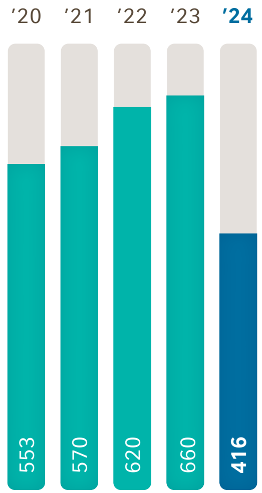
Revenue (RM Million)



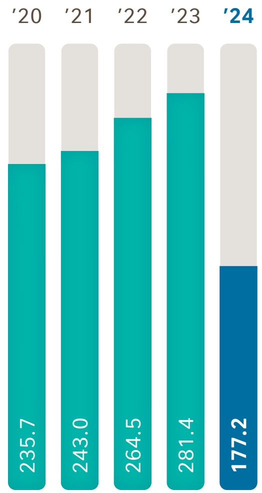
Profit Before Tax (RM Million)



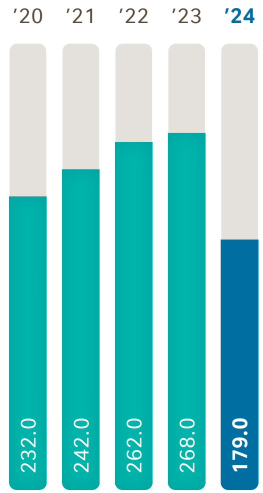
Profit After Tax (RM Million)



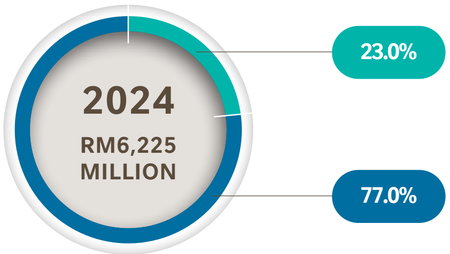
Earnings Per Share (Sen)



Net Dividend Per Share (Sen)

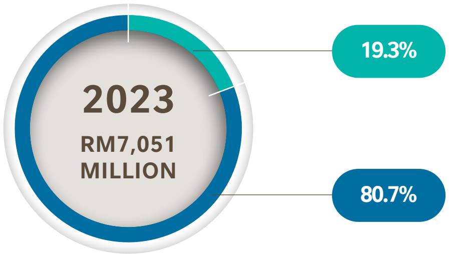


Total Sales (%)



Export (RM Million): **1,431**

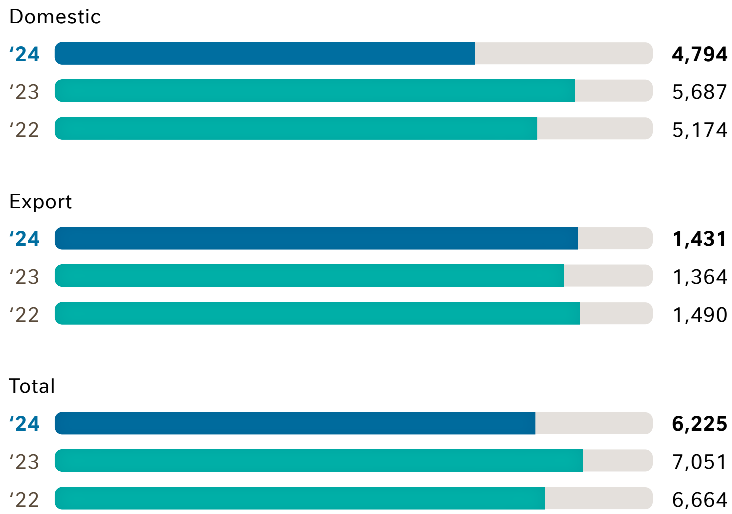
Domestic (RM Million): **4,794**



Export (RM Million): 1,364

Domestic (RM Million): 5,687

Growth (RM Million)



FINANCIAL CALENDAR

Dividends	First Interim	Second Interim	Third Interim	Annual General Meeting
Announced	25 July 2024	24 October 2024	25 February 2025	30 April 2025
Record date	4 September 2024	21 November 2024	17 April 2025	
Paid	3 October 2024	12 December 2024	15 May 2025	

CAPITAL EXPENDITURE

RM Million

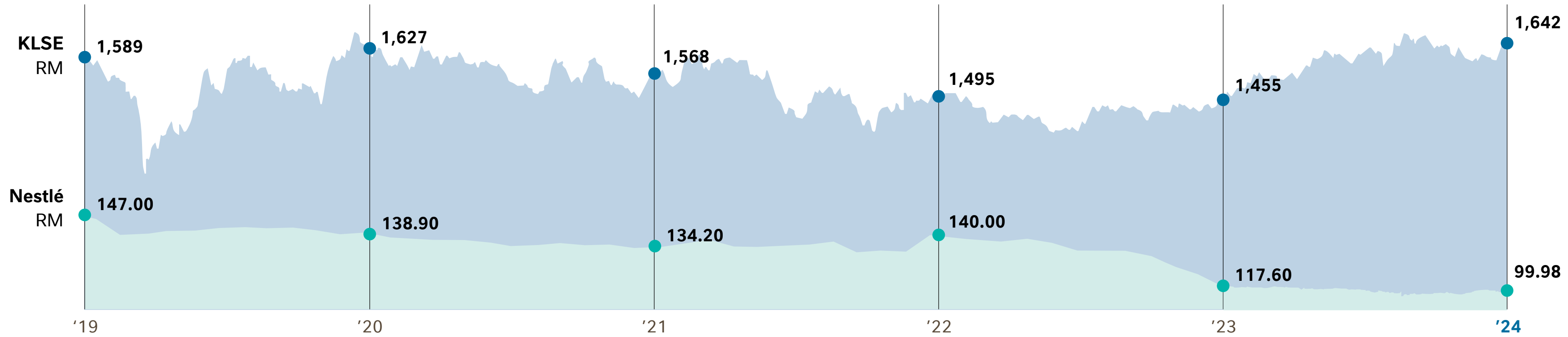
Major Projects in 2024:

- Chembong Ice-cream - Addition of new filling packing line
- Chembong - Upgrade of Waste-Water Treatment Plant
- Chembong Confectionery - Upgrade of chocolate making machine
- Batu Tiga - Addition of new filling line for MAGGI Cukup Rasa
- Sri Muda - Addition of new packing line for Ready-To-Drink MILO paper clusters

SHARE PERFORMANCE

	Calendar Year				
	2024 RM'000	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
During the year					
Highest - RM	**129.80**	**139.50**	140.00	140.00	147.00
Lowest - RM	**94.10**	**113.90**	127.70	131.20	133.20
Last Trading Day - RM	**99.98**	**117.60**	140.00	134.20	138.90

Share Prices (Bursa Malaysia) - Close



5 YEARS' STATISTICS
For the year ended 31 December 2024

		2024 RM'000	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Results/Cash Flow						
Revenue		**6,224,745**	7,050,879	6,664,145	5,733,816	5,412,180
Profit before tax		**544,397**	879,093	859,477	751,817	724,769
% of revenue		**8.7%**	12.5%	12.9%	13.1%	13.4%
Profit after tax and minority interest		**415,623**	659,870	620,334	569,811	552,713
% of revenue		**6.7%**	9.4%	9.3%	9.9%	10.2%
Dividends paid & proposed (net)		**419,755**	628,460	614,390	567,490	544,040
Depreciation, amortisation and impairment		**257,621**	301,737	206,519	195,454	182,259
Cash flow (net profit + depreciation + amortisation + impairment)		**673,244**	961,607	826,853	765,265	734,972
% of revenue		**10.8%**	13.6%	12.4%	13.3%	13.6%
Capital expenditure		**279,971**	352,586	312,218	274,758	294,553
Statement of Financial Position						
Non-current assets		**2,328,915**	2,263,216	1,954,793	1,844,893	1,781,489
Current assets		**1,320,823**	1,306,006	1,599,218	1,139,938	1,079,882
Total assets		**3,649,738**	3,569,222	3,554,011	2,984,831	2,861,371
Total equity		**547,549**	674,896	626,316	582,697	557,136
Non-current liabilties		**684,602**	756,442	668,724	473,706	487,406
Current liabilities		**2,417,587**	2,137,884	2,258,971	1,928,428	1,816,829
Total equity and liabilites		**3,649,738**	3,569,222	3,554,011	2,984,831	2,861,371
Per Share						
Weighted average number of shares in issue	('000 units)	**234,500**	234,500	234,500	234,500	234,500
Market price [1]	(RM)	**99.98**	117.60	140.00	134.20	138.90
Earnings [2]	(sen)	**177.24**	281.39	264.53	242.99	235.70
Price earnings ratio		**56.41**	41.79	52.92	55.23	58.93
Dividend (net)	(sen)	**179.00**	268.00	262.00	242.00	232.00
Dividend yield	(%)	**1.8**	2.3	1.9	1.8	1.7
Dividend cover [2]	(no.)	**1.0**	1.0	1.0	1.0	1.0
Shareholders' funds	(RM)	**2.33**	2.88	2.67	2.48	2.38
Net tangible assets [3]	(RM)	**1.34**	1.88	2.41	2.21	2.10
Personnel	(no.)	**5,036**	5,336	5,391	5,253	5,018
Factories	(no.)	**6**	6	6	6	6

Notes:
1 The market price represents last done price of the shares quoted on the last trading day of December
2 Earnings per share and dividend cover are based on profit after tax
3 Net tangible assets consists of issued share capital plus reserves less intangible assets

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities and other information of the subsidiaries are disclosed in Note 7 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	415,623	413,301
Profit attributable to owners of the Company	415,623	413,301

There were no material transfers to or from reserves or provisions during the year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the impairment of property, plant and equipment as disclosed in Note 4 to the financial statements.

DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2023 were as follows:

	RM'000
In respect of the year ended 31 December 2023 as reported in the Directors' report of that year:	
Third tax exempt (single-tier) interim dividend of 128 sen per share, on 234,500,000 ordinary shares, declared on 27 February 2024 and paid on 16 May 2024	300,160
In respect of the year ended 31 December 2024:	
First tax exempt (single-tier) interim dividend of 70 sen per share, on 234,500,000 ordinary shares, declared on 25 July 2024 and paid on 3 October 2024	164,150
Second tax exempt (single-tier) interim dividend of 35 sen per share, on 234,500,000 ordinary shares, declared on 24 October 2024 and paid on 12 December 2024	82,075
	546,385

The Board of Directors has proposed a third tax exempt (single-tier) interim dividend after year end in respect of the year ended 31 December 2024, of 74 sen per share on 234,500,000 ordinary shares, amounting to a dividend payable RM173,530,000. The financial statements for the current year do not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2025.

DIRECTORS

The names of the Directors of the Company in office since the beginning of the year to the date of this report are:

Tan Sri Wan Zulkiflee Wan Ariffin
Chin Kwai Fatt
Dato' Hamidah Naziadin
Y.M Dr. Tunku Alina Raja Muhd Alias
Y.T.M. Dato' Seri Diraja Tan Sri Tunku Puteri Intan Safinaz Sultan Abdul Halim Mu'adzam Shah
Juan Jose Aranols Campillo **
Syed Saiful Islam **
Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail (Retired on 30 April 2024)

**These Directors are also Directors of the Company's subsidiaries.

The name of the Director of the Company's subsidiaries in office since the beginning of the year to the date of this report (not including those Directors listed above) is:

Xolile Leonard White

DIRECTORS' BENEFITS

Neither at the end of the year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the shares granted under the Performance Stock Unit Plan ("PSUP") and Restricted Stock Unit Plan ("RSUP") of the ultimate holding company.

Since the end of the previous year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any 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.

The Directors' benefits are as follows:

	Group RM'000	Company RM'000
Fees	1,268	1,268
Remuneration	8,394	151
Estimated money value of benefits-in-kind	1,054	-
Post-employment benefits	1,236	-
Share-based payments	1,607	-
Insurance effected to indemnify Directors*	22	22
	13,581	1,441

* The Company maintains a liability insurance for the Directors of the Group. The total amount of sum insured for Directors of the Group for the year amounted to RM51,267,000.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the year in shares in the ultimate holding company during the year were as follows:

	Number of ordinary shares			
	1.1.2024	Acquired	Sold	31.12.2024
Direct interest:				
Ordinary shares of the ultimate holding company (Nestlé S.A.)				
Juan Jose Aranols Campillo	11,216	2,723	(5,610)	8,329
Syed Saiful Islam	-	568	-	568

None of the other Directors in office at the end of the year had any interest in shares in the Company or its related corporations during the year.

HOLDING COMPANIES

The immediate and ultimate holding companies are Société des Produits Nestlé S.A. ("SPN") and Nestlé S.A. respectively, both of which are incorporated in Switzerland. The ultimate holding company is listed on the Swiss Stock Exchange ("SIX").

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, 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 expected credit loss and satisfied themselves that there were no known bad debts and that adequate provision had been made for expected credit loss; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or the amount of the allowance for expected credit loss inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances 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.

OTHER STATUTORY INFORMATION (CONT'D)

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

  (i) any charge on the assets of the Group and of the Company which has arisen since the end of the year which secures the liabilities of any other person; or

  (ii) any contingent liability of the Group and of the Company which has arisen since the end of the year.

(f) In the opinion of the Directors:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the year in which this report is made.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration for the statutory audit is as follows:

	Group RM'000	Company RM'000
Ernst & Young PLT	691	84

Signed on behalf of the Board in accordance with a resolution of the Directors dated 25 February 2025.

Juan Jose Aranols Campillo

Syed Saiful Islam

STATEMENT BY DIRECTORS - Pursuant to Section 251(2) of the Companies Act 2016

We, Juan Jose Aranols Campillo and Syed Saiful Islam, being two of the Directors of Nestlé (Malaysia) Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 53 to 124 are drawn up in accordance with Malaysian Financial Reporting Standards ("MFRS") Accounting Standards, International Financial Reporting Standards ("IFRS") Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 25 February 2025.

Juan Jose Aranols Campillo

Syed Saiful Islam

STATUTORY DECLARATION - Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Syed Saiful Islam, being the Director primarily responsible for the financial management of Nestlé (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 53 to 124 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Syed Saiful Islam
at Petaling Jaya, Selangor Darul Ehsan
on 25 February 2025

Syed Saiful Islam

Before me,
Guna Papoo
Commissioner of Oaths (No. B338)

Petaling Jaya, Malaysia

INDEPENDENT AUDITORS’ REPORT

To the members of Nestlé (Malaysia) Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Nestlé (Malaysia) Berhad, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 53 to 124.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

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 statement*s section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 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.

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 year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matter for the audit of the financial statements of the Group are described below. This matter was addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors’ responsibilities for the audit of the financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis of our audit opinion on the accompanying financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key audit matters (cont'd)

(i) Revenue Recognition

We draw your attention to Note 2.15 - Material accounting policies - Revenue and Note 17 - Revenue to the financial statements.

Total revenue of the Group for the year ended 31 December 2024 amounted to RM6.2 billion, which represents the most significant amount in the financial statements of the Group.

Revenue from the sale of goods is recognised when there is a transfer of control over a product to the customers, and is measured based on the consideration specified in a contract, net of pricing allowances, other trade discounts, and price promotions to customers (collectively referred to as "trade spend").

We considered the measurement and completeness of trade spend to be a key focus area due to the complexity and diversity of trade spend arrangements.

In addressing this area of focus, we have performed, amongst others, the following procedures:

a) We have obtained an understanding over the sales process and trade spend arrangements and tested related controls over the completeness, measurement and recording of trade spend.

b) We have reviewed the trade spend arrangements entered into with customers, on a sampling basis, to obtain an understanding of the specific terms and conditions.

c) We have tested that the trade spend committed were appropriately accrued for in the current year by checking to the credit notes issued to customers subsequent to reporting date.

d) We have performed re-computation of trade spend, on a sampling basis, based on the entitlement criteria.

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, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Information other than the financial statements and auditors' report thereon (cont'd)

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate action.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting 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:

- 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.

- 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' responsibilities for the audit of the financial statements (cont'd)

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: (cont'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 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.

- 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 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 THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Ng Kim Ling
No. 03236/04/2026 J
Chartered Accountant

Kuala Lumpur, Malaysia
25 February 2025

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Assets					
Non-current assets					
Property, plant and equipment	4	**1,809,519**	1,749,545	**-**	-
Right-of-use assets	5	**258,168**	237,703	**-**	-
Intangible assets	6	**234,360**	234,360	**-**	-
Investments in subsidiaries	7	**-**	-	**188,022**	188,022
Investment in an associate	8	**5,301**	5,972	**3,000**	3,000
Deferred tax assets	9	**11,983**	26,765	**-**	-
Trade and other receivables	11	**9,584**	8,871	**-**	-
		2,328,915	2,263,216	**191,022**	191,022
Current assets					
Inventories	10	**831,348**	831,435	**-**	-
Trade and other receivables	11	**433,586**	462,968	**312,816**	445,529
Current tax assets		**44,649**	565	**-**	-
Cash and bank balances	12	**11,240**	11,038	**-**	-
		1,320,823	1,306,006	**312,816**	445,529
Total assets		**3,649,738**	3,569,222	**503,838**	636,551
Equity and liabilities					
Equity attributable to owners of the Company					
Share capital	13	**267,500**	267,500	**267,500**	267,500
Reserves		**3,141**	(257)	**-**	-
Retained earnings		**276,908**	407,653	**234,345**	367,429
Total equity		**547,549**	674,896	**501,845**	634,929
Current liabilities					
Loans and borrowings	14	**804,696**	419,796	**-**	-
Lease liabilities	5	**38,630**	33,164	**-**	-
Trade and other payables	15	**1,570,057**	1,671,552	**1,781**	1,479
Current tax liabilities		**4,204**	13,372	**212**	143
		2,417,587	2,137,884	**1,993**	1,622

Statements of Financial Position
As at 31 December 2024

		Group		Company	
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Non-current liabilities					
Loans and borrowings	14	**300,000**	300,000	**-**	-
Lease liabilities	5	**171,213**	170,202	**-**	-
Employee benefits	16	**22,404**	87,229	**-**	-
Deferred tax liabilities	9	**190,985**	199,011	**-**	-
		684,602	756,442	**-**	-
Total liabilities		**3,102,189**	2,894,326	**1,993**	1,622
Total equity and liabilities		**3,649,738**	3,569,222	**503,838**	636,551

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Revenue	17	**6,224,745**	7,050,879	**413,539**	694,755
Cost of sales		**(4,339,948)**	(4,819,875)	**-**	-
Gross profit		**1,884,797**	2,231,004	**413,539**	694,755
Selling and distribution expenses		**(943,444)**	(978,594)	**-**	-
Administrative expenses		**(223,804)**	(199,961)	**(2,866)**	(2,624)
Other expenses		**(109,119)**	(112,078)	**-**	(1,059)
Reversal of/(Allowance for) expected credit loss on trade receivables		**573**	(1,034)	**-**	-
Operating profit		**609,003**	939,337	**410,673**	691,072
Finance income		**218**	339	**3,450**	2,466
Finance costs		**(64,153)**	(60,687)	**-**	-
Net finance (costs)/income		**(63,935)**	(60,348)	**3,450**	2,466
Share of (loss)/profit of an equity accounted associate, net of tax		**(671)**	104	**-**	-
Profit before tax	18	**544,397**	879,093	**414,123**	693,538
Income tax expense	21	**(128,774)**	(219,223)	**(822)**	(591)
Profit for the year		**415,623**	659,870	**413,301**	692,947
Other comprehensive income, net of tax:					
Item that may be reclassified to profit or loss in subsequent periods					
Net gain on cash flow hedges		**3,398**	7,138	**-**	-
Item that will not be reclassified to profit or loss in subsequent periods					
Remeasurement gain/(loss) on defined benefit liability		**17**	(4,038)	**-**	-
Other comprehensive income for the year, net of tax	22	**3,415**	3,100	**-**	-
Total comprehensive income for the year, net of tax		**419,038**	662,970	**413,301**	692,947
Profit attributable to owners of the Company		**415,623**	659,870	**413,301**	692,947
Total comprehensive income attributable to owners of the Company		**419,038**	662,970	**413,301**	692,947
Earnings per share attributable to owners of the Company (sen)					
- Basic	23	**177**	281		

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2024

		Attributable to owners of the Company			
		Non-distributable		Distributable	
Group	**Note**	**Share capital RM'000**	**Hedging reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 January 2024		**267,500**	**(257)**	**407,653**	**674,896**
Cash flow hedge		**-**	**3,398**	**-**	**3,398**
Remeasurement of defined benefit liability		**-**	**-**	**17**	**17**
Other comprehensive income for the year		**-**	**3,398**	**17**	**3,415**
Profit for the year		**-**	**-**	**415,623**	**415,623**
Total comprehensive income for the year		**-**	**3,398**	**415,640**	**419,038**
Dividends to owners	24	**-**	**-**	**(546,385)**	**(546,385)**
Total transactions with owners		**-**	**-**	**(546,385)**	**(546,385)**
At 31 December 2024		**267,500**	**3,141**	**276,908**	**547,549**
At 1 January 2023		267,500	(7,395)	366,211	626,316
Cash flow hedge		-	7,138	-	7,138
Remeasurement of defined benefit liability		-	-	(4,038)	(4,038)
Other comprehensive income/(expense) for the year		-	7,138	(4,038)	3,100
Profit for the year		-	-	659,870	659,870
Total comprehensive income for the year		-	7,138	655,832	662,970
Dividends to owners	24	-	-	(614,390)	(614,390)
Total transactions with owners		-	-	(614,390)	(614,390)
At 31 December 2023		267,500	(257)	407,653	674,896

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the year ended 31 December 2024

Company	Note	Non-distributable Share capital RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 January 2024		**267,500**	**367,429**	**634,929**
Profit and total comprehensive income for the year		**-**	**413,301**	**413,301**
Dividends to owners, representing total transactions with owners	24	**-**	**(546,385)**	**(546,385)**
At 31 December 2024		**267,500**	**234,345**	**501,845**
At 1 January 2023		267,500	288,872	556,372
Profit and total comprehensive income for the year		-	692,947	692,947
Dividends to owners, representing total transactions with owners	24	-	(614,390)	(614,390)
At 31 December 2023		267,500	367,429	634,929

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Cash flows from operating activities					
Profit before tax		**544,397**	879,093	**414,123**	693,538
Adjustments for:					
Property, plant and equipment:					
- depreciation	4	**181,779**	177,608	**-**	-
- (gain)/loss on disposal	18	**(418)**	948	**-**	-
- impairment loss	4	**36,267**	90,620	**-**	-
- written off	18	**869**	1,937	**-**	-
Right-of-use assets:					
- depreciation	5	**39,575**	32,350	**-**	-
- gain on termination of lease contracts	5	**(20)**	(13)	**-**	-
Amortisation of intangible assets	6	**-**	1,159	**-**	-
Dividend income	17	**-**	-	**(413,539)**	(694,755)
Expenses related to defined benefit plans	19	**2,770**	7,096	**-**	-
Finance costs		**64,153**	60,687	**-**	-
Finance income		**(218)**	(339)	**(3,450)**	(2,466)
Net (reversal of write-down)/write-down of slow moving inventories	18	**(1,236)**	1,149	**-**	-
Net unrealised foreign exchange differences	18	**4,262**	(711)	**-**	-
Share-based payment expense	19	**1,635**	8,218	**-**	-
Share of loss/(profit) of an equity-accounted associate, net of tax	8	**671**	(104)	**-**	-
(Reversal of)/Allowance for expected credit loss on trade receivables	18	**(573)**	1,034	**-**	-
Operating cash flows before changes in working capital		**873,913**	1,260,732	**(2,866)**	(3,683)
Changes in working capital:					
Inventories		**1,323**	302,009	**-**	-
Trade and other payables		**(107,392)**	(114,666)	**302**	(270)
Trade and other receivables		**33,713**	35,353	**(148,083)**	(1,322)
Cash flows from/(used in) operations		**801,557**	1,483,428	**(150,647)**	(5,275)
Dividends received from subsidiaries		**-**	-	**694,335**	617,325
Retirement benefits paid	16	**(67,573)**	(9,447)	**-**	-
Income tax paid		**(176,348)**	(197,787)	**(753)**	(546)
Net cash flows generated from operating activities		**557,636**	1,276,194	**542,935**	611,504

Statements of Cash Flows
For the year ended 31 December 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	4	**(279,971)**	(352,586)	**-**	-
Addition to leasehold land	5	**(16,965)**	-	**-**	-
Acquisition of a subsidiary, net of cash acquired	7	**-**	(151,090)	**-**	-
Dividends received from associate		**-**	420	**-**	420
Finance income received		**218**	339	**3,450**	2,466
Proceeds from disposal of property, plant and equipment		**1,500**	1,384	**-**	-
Net cash flows (used in)/from investing activities		**(295,218)**	(501,533)	**3,450**	2,886
Cash flows from financing activities					
Dividends paid		**(546,385)**	(614,390)	**(546,385)**	(614,390)
Finance costs paid		**(64,153)**	(60,687)	**-**	-
Payment of lease liabilities		**(36,578)**	(29,623)	**-**	-
Proceeds from borrowings		**150,000**	100,000	**-**	-
Net cash flows used in financing activities		**(497,116)**	(604,700)	**(546,385)**	(614,390)
Net (decrease)/increase in cash and cash equivalents		**(234,698)**	169,961	**-**	-
Cash and cash equivalents at beginning of year		**(8,758)**	(178,719)	**-**	-
Cash and cash equivalents at end of year	12	**(243,456)**	(8,758)	**-**	-

Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	Note	Loan from a related company RM'000	Revolving credit - unsecured RM'000	Lease liabilities RM'000	Loan from a financial institution RM'000	Total RM'000
At 1 January 2024		**-**	**400,000**	**203,366**	**300,000**	**903,366**
Net changes from financing cash flows		**-**	**150,000**	**(36,578)**	**-**	**113,422**
Addition of lease contracts	5	**-**	**-**	**43,578**	**-**	**43,578**
Termination of lease contracts	5	**-**	**-**	**(523)**	**-**	**(523)**
At 31 December 2024		**-**	**550,000**	**209,843**	**300,000**	**1,059,843**
At 1 January 2023		300,000	300,000	147,532	-	747,532
Net changes from financing cash flows		(300,000)	100,000	(29,623)	300,000	70,377
Addition of lease contracts	5	-	-	86,597	-	86,597
Termination of lease contracts	5	-	-	(1,174)	-	(1,174)
Acquisition of a subsidiary	5	-	-	34	-	34
At 31 December 2023		-	400,000	203,366	300,000	903,366

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at Level 22, 1 Powerhouse, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan.

The immediate and ultimate holding companies are Société des Produits Nestlé S.A. (“SPN”) and Nestlé S.A. respectively, both of which are incorporated in Switzerland. The ultimate holding company is listed on the Swiss Stock Exchange ("SIX").

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of the principal activities during the year.

The financial statements were authorised for issue by the Board of Directors on 25 February 2025.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on a historical cost basis except otherwise disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year except as follows:

On 1 January 2024, the Group and the Company adopted the following amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2024.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7 Disclosures: Supplier Finance Arrangements	1 January 2024

The adoption of the above amendments did not have any significant impact on the financial statements of the Group and of the Company, except for:

Amendments to MFRS 107 and MFRS 7 Disclosures: Supplier Finance Arrangements

The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity's suppliers.

The amendments have had an impact on the Group’s and the Company's disclosures of trade and other payables, but not on the measurement, recognition or presentation of any items in the Group’s and the Company's financial statements.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective

The standards, amendments and interpretations that are issued but not yet effective up to the date of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7: Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 1, MFRS 7, MFRS 9, MFRS 10 and MFRS 107: Annual Improvements to MFRS Standards Volume 11	1 January 2026
Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
MFRS 18: Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Directors expect that the adoption of the above amendments are not expected to have a material impact on the financial statements in the period of initial application.

2.4 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or if significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statements of comprehensive income in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Business combinations and goodwill (cont'd)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

2.5 Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.6 Investment in an associate

The Group's investment in an associate is accounted for using the equity method. The financial statements of the associate are prepared for the same reporting period as the Group. The accounting policies of the associate are aligned with those of the Group. Therefore, no adjustments are made when measuring and recognising the Group's share of the profit or loss of an associate after the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the loss within share of profit of an associate in the statements of comprehensive income.

2.7 Functional currency

The functional currency of the Company and its subsidiaries is Ringgit Malaysia.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.8 Financial instruments

(a) Financial assets

(i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost include cash and bank balances, trade and other receivables and other non-current financial assets.

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the statements of comprehensive income.

This category includes derivative instruments which the Group had not irrevocably elected to classify at fair value through OCI.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.8 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debts instruments not held at fair value through profit or loss.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within next 12 months ("a 12 months ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, the Group applies simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on historical credit experience. The Group considers forward looking factors do not have significant impact to credit risk given the nature of its industry and the amount of the ECLs is insensitive to changes to forecast economic conditions.

The Group and the Company consider a financial assets to be default when internal and external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. Financial assets is written off when there is no reasonable expectation of recovering the contractual cash flows.

(b) Financial liabilities

(i) Financial liabilities at fair value through profit or loss

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group has designated derivative financial instruments as financial liability at fair value through profit or loss.

(ii) Financial liabilities at amortised cost

This category generally applies to interest-bearing loans and borrowings and trade and other payables. For more information, refer to Notes 14 and 15.

2.9 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments, such as forward exchange contracts and commodity futures to hedge its foreign currency risks and commodity price risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.9 Derivative financial instruments and hedging activities (cont'd)

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; and
- Hedges of a net investment in a foreign operation.

2.10 Property, plant and equipment

Capital work-in-progress is stated at cost, net of accumulated impairment loss, if any. Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Capital work-in progress are not depreciated as these assets are not available for use. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	25 – 50 years
Plant and machinery	10 – 25 years
Tools, furniture and equipment	5 – 8 years
Motor vehicles	5 years
Information systems	3 – 10 years

2.11 Leases

Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land	36 – 99 years
Buildings	2 – 15 years
Tools and equipment	4 – 6 years
Information system	5 years

The Group applies the short-term lease recognition exemption to its short-term leases of tools and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of photocopiers that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.12 Intangible assets

Exclusive right and licence

Exclusive right and licence acquired in a business combination is measured at fair value at the date of acquisition. The exclusive right and licence, which is considered to have indefinite useful life, is not amortised but tested for impairment, annually or more frequently, when indications of impairment are identified. The useful life of exclusive right and licence is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on prospective basis.

Goodwill

The accounting policy on goodwill is disclosed in Note 2.4.

2.13 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 cost 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.

2.14 Employee benefits

(a) Defined benefit pension plan

The Group operates a defined benefit pension plan which is administered by Nestlé Malaysia Group Retirement Scheme (“NMGRS”).

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statements of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognises related restructuring costs.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.14 Employee benefits (cont'd)

(a) Defined benefit pension plan (cont'd)

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'administrative expenses' in the statements of comprehensive income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

(b) Share-based payment transactions

Performance Stock Unit Plan ("PSUP") and Restricted Stock Unit Plan ("RSUP")

Certain employees of the Group are entitled to PSUP and RSUP that give the right to Nestlé S.A. shares. The fair value of the PSUP and RSUP granted to these employees is recognised as an employee expense in profit or loss, over the period that the employees become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the vesting conditions are met.

2.15 Revenue

Sale of goods

Sales represent amounts received and receivable from third parties for goods supplied to the customers and for services rendered. Sales are recognised when control of the goods has transferred to the customer, which is mainly upon arrival at the customer.

Revenue is measured as the amount of consideration which the Group expects to receive, based on the list price applicable to a given distribution channel after deduction of returns, pricing allowances, other trade discounts and couponing and price promotions to consumers. The level of discounts, allowances and promotional rebates is recognised as a deduction from revenue at the time that the related sales are recognised or when the rebate is offered to the customer (or consumer if applicable). They are estimated using judgements based on historical experience and the specific terms of the agreements with the customers. Payments made to customers for commercial services received are expensed. The Group has a range of credit terms which are typically short term, in line with market practice and without any financing component.

The Group does not generally accept sales returns, except in limited cases mainly in the Infant Nutrition business. Historical experience is used to estimate such returns at the time of sale. No asset is recognised for products to be recoverable from these returns, as they are not anticipated to be resold.

2.16 Finance costs

Finance costs comprise the interest expense on financial debt (including leases) and other expense such as exchange differences on financial debt and results on related foreign currency hedging instruments.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below:

(a) Determining the lease term of contracts with renewal and termination option

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

(b) Impairment assessment of goodwill and exclusive right and licence

The Group performs an impairment test on its goodwill and exclusive right and licence at least on an annual basis or when there is evidence of impairment. This requires an estimation of the value in use ("VIU") of the CGU to which goodwill and exclusive right and licence are allocated. Estimating a VIU amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The inputs, including the impacts that climate risks and environmental commitments may have on future cash flows, as well as allocation of assets to CGUs, are subject to management judgement. Further details of the carrying amounts, the key assumptions applied in the impairment assessment and sensitivity analysis to changes in the assumptions are disclosed in Note 6.

(c) Useful life of intangible asset - exclusive right and licence

The Group considers that the exclusive right and licence arising from the acquisition of Wyeth Nutrition (Malaysia) Sdn. Bhd. ("Wyeth Malaysia") has indefinite useful life, pursuant to the terms and conditions of the General Licence Agreement dated 1 January 2022 between Wyeth Malaysia (as Licensee) and Société des Produits Nestlé S.A. (as Licensor) ("GLA"), and is expected to contribute to the Group's net cash flows indefinitely. The assessment of the useful life of intangible asset as indefinite is reviewed annually.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.1 Key sources of estimation uncertainty (cont'd)

(d) Impairment of property, plant and equipment

At each reporting date, the Group assesses if any indication of impairment exists for property, plant and equipment. The Group's commitments regarding recyclable or reusable packaging, reduction of virgin plastic, and Nestlé's Net Zero Roadmap on greenhouse gas emissions are also considered when assessing for any indication of impairment. The recoverable amounts are determined based on the higher of VIU and fair value less costs of disposal.

When VIU calculations are undertaken, management must estimate future cash flows from the CGU and choose a suitable discount rate in order to calculate the present values of those cash flows.

During the current year, an impairment loss of RM36.3 million was recorded for certain property, plant and equipment. The impairment of property, plant and equipment is disclosed and further explained in Note 4.

3.2 Critical judgement in applying the entity's accounting policies

There is no critical judgement made by management in the process of applying the accounting policies that have a significant effect on the amounts recognised in financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

Group 2024	Note	Buildings RM'000	Plant and machinery, tools, furniture and equipment RM'000	Motor vehicles RM'000	Information systems RM'000	Capital work-in progress RM'000	Total RM'000
Cost							
At 1 January 2024		779,923	2,823,714	19,247	160,768	250,718	4,034,370
Additions		22,703	119,767	393	7,294	129,814	279,971
Disposals		(2,888)	(19,979)	(868)	(1,263)	-	(24,998)
Written off		(125)	(10,514)	-	(6,028)	-	(16,667)
Transfer in/(out)		18,827	81,843	1,438	3,568	(105,676)	-
At 31 December 2024		818,440	2,994,831	20,210	164,339	274,856	4,272,676
Accumulated depreciation and impairment							
At 1 January 2024		285,367	1,865,926	12,817	120,715	-	2,284,825
Charge for the year	18	24,186	141,192	2,675	13,726	-	181,779
Impairment loss	18	-	35,749	-	518	-	36,267
Disposals		(2,888)	(18,939)	(838)	(1,251)	-	(23,916)
Written off		(57)	(9,736)	-	(6,005)	-	(15,798)
At 31 December 2024		306,608	2,014,192	14,654	127,703	-	2,463,157
Net carrying amount		511,832	980,639	5,556	36,636	274,856	1,809,519

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2023	Note	Buildings RM'000	Plant and machinery, tools, furniture and equipment RM'000	Motor vehicles RM'000	Information systems RM'000	Capital work-in progress RM'000	Total RM'000
Cost							
At 1 January 2023		707,962	2,609,639	21,058	144,398	268,492	3,751,549
Additions		26,533	118,957	-	16,013	191,083	352,586
Acquisition of a subsidiary	7	-	1	-	139	-	140
Disposals		(664)	(11,348)	(2,088)	(7,298)	-	(21,398)
Written off		(1,500)	(44,843)	-	(2,164)	-	(48,507)
Transfer in/(out)		47,592	151,308	277	9,680	(208,857)	-
At 31 December 2023		779,923	2,823,714	19,247	160,768	250,718	4,034,370
Accumulated depreciation and impairment							
At 1 January 2023		262,335	1,692,470	11,977	115,451	-	2,082,233
Charge for the year	18	22,315	139,384	2,827	13,082	-	177,608
Impairment loss	18	1,741	87,293	-	1,586	-	90,620
Disposals		(347)	(9,448)	(1,987)	(7,284)	-	(19,066)
Written off		(677)	(43,773)	-	(2,120)	-	(46,570)
At 31 December 2023		285,367	1,865,926	12,817	120,715	-	2,284,825
Net carrying amount		**494,556**	**957,788**	**6,430**	**40,053**	**250,718**	**1,749,545**

Impairment loss

During the year, the Group has recognised an impairment loss of RM36,267,000 (2023: RM90,620,000) in respect of plant and equipment based on the recoverable amount of the assets as a result of optimisation plans for production facilities.

5. LEASES

The Group leases its office space, distribution centre, retail stores, warehouse, tools and equipment and information systems. The leases of office space, distribution centre and boiler (part of tools and equipment) typically run for a period of ten years, solar energy panels for a period of fifteen years, and retail stores and warehouse for two to three years. The leases of office space and distribution centre include an option to renew the lease for an additional period of two terms of three years, and the leases of certain tools and equipment include an option to renew the lease for an additional period of ten years, respectively after the end of the contract term.

The Group also has certain leases of tools and equipment with lease term of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for the leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Group 2024	Note	Leasehold land RM'000	Buildings RM'000	Tools and equipment RM'000	Information systems RM'000	Total RM'000
Cost						
At 1 January 2024		69,958	195,632	107,959	2,867	376,416
Additions		16,965	12,484	31,094	-	60,543
Termination of lease contracts		-	-	(1,066)	-	(1,066)
Expiration of lease contracts		-	(1,883)	(10,792)	-	(12,675)
At 31 December 2024		86,923	206,233	127,195	2,867	423,218
Accumulated depreciation and impairment						
At 1 January 2024		19,190	93,124	24,902	1,497	138,713
Charge for the year	18	1,226	25,099	12,677	573	39,575
Termination of lease contracts		-	-	(563)	-	(563)
Expiration of lease contracts		-	(1,883)	(10,792)	-	(12,675)
At 31 December 2024		20,416	116,340	26,224	2,070	165,050
Net carrying amount		66,507	89,893	100,971	797	258,168

5. LEASES (CONT'D)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year: (cont'd)

Group 2023	Note	Leasehold land RM'000	Buildings RM'000	Tools and equipment RM'000	Information systems RM'000	Total RM'000
Cost						
At 1 January 2023		69,958	195,927	35,863	2,867	304,615
Additions		-	2,875	83,722	-	86,597
Acquisition of a subsidiary	7	-	34	-	-	34
Termination of lease contracts		-	(3,169)	-	-	(3,169)
Expiration of lease contracts		-	(35)	(11,626)	-	(11,661)
At 31 December 2023		69,958	195,632	107,959	2,867	376,416
Accumulated depreciation and impairment						
At 1 January 2023		18,042	70,850	30,216	924	120,032
Charge for the year	18	1,148	24,317	6,312	573	32,350
Termination of lease contracts		-	(2,008)	-	-	(2,008)
Expiration of lease contracts		-	(35)	(11,626)	-	(11,661)
At 31 December 2023		19,190	93,124	24,902	1,497	138,713
Net carrying amount		50,768	102,508	83,057	1,370	237,703

5. LEASES (CONT'D)

Set out below are the carrying amounts of lease liabilities and the movements during the year:

Group	Note	2024 RM'000	2023 RM'000
At 1 January		**203,366**	147,532
Additions		**43,578**	86,597
Acquisition of a subsidiary	7	**-**	34
Accretion of interest	18	**8,381**	6,245
Termination of lease contracts		**(523)**	(1,174)
Payments		**(44,959)**	(35,868)
At 31 December		**209,843**	203,366
Current		**38,630**	33,164
Non-current		**171,213**	170,202

The maturity analysis of lease liabilities are disclosed in Note 27(b) to the financial statements.

The following are the amounts recognised in profit or loss during the year:

Group	Note	2024 RM'000	2023 RM'000
Depreciation of right-of-use assets	18	**39,575**	32,350
Finance cost of lease liabilities	18	**8,381**	6,245
Expenses relating to short-term leases	18	**39,939**	56,101
Expenses relating to leases of low-value assets	18	**2,677**	2,248
Total amount recognised in profit or loss		**90,572**	96,944

The Group had total cash outflows for leases of RM87,575,000 (2023: RM94,217,000). The Group also had non-cash additions to right-of-use assets and lease liabilities of RM43,578,000 (2023: RM86,597,000) and RM43,578,000 (2023: RM86,597,000) respectively. The Group had a cash addition to right-of-use-assets of RM16,965,000 relating to leasehold land in current year. The Group does not have future cash outflows relating to leases that have not yet commenced as at 31 December 2024 (2023: nil).

5. LEASES (CONT'D)

Group	2024 RM'000	2023 RM'000
Cash outflows for leases as a lessee		
Included in net cash from operating activities:		
Payment relating to short-term leases	**39,939**	56,101
Payment relating to leases of low-value assets	**2,677**	2,248
	42,616	58,349
Included in net cash from financing activities:		
Finance cost of lease liabilities	**8,381**	6,245
Payment of lease liabilities	**36,578**	29,623
Total cash outflows for leases	**87,575**	94,217

6. INTANGIBLE ASSETS

Group 2024	Note	Development cost (Note a) RM'000	Exclusive right and licence (Note b) RM'000	Goodwill (Note c) RM'000	Total RM'000
Cost					
At 1 January 2024/31 December 2024		**7,859**	**143,426**	**90,934**	**242,219**
Accumulated depreciation					
At 1 January 2024/31 December 2024		**7,859**	**-**	**-**	**7,859**
Net carrying amount		**-**	**143,426**	**90,934**	**234,360**

6. INTANGIBLE ASSETS (CONT'D)

Group 2023	Note	Development cost (Note a) RM'000	Exclusive right and licence (Note b) RM'000	Goodwill (Note c) RM'000	Total RM'000
Cost					
At 1 January 2023		7,859	-	61,024	68,883
Acquisition of a subsidiary	7	-	143,426	29,910	173,336
At 31 December 2023		7,859	143,426	90,934	242,219
Accumulated depreciation					
At 1 January 2023		6,700	-	-	6,700
Amortisation for the year	18	1,159	-	-	1,159
At 31 December 2023		7,859	-	-	7,859
Net carrying amount		-	143,426	90,934	234,360

(a) Development cost

The development cost relates to the enhancement of the Group's SAP HANA and Globe Landscape Simplification system.

(b) Exclusive right and licence

Refers to the exclusive right and licence acquired through business combination which has an indefinite useful life. The GLA grants to Wyeth Malaysia the exclusive use of the trademarks upon the products and patents in Malaysia for an indefinite period. The trademarks prescribed under the GLA are S-26 GOLD, S-26, PROMAMA, ASCENDA and ENERCAL PLUS.

(c) Goodwill

The goodwill relates to the Group's ice-cream business unit and Wyeth Malaysia infant nutrition CGUs.

Impairment test for goodwill and exclusive right and licence

For impairment testing purpose, goodwill acquired through business combinations and exclusive right and licence with indefinite useful life are allocated to the ice-cream business unit and Wyeth Malaysia infant nutrition CGUs.

6. INTANGIBLE ASSETS (CONT'D)

Impairment test for goodwill and exclusive right and licence (cont'd)

Carrying amount of goodwill and exclusive right and licence allocated to each of the CGUs:

	Ice-cream business unit		Wyeth Malaysia infant nutrition		Total	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Goodwill	**61,024**	61,024	**29,910**	29,910	**90,934**	90,934
Exclusive right and licence	**-**	-	**143,426**	143,426	**143,426**	143,426

The recoverable amount of the CGUs are determined based on VIU calculation, in which cash flows were projected based on actual operating results and financial budgets approved by management covering a three-year business plan for ice-cream business unit and a three-year business plan for Wyeth Malaysia infant nutrition.

The forecast and projection reflect management's expectations of revenue growth, operating costs and margins based on past experience and future outlook of the CGU. Cash flows beyond the business plan period are extrapolated in perpetuity using estimated terminal growth rate which takes into consideration the current and projected inflation and average growth rate for the industry in Malaysia.

The discount rate applied to the cash flow forecast represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates.

Climate change risks, including transition and physical risks, over the medium to longer term are taken into account in assessing the risks of the cash flows. Impacts on the underlying assumptions on future forecasts of CGUs and their portfolio strategy are considered. Sales growth, margin evolution and terminal growth are adjusted if necessary, considering the resilience of the CGUs to climate change risks as well as Nestlé's commitments to tackle climate change (including the Group's "Net Zero Roadmap").

The following assumptions have been applied in the VIU calculation:

	Ice-cream business unit		Wyeth Malaysia infant nutrition	
	2024	2023	2024	2023
Revenue growth rates	**5.1% to 8.0%**	5.0% to 5.8%	**1.5% to 14.7%**	3.3% to 3.4%
Terminal growth rate	**2.0%**	1.9%	**2.0%**	1.9%
Pre-tax discount rate	**9.1%**	9.5%	**9.1%**	9.5%

Based on the asssessment above, the goodwill and exclusive right and licence are not impaired as the recoverable amounts of the CGUs exceeds the carrying amounts included in the financial statements.

<u>Sensitivity to changes in key assumptions</u>

Management believes that there are no reasonably possible change in any of the above key assumptions which would cause the carrying amounts of the goodwill and exclusive right and licence to materially exceed the recoverable amounts.

7. INVESTMENTS IN SUBSIDIARIES

Company	2024 RM'000	2023 RM'000
Unquoted shares at cost	**188,022**	188,022

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Principal activities	Proportion of ownership interest 2024 %	Proportion of ownership interest 2023 %
Nestlé Products Sdn. Bhd.	Malaysia	Marketing and sales of ice- cream, powdered milk and drinks, liquid milk and juices, instant coffee and other beverages, chocolate confectionery products, instant noodles, culinary products, cereals, and related products	**100**	100
Nestlé Manufacturing (Malaysia) Sdn. Bhd.	Malaysia	Manufacturing and sales of ice-cream, powdered milk and drinks, liquid milk and juices, instant coffee and other beverages, instant noodles, culinary products, cereals, and related products	**100**	100
Nestlé Asean (Malaysia) Sdn. Bhd.	Malaysia	Manufacturing and sales of chocolate confectionery products	**100**	100
Subsidiary held through Nestlé Products Sdn. Bhd.				
Wyeth Nutrition (Malaysia) Sdn. Bhd.	Malaysia	Trading and dealing in nutritional products	**100**	100

For the previous year ended 31 December 2023

Acquisition of Wyeth Malaysia

On 30 June 2023, the Group, via its wholly-owned subsidiary, Nestlé Products Sdn. Bhd., completed the acquisition of 100% equity interest in Wyeth Malaysia, for a cash consideration of RM165.0 million. Wyeth Malaysia is principally engaged in the business of trading and dealing in nutritional products. Wyeth Malaysia distributes premium quality nutritional products, and the brands that Wyeth Malaysia carries are S-26, S-26 GOLD, ASCENDA, PROMAMA and ENERCAL PLUS. Wyeth Malaysia holds the exclusive licence to use the trademarks upon the products and patents in relation to the products, in Malaysia for an indefinite period.

The acquisition of Wyeth Malaysia is a strategic move by the Group to expand the product offerings and increase the market share in the premium nutrition segment. With the addition of brands carried by Wyeth Malaysia, the Group will have a larger customer base and also gain an increased position in the premium nutrition market.

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

For the previous year ended 31 December 2023 (cont'd)

Assets acquired and the liabilities assumed

The fair values of the identifiable assets and liabilities of Wyeth Malaysia as at the date of the acquisition were:

	Note	Fair value recognised on acquisition RM'000
Assets		
Property, plant and equipment	4	140
Intangible assets	6	143,426
Right-of-use assets	5	34
Deferred tax assets	9	2
Trade and other receivables		45,352
Inventories		19,510
Cash and bank balances		13,910
Current tax assets		1,012
Total assets		223,386
Liabilities		
Trade and other payables		(53,840)
Lease liabilities	5	(34)
Deferred tax liabilities	9	(34,422)
Total liabilities		(88,296)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

For the previous year ended 31 December 2023 (cont'd)

Assets acquired and the liabilities assumed (cont'd)

	Note	Fair value recognised on acquisition RM'000
Total identifiable net assets at fair value		135,090
Goodwill arising on acquisition	6	29,910
Purchase consideration transferred		165,000

The goodwill of RM29.9 million comprises the value of expected synergies arising from the acquisition. Goodwill was allocated entirely to the Wyeth Malaysia infant nutrition segment. None of the goodwill recognised is expected to be deductible for income tax purposes.

The effect of the acquisition on cash flows was as follows:

	RM'000
Cash consideration	(165,000)
Cash and cash equivalents of subsidiary acquired	13,910
Net cash outflow on the acquisition	(151,090)

8. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Unquoted shares at cost	**3,000**	3,000	**3,000**	3,000
Share of post-acquisition reserves	**2,301**	2,972	**-**	-
	5,301	5,972	**3,000**	3,000

8. INVESTMENT IN AN ASSOCIATE (CONT'D)

Details of the associate are as follows:

Name of associate	Country of incorporation	Principal activities	Proportion of ownership interest 2024 %	Proportion of ownership interest 2023 %
Nihon Canpack (Malaysia) Sdn. Bhd.	Malaysia	Manufacturing and sales of canned beverages	**20**	20

The following table illustrates the summarised financial information of the Group's investment in an associate:

Group	2024 RM'000	2023 RM'000
Assets and liabilities		
Non-current assets	**35,613**	36,788
Current assets	**40,493**	33,594
Non-current liabilities	**(4,184)**	(4,960)
Current liabilities	**(45,417)**	(35,562)
Net assets	**26,505**	29,860
Group's share in equity	**5,301**	5,972
Results		
Revenue	**175,927**	294,021
(Loss)/Profit for the year	**(3,355)**	522
Group's share of (loss)/profit for the year	**(671)**	104

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in the associate:

Group	2024 RM'000	2023 RM'000
Net assets of the associate as at 1 January	**29,860**	31,438
Less/Add: (Loss)/Profit for the year	**(3,355)**	522
Less: Dividends paid for the year	**-**	(2,100)
Net assets of the associate as at 31 December	**26,505**	29,860
Group's share of net assets	**5,301**	5,972

9. DEFERRED TAX

Deferred tax assets and liabilities are attributable to the following:

Group	Note	Assets 2024 RM'000	Assets 2023 RM'000	Liabilities 2024 RM'000	Liabilities 2023 RM'000	Net 2024 RM'000	Net 2023 RM'000
Property, plant and equipment		**-**	-	**(181,879)**	(191,837)	**(181,879)**	(191,837)
Right-of-use assets		**-**	-	**(45,979)**	(44,845)	**(45,979)**	(44,845)
Lease liabilities		**53,224**	49,144	**-**	-	**53,224**	49,144
Employee benefit plans		**5,377**	21,001	**-**	-	**5,377**	21,001
Provisions		**25,669**	28,632	**-**	-	**25,669**	28,632
Hedging reserve		**-**	81	**(992)**	-	**(992)**	81
Exclusive right and licence	7	**-**	-	**(34,422)**	(34,422)	**(34,422)**	(34,422)
		84,270	98,858	**(263,272)**	(271,104)	**(179,002)**	(172,246)
Set off of tax		**(72,287)**	(72,093)	**72,287**	72,093	**-**	-
		11,983	26,765	**(190,985)**	(199,011)	**(179,002)**	(172,246)

Movement in temporary differences during the year:

Group	At 1.1.2023 RM'000	Recognised in profit or loss (Note 21) RM'000	Recognised in other comprehensive income (Note 22) RM'000	Acquisition of a subsidiary (Note 7) RM'000	At 31.12.2023/ 1.1.2024 RM'000	Recognised in profit or loss (Note 21) RM'000	Recognised in other comprehensive income (Note 22) RM'000	At 31.12.2024 RM'000
Property, plant and equipment	(201,955)	10,118	-	-	**(191,837)**	**9,958**	**-**	**(181,879)**
Right-of-use assets	(31,548)	(13,297)	-	-	**(44,845)**	**(1,134)**	**-**	**(45,979)**
Lease liabilities	36,056	13,088	-	-	**49,144**	**4,080**	**-**	**53,224**
Employee benefit plans	20,003	(277)	1,275	-	**21,001**	**(15,619)**	**(5)**	**5,377**
Provisions	25,897	2,733	-	2	**28,632**	**(2,963)**	**-**	**25,669**
Hedging reserve	2,335	-	(2,254)	-	**81**	**-**	**(1,073)**	**(992)**
Unutilised tax incentives	8,931	(8,931)	-	-	**-**	**-**	**-**	**-**
Exclusive right and licence	-	-	-	(34,422)	**(34,422)**	**-**	**-**	**(34,422)**
	(140,281)	3,434	(979)	(34,420)	**(172,246)**	**(5,678)**	**(1,078)**	**(179,002)**

10. INVENTORIES

Group	2024 RM'000	2023 RM'000
Cost		
Raw and packaging materials	**322,381**	309,682
Work-in-progress	**36,977**	53,413
Finished goods	**399,014**	402,895
Spare parts	**72,976**	65,445
	831,348	831,435

During the year, the amount of inventories recognised as an expense in the statements of comprehensive income of the Group was RM3,870,038,000 (2023: RM4,253,503,000).

11. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-current					
Loans to employees		**9,584**	8,871	**-**	-
Current					
Trade					
Third parties		**178,133**	207,988	**-**	-
Less: Allowance for expected credit loss		**(31,362)**	(31,935)	**-**	-
	(a)	**146,771**	176,053	**-**	-
Amounts due from related companies	(b)	**202,231**	175,468	**-**	-
Amount due from an associate	(b)	**8,311**	-	**-**	-
Designated as hedging instruments					
- Forward exchange contracts		**23,572**	7,056	**-**	-
		380,885	358,577	**-**	-

11. TRADE AND OTHER RECEIVABLES (CONT'D)

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Current					
Non-trade					
Amounts due from subsidiaries	(c)	**-**	-	**312,658**	445,519
Other receivables and deposits	(d)	**44,332**	97,253	**142**	-
Prepayments		**8,369**	7,138	**16**	10
		52,701	104,391	**312,816**	445,529
		433,586	462,968	**312,816**	445,529
Total trade and other receivables		**443,170**	471,839	**312,816**	445,529

(a) Trade receivables

Credit risk management with respect to trade receivables is disclosed in Note 27(a) to the financial statements.

(b) Amounts due from related companies and an associate

The trade receivables due from related companies and an associate are subject to the normal trade terms.

(c) Amounts due from subsidiaries

The non-trade receivables due from subsidiaries are unsecured, interest-free and repayable on demand, except for advances to a subsidiary of RM81,194,000 (2023: RM79,484,000) which is subject to interest at 3.23% to 3.32% (2023: 2.91% to 3.29%) per annum.

(d) Other receivables and deposits

Included in other receivables and deposits of the Group are loans to employees of RM5,559,000 (2023: RM4,773,000) which are unsecured and interest free and, down payment to vendors of RM11,483,000 (2023: RM23,399,000).

12. CASH AND BANK BALANCES

Group	2024 RM'000	2023 RM'000
Cash and bank balances	**11,240**	11,038

For the purpose of statements of cash flows, cash and cash equivalents comprise the following:

Group	Note	2024 RM'000	2023 RM'000
Cash and bank balances		**11,240**	11,038
Bank overdraft	14	**(254,696)**	(19,796)
		(243,456)	(8,758)

13. CAPITAL AND RESERVES

	Group and Company			
	Number of shares		Amount	
	2024 '000	2023 '000	2024 RM'000	2023 RM'000
Issued and fully paid, at no par value:				
Ordinary shares				
- at 1 January/31 December	**234,500**	234,500	**267,500**	267,500

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.

Hedging reserve

Hedging reserve relates to the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have yet to occur.

14. LOANS AND BORROWINGS

Group	Note	2024 RM'000	2023 RM'000
Non-current			
Unsecured			
Loan from a financial institution		**300,000**	300,000
Current			
Unsecured			
Bank overdraft	12	**254,696**	19,796
Revolving credits		**550,000**	400,000
		804,696	419,796

Loan from a financial institution is unsecured, bears interest at 4.55% per annum and repayable in 2026.

The bank overdraft is unsecured, bears interest at 3.40% per annum (2023: 3.40% per annum) and repayable within the next 12 months.

The revolving credits are unsecured, bears interest which ranges between 3.31% and 3.38% per annum (2023: 3.30% and 3.38% per annum) and repayable within the next 12 months.

At 31 December 2024, the Group had available RM555,356,000 (2023: RM878,696,000) of undrawn committed borrowing facilities.

15. TRADE AND OTHER PAYABLES

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Current					
Trade					
Third parties	(a)	**960,008**	1,079,004	**164**	109
Amounts due to related companies	(b)	**300,641**	312,356	**-**	-
Amounts due to an associate	(b)	**21,090**	8,277	**-**	-
Designated as hedging instruments					
- Forward exchange contracts		**15,700**	8,057	**-**	-
		1,297,439	1,407,694	**164**	109
Non-trade					
Amounts due to related companies	(b)	**-**	-	**5**	-
Other payables		**101,341**	112,112	**-**	-
Accrued expenses		**106,457**	117,451	**1,612**	1,370
Provisions	(c)	**64,820**	34,295	**-**	-
		272,618	263,858	**1,617**	1,370
Total trade and other payables		**1,570,057**	1,671,552	**1,781**	1,479

(a) Third parties

The amount is non-interest bearing. Trade payables are normally settled on a 30 to 150 day (2023: 30 to 150 day) terms.

The Group has established a supplier finance arrangement that is offered to some of the Group's key suppliers. Participation in the arrangement is at the suppliers' own discretion. Suppliers that participate in the supplier finance arrangement will receive early payment on invoices sent to the Group from the Group's external finance provider. If suppliers choose to receive early payment, they pay a fee to the finance provider, to which the Group is not party. In order for the finance provider to pay the invoices, the goods must have been received or supplied and the invoices approved by the Group. Payments to suppliers ahead of the invoice due date are processed by the finance provider and, in all cases, the Group settles the original invoice by paying the finance provider in line with the original invoice maturity date described above. Payment terms with suppliers have not been renegotiated in conjunction with the arrangement. The Group provides no security to the finance provider.

All trade payables subject to the supplier finance arrangement are included in trade and other payables in the statements of financial position and within third parties (trade) in the table above.

15. TRADE AND OTHER PAYABLES (CONT'D)

(a) Third parties (cont'd)

Group	2024 RM'000
Carrying amount of trade payables that are part of a supplier finance arrangement	**133,226**
Of which suppliers have received payment	**124,853**

There were no significant non-cash changes in the carrying amount of the trade payables included in the Group's supplier finance arrangement.

(b) Amounts due to related companies and an associate

The trade payables due to related companies and an associate are subject to the normal trade terms. The non-trade payables due to related companies are unsecured, non-interest bearing and repayable on demand.

(c) Provisions

PSUP and RSUP

Included in provisions is an amount of RM9,411,000 (2023: RM15,841,000) relating to PSUP and RSUP. Nestlé S.A. awarded PSUP and RSUP to certain employees. After a three-year vesting period, participants in the plan are entitled to receive specific numbers of Nestlé S.A. shares. Vesting of the PSUP is dependent on Nestlé S.A.'s total shareholder return, growth of earnings per share and return on invested capital. The fair value of PSUP and RSUP granted is estimated at the date of grant based on historical relative performance of Nestlé S.A. share price.

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, PSUP and RSUP during the year:

	2024 Number	2024 WAEP RM	2023 Number	2023 WAEP RM
Outstanding at 1 January	**43,140**	**531.82**	45,155	510.50
Granted during the year	**22,821**	**483.67**	14,548	509.45
Exercised during the year	**(24,779)**	**470.98**	(16,563)	590.96
Outstanding at 31 December	**41,182**	**370.69**	43,140	531.82
Exerciseable at 31 December	**-**		-	

The weighted average remaining contractual life for the PSUP and RSUP outstanding as at 31 December 2024 was 1.23 years (2023: 1.22 years).

The weighted average fair value of PSUP and RSUP granted during the year was RM370.69 (2023: RM531.82).

Restructuring

Restructuring provisions (2024: RM12,283,000; 2023: RM3,808,000) arise from a number of projects across the Group to optimise structures. Restructuring provisions are expected to result in future cash outflows when implementing the plans.

16. EMPLOYEE BENEFITS

Retirement benefits

Group	2024 RM'000	2023 RM'000
Net defined benefit liability/total employee benefit liabilities	**22,404**	87,229

The Group operates a defined benefit scheme ("the Scheme") which is administered by Nestlé Malaysia Group Retirement Scheme ("NMGRS").

The Scheme provides non-indexed retirement pensions to employees who had been in the Group service before 1 January 1992, based on a percentage of final pay and with total EPF benefits derived from employee and employer contributions made throughout the period of EPF membership integrated thereto.

During the year, another 25% of the remaining eligible employees have accepted the conversion of monthly pension to one-off lump sum payment. The entire payments have been made in 2024.

Funding

The plan is funded by NMGRS and in the event of deficit, it will be supported by the Group's subsidiaries. The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. Employees are not required to contribute to the plans.

NMGRS expects to pay RM2,484,000 in contributions to defined benefit plans in 2025.

16. EMPLOYEE BENEFITS (CONT'D)

Retirement benefits (cont'd)

Movement in net defined benefit liability

The following table shows a reconciliation from the opening balance to the closing balance for net defined benefit liability and its components:

Group	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At 1 January	**88,289**	86,922	**(1,060)**	(2,655)	**87,229**	84,267
Included in profit or loss						
Interest cost/(income)	**2,398**	4,211	**-**	(135)	**2,398**	4,076
Past service cost - curtailments	**372**	3,020	**-**	-	**372**	3,020
	2,770	7,231	**-**	(135)	**2,770**	7,096
Included in other comprehensive expense/(income)						
Remeasurement (gain)/loss:						
Actuarial (gain)/loss arising from experience adjustments	**(126)**	2,900	**-**	-	**(126)**	2,900
Loss on plan assets, excluding interest income	**-**	-	**104**	2,413	**104**	2,413
	(126)	2,900	**104**	2,413	**(22)**	5,313
Others						
Benefits paid	**(67,573)**	(8,764)	**67,573**	8,764	**-**	-
Contributions paid by employer	**-**	-	**(67,573)**	(9,447)	**(67,573)**	(9,447)
At 31 December	**23,360**	88,289	**(956)**	(1,060)	**22,404**	87,229

16. EMPLOYEE BENEFITS (CONT'D)

Retirement benefits (cont'd)

Plan assets

Plan assets comprise:

Group	2024 RM'000	2023 RM'000
Cash and bank balances	**956**	1,046
Others	**-**	14
	956	1,060

Defined benefit obligation

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

Group	2024	2023
Discount rate	**4.0%**	4.4%

Assumptions regarding future mortality are based on published statistics and mortality tables.

At the reporting date, the weighted-average duration of the defined benefit obligation was 7.30 years (2023: 7.60 years).

16. EMPLOYEE BENEFITS (CONT'D)

Retirement benefits (cont'd)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Impact on defined benefit obligation (Decrease)/Increase	
Group	2024 RM'000	20223 RM'000
Discount rate		
Increase by 0.5%	**(794)**	(1,170)
Decrease by 0.5%	**847**	1,251
Future pension growth		
Increase by 0.5%	**113**	157
Decrease by 0.5%	**(113)**	(157)
Future mortality		
Increase by 1 year	**(941)**	(1,228)
Decrease by 1 year	**950**	1,227

Although the analysis does not account for the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

17. REVENUE

	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Revenue from contracts with customers:				
- Sale of goods	**6,224,745**	7,050,879	**-**	-
Other revenue:				
Dividend income:				
- Subsidiaries	**-**	-	**413,539**	694,335
- Associate	**-**	-	**-**	420
	-	-	**413,539**	694,755
Total revenue	**6,224,745**	7,050,879	**413,539**	694,755

18. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Auditors' remuneration:					
- Statutory audit fees:					
- Auditors of the Group		**691**	691	**84**	84
- Non-audit fees:					
- Auditors of the Group		**18**	18	**18**	18
- Member firms of auditors	(a)	**505**	217	**113**	75
Property, plant and equipment:					
- depreciation	4	**181,779**	177,608	**-**	-
- (gain)/loss on disposal		**(418)**	948	**-**	-
- impairment loss	4	**36,267**	90,620	**-**	-
- written off		**869**	1,937	**-**	-
Amortisation of intangible assets	6	**-**	1,159	**-**	-
Right-of-use assets:					
- depreciation	5	**39,575**	32,350	**-**	-
- gain on termination of lease contracts	5	**(20)**	(13)	**-**	-

18. PROFIT BEFORE TAX (CONT'D)

The following items have been included in arriving at profit before tax: (cont'd)

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Employee benefits expenses	19	**729,315**	739,978	**-**	-
Non-executive Directors' remuneration	20	**1,419**	1,397	**1,419**	1,397
Net foreign exchange (gain)/loss:					
- realised		**(19,793)**	17,626	**-**	-
- unrealised		**4,262**	(711)	**-**	-
Net (reversal of write-down)/write-down of slow moving inventories		**(1,236)**	1,149	**-**	-
(Reversal of)/Allowance for expected credit loss on trade receivables		**(573)**	1,034	**-**	-
Finance cost of lease liabilities	5	**8,381**	6,245	**-**	-
Finance cost of loan from a related company		**-**	12,965	**-**	-
Other finance cost		**55,772**	41,477	**-**	-
Expenses relating to short-term leases	5	**39,939**	56,101	**-**	-
Expenses relating to leases of low-value assets	5	**2,677**	2,248	**-**	-

(a) Fees incurred in connection with tax compliance services, due diligence and advisory services paid or payable to member firms of Ernst & Young PLT.

19. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Wages, salaries and others	**649,819**	650,852	**-**	-
Contributions to Employees Provident Fund	**75,091**	73,812	**-**	-
Expenses related to defined benefit plans	**2,770**	7,096	**-**	-
Share-based payments expense	**1,635**	8,218	**-**	-
	729,315	739,978	**-**	-

Included in employee benefits expenses of the Group are executive Directors' remuneration amounting to RM11,086,000 (2023: RM11,374,000) as further disclosed in Note 20.

20. DIRECTORS' REMUNERATION

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Executive:					
- Salaries and other emoluments		**8,243**	7,586	**-**	-
- Post-employment benefits		**1,236**	1,564	**-**	-
- Share-based payments		**1,607**	2,224	**-**	-
Total executive Directors' remuneration (excluding benefits-in-kind)	19	**11,086**	11,374	**-**	-
Estimated money value of benefits-in-kind		**1,054**	1,054	**-**	-
Total executive Directors' remuneration (including benefits-in-kind)		**12,140**	12,428	**-**	-
Non-executive:					
- Fees		**1,268**	1,249	**1,268**	1,249
- Other emoluments		**151**	148	**151**	148
Total non-executive Directors' remuneration	18	**1,419**	1,397	**1,419**	1,397
Total Directors' remuneration		**13,559**	13,825	**1,419**	1,397

21. INCOME TAX EXPENSE

	Notes	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Statements of comprehensive income					
Malaysian income tax:					
- Current year		**124,967**	218,714	**821**	590
- (Over)/Underprovision in prior years		**(1,871)**	3,943	**1**	1
		123,096	222,657	**822**	591
Deferred tax:	9				
- Relating to origination and reversal of temporary differences		**11,929**	(16,465)	**-**	-
- Over)/Underprovision in prior years		**(6,251)**	13,031	**-**	-
		5,678	(3,434)	**-**	-
Income tax expense recognised in profit or loss		**128,774**	219,223	**822**	591

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2023: 24%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Profit before tax	**544,397**	879,093	**414,123**	693,538
Taxation at Malaysian statutory tax rate of 24% (2023: 24%)	**130,655**	210,982	**99,390**	166,449
Expenses not deductible for tax purposes	**6,885**	6,251	**314**	591
Income not subject to tax	**(644)**	(317)	**(98,883)**	(166,450)
Tax incentives	**-**	(14,667)	**-**	-
(Over)/Underprovision of income tax in prior years	**(1,871)**	3,943	**1**	1
(Over)/Underprovision of deferred tax in prior years	**(6,251)**	13,031	**-**	-
Income tax expense recognised in profit or loss	**128,774**	219,223	**822**	591

22. OTHER COMPREHENSIVE INCOME/(EXPENSE)

Group	2024 Before tax RM'000	2024 Tax benefit/ (expense) (Note 9) RM'000	2024 Net of tax RM'000	2023 Before tax RM'000	2023 Tax benefit/ (expense) (Note 9) RM'000	2023 Net of tax RM'000
Item that may be reclassified to profit or loss in subsequent periods						
Cash flow hedge						
- Losses arising during the year	**(982)**	**236**	**(746)**	(2,334)	560	(1,774)
- Reclassification adjustments for losses included in profit or loss	**5,453**	**(1,309)**	**4,144**	11,726	(2,814)	8,912
	4,471	**(1,073)**	**3,398**	9,392	(2,254)	7,138
Item that will not be reclassified to profit or loss in subsequent periods						
Remeasurement of defined benefit liability	**22**	**(5)**	**17**	(5,313)	1,275	(4,038)
	4,493	**(1,078)**	**3,415**	4,079	(979)	3,100

23. EARNINGS PER SHARE UNIT - BASIC

The earnings per share is calculated by dividing the profit for the year, net of tax, attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

Group	2024 RM'000	2023 RM'000
Profit attributable to owners of the Company	**415,623**	659,870
Weighted average number of ordinary shares in issue ('000)	**234,500**	234,500
	sen	sen
Earnings per share - Basic	**177**	281

Diluted earnings per share is not presented as there were no potential dilutive ordinary shares during the year.

24. DIVIDENDS

Dividend paid in respect of ordinary shares for the years are as follows:

	Group and Company	
	2024 RM'000	2023 RM'000
In respect of the year ended 31 December 2024:		
Dividend on ordinary shares:		
- Second tax exempt interim (single-tier) dividend of 35 sen per share on 234,500,000 ordinary shares, and paid on 12 December 2024	**82,075**	-
- First tax exempt interim (single-tier) dividend of 70 sen per share on 234,500,000 ordinary shares, and paid on 3 October 2024	**164,150**	-
In respect of the year ended 31 December 2023:		
Dividend on ordinary shares:		
- Third tax exempt interim (single-tier) dividend of 128 sen per share on 234,500,000 ordinary shares, and paid on 16 May 2024	**300,160**	-
- Second tax exempt interim (single-tier) dividend of 70 sen per share on 234,500,000 ordinary shares, and paid on 14 December 2023	**-**	164,150
- First tax exempt interim (single-tier) dividend of 70 sen per share on 234,500,000 ordinary shares, and paid on 5 October 2023	**-**	164,150
In respect of the year ended 31 December 2022:		
Dividend on ordinary shares:		
- Third tax exempt interim (single-tier) dividend of 122 sen per share on 234,500,000 ordinary shares, and paid on 17 May 2023	**-**	286,090
	546,385	614,390

The Board of Directors has proposed a third tax exempt (single-tier) interim dividend after year end in respect of the year ended 31 December 2024, of 74 sen per share on 234,500,000 ordinary shares, amounting to a dividend payable of RM173,530,000. The financial statements for the current year do not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2025.

25. OPERATING SEGMENTS

The Group has two reportable operating segments – Food and beverages and Others which include Nutrition, Nestlé Professional, Nestlé Health Science and NESPRESSO.

Nestlé Professional and Nestlé Health Science are considered as Regionally Managed Businesses (“RMB”). NESPRESSO is considered as Globally Managed Business (“GMB”). All these are grouped together as the Others segment.

Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Chief Executive Officer and Chief Financial Officer. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments that operate within the Group.

Segment assets and liabilities information are not regularly provided to the Chief Executive Officer and Chief Financial Officer. Hence, no disclosure is made on segment assets and liabilities.

	Food and beverages		Others		Total	
Group	2024 RM’000	2023 RM’000	2024 RM’000	2023 RM’000	2024 RM’000	2023 RM’000
Segment revenue and results						
Revenue	**4,823,533**	5,716,534	**1,401,212**	1,334,345	**6,224,745**	7,050,879
Operating profit	**442,919**	824,229	**162,169**	116,243	**605,088**	940,472
Included in the measure of segment operating profit are:						
Depreciation of property, plant and equipment	**164,634**	160,720	**17,145**	16,888	**181,779**	177,608
Depreciation of right-of-use assets	**38,591**	31,514	**984**	836	**39,575**	32,350

Reconciliation of reportable segment profit

Group	2024 RM’000	2023 RM’000
Segment profit	**605,088**	940,472
Finance costs	**(64,153)**	(60,687)
Finance income	**218**	339
Other unallocated income/(expenses)	**3,915**	(1,135)
Share of (loss)/profit of an equity-accounted associate, net of tax	**(671)**	104
Consolidated profit before tax	**544,397**	879,093

There is no disclosure of the operations as separate geographical segment as the Group operates in Malaysia.

26. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(i) Amortised cost; and
(ii) Derivatives designated as hedging instruments.

Group	Carrying amount RM'000	Amortised cost RM'000	Derivatives designated as hedging instruments RM'000
2024			
Financial assets			
Trade and other receivables (excluding prepayments)	434,801	411,229	23,572
Cash and bank balances	11,240	11,240	-
	446,041	422,469	23,572
Financial liabilities			
Loans and borrowings	(1,104,696)	(1,104,696)	-
Trade and other payables (excluding provisions)	(1,505,237)	(1,489,537)	(15,700)
Lease liabilities	(209,843)	(209,843)	-
	(2,819,776)	(2,804,076)	(15,700)

26. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (cont'd)

Group	Carrying amount RM'000	Amortised cost RM'000	Derivatives designated as hedging instruments RM'000
2023			
Financial assets			
Trade and other receivables (excluding prepayments)	464,701	457,645	7,056
Cash and bank balances	11,038	11,038	-
	475,739	468,683	7,056
Financial liabilities			
Loans and borrowings	(719,796)	(719,796)	-
Trade and other payables (excluding provisions)	(1,637,257)	(1,629,200)	(8,057)
Lease liabilities	(203,366)	(203,366)	-
	(2,560,419)	(2,552,362)	(8,057)

Company	Carrying amount RM'000	Amortised cost RM'000	Derivatives designated as hedging instruments RM'000
2024			
Financial assets			
Trade and other receivables (excluding prepayments)	**312,800**	**312,800**	**-**
Financial liabilities			
Trade and other payables	**(1,781)**	**(1,781)**	**-**
2023			
Financial assets			
Trade and other receivables (excluding prepayments)	445,519	445,519	-
Financial liabilities			
Trade and other payables	(1,479)	(1,479)	-

26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Net gains and losses arising from financial instruments

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Net (losses)/gains on:				
Fair value through profit or loss				
- Designated upon initial recognition	**17,348**	15,379	**-**	-
Financial assets at amortised cost				
- Mandatorily required by MFRS 9	**791**	(695)	**3,450**	2,466
Financial liabilities at amortised cost	**(66,257)**	(63,023)	**-**	-
	(48,118)	(48,339)	**3,450**	2,466

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to the financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and market risk.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth. The Group trades only with recognised and creditworthy third parties. It’s the Group's policy that all customers who wish to trade on credit term are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the results that the Group's exposure to bad debts is not significant.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

The Group's current credit risk grading framework comprise the following categories:

Category	Definition of category	Basis for recognising ECL
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is more than 90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL
III	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

Group	Note	Category	12-month or lifetime ECL	Gross carrying amount RM'000	ECL allowance RM'000	Net carrying amount RM'000
2024						
Trade receivables - third parties	**11**	**Note 1**	**Lifetime ECL (simplified)**	**178,133**	**(31,362)**	**146,771**
Other receivables	**11**	**I**	**12-month ECL**	**38,773**	**-**	**38,773**
Loans to employees	**11**	**I**	**12-month ECL**	**15,143**	**-**	**15,143**
Amounts due from related companies and an associate (trade and non-trade)	**11**	**I**	**12-month ECL**	**210,542**	**-**	**210,542**
					(31,362)	
2023						
Trade receivables - third parties	11	Note 1	Lifetime ECL (simplified)	207,988	(31,935)	176,053
Other receivables	11	I	12-month ECL	92,480	-	92,480
Loans to employees	11	I	12-month ECL	13,644	-	13,644
Amounts due from related companies and an associate (trade and non-trade)	11	I	12-month ECL	175,468	-	175,468
					(31,935)	

Note 1 Trade receivables

For trade receivables, the Group has applied the simplified approach in MFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

Company	Note	Category	12-month or lifetime ECL	Gross carrying amount RM'000	ECL allowance RM'000	Net carrying amount RM'000
2024						
Amounts due from subsidiaries (non-trade)	11	**I**	**12-month ECL**	**312,658**	**-**	**312,658**
2023						
Amounts due from subsidiaries (non-trade)	11	I	12-month ECL	445,519	-	445,519

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount with clear approving authority and limits. Certain customers are required to have collateral in the form of financial assets and/or bank guarantees.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The Group receives financial guarantees given by banks, shareholders or Directors of customers in managing exposure to credit risks.

Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these trade receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any trade receivables having significant balances past due more than 60 days, which are deemed to have higher credit risk, are monitored individually.

Trade receivables are partially secured either by bank guarantees or traded shares. As at the end of the reporting period, the total collateral assigned to the Group was RM30,029,000 (2023: RM43,138,000).

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 60 days. The Group's debt recovery process is as follows:

- Above 30 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales management team; and

- Above 90 days past due, the Group will commence a legal proceeding against the customer.

The Group uses a provision matrix to measure ECLs of trade receivables from individual customers, which comprise a very large number of insignificant balances outstanding.

To measure the ECLs, trade receivables have been grouped based on credit risk and days past due.

Where a trade receivable has a low credit risk, it is excluded from the provision matrix and its ECLs is assessed individually by considering historical payment trends and financial strength of the trade receivable.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000
2024			
Not past due	**131,888**	**-**	**131,888**
Past due 1 - 30 days	**1,019**	**-**	**1,019**
Past due 31 - 90 days	**5,547**	**-**	**5,547**
	138,454	**-**	**138,454**
Credit impaired			
More than 90 days past due	**8,317**	**-**	**8,317**
Individually impaired	**31,362**	**(31,362)**	**-**
Trade receivables	**178,133**	**(31,362)**	**146,771**
Collateralised trade receivables			
- where no loss allowance recognised	**27,067**	**-**	**27,067**
2023			
Not past due	165,454	-	165,454
Past due 1 - 30 days	4,923	-	4,923
Past due 31 - 90 days	4,200	-	4,200
	174,577	-	174,577
Credit impaired			
More than 90 days past due	1,476	-	1,476
Individually impaired	31,935	(31,935)	-
Trade receivables	207,988	(31,935)	176,053
Collateralised trade receivables			
- where no loss allowance recognised	32,520	-	32,520

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

No trade receivables which are credit impaired has been partially collateralised in the form of financial guarantee by banks (2023: nil). No impairment loss has been provided to the extent of the collateral value of the financial guarantee (2023: nil).

There are trade receivables where the Group has not recognised any loss allowance as the trade receivables are supported by collateral such as bank guarantees and traded shares in managing exposure to credit risk.

The movements in the allowance for expected credit loss in respect of trade receivables during the year are shown below.

	Trade receivables		
	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
At 1 January 2024	**-**	**31,935**	**31,935**
Impairment loss reversed	**-**	**(920)**	**(920)**
Impairment loss recognised	**-**	**347**	**347**
At 31 December 2024	**-**	**31,362**	**31,362**
At 1 January 2023	-	30,901	30,901
Impairment loss reversed	-	(193)	(193)
Impairment loss recognised	-	1,227	1,227
At 31 December 2023	-	31,935	31,935

Other receivables

ECL is determined individually after considering the historical default experience and financial strength. Based on management's assessment, the probability of the default of these receivables is low and hence, the ECL is insignificant.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

Cash and bank balances

The cash and bank balances are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

Amounts due from subsidiaries

Risk management objectives, policies and processes for managing the risk

The Company provides advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Loans and advances are provided to subsidiaries which are wholly owned by the Company.

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries to be of low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full;
- The subsidiary's loan or advance is overdue for more than 365 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

Amounts due from subsidiaries (cont'd)

Recognition and measurement of impairment loss (cont'd)

The Company determines the probability of default for these loans and advances individually using internal information available.

As at the year end, there were no indications of impairment loss in respect of amounts due from subsidiaries.

Credit terms

Credit terms of trade receivables range from 1 to 60 days (2023: 1 to 60 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Credit risk concentration profile

At the reporting date, approximately 62% (2023: 53%) of the Group’s trade receivables were due from 6 (2023: 6) major customers who are reputable and located in Malaysia.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatched of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

A substantial portion of the Group’s trade payables are included in the Group’s supplier finance arrangement and are, thus, with a single counterparty rather than individual suppliers. This results in the Group being required to settle a significant amount with a single counterparty, rather than less significant amounts with several counterparties. However, the Group’s payment terms for trade payables covered by the arrangement are identical to the payment terms for other trade payables. Management does not consider the supplier finance arrangement to result in excessive concentrations of liquidity risk, and the arrangement has been established to ease the administrative burden of managing invoices from a significant number of suppliers, rather than to obtain financing. Please refer to Note 15 for further disclosures about the arrangement.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2024							
Non-derivative financial liabilities							
Bank overdraft - unsecured	254,696	3.40	254,696	254,696	-	-	-
Loan from a financial institution - unsecured	300,000	4.55	327,300	13,650	313,650	-	-
Revolving credit - unsecured	550,000	3.31 - 3.38	550,195	550,195	-	-	-
Trade and other payables, excluding derivatives and provisions	1,489,537	-	1,489,537	1,489,537	-	-	-
Lease liabilities	209,843	1.99 - 4.60	239,673	46,558	44,628	95,688	52,799
	2,804,076		2,861,401	2,354,636	358,278	95,688	52,799
Derivative financial liabilities/(assets)							
Forward exchange contracts (gross settled):							
- Outflow	-		1,369,369	1,369,369	-	-	-
- Inflow	(7,872)		(1,377,241)	(1,377,241)	-	-	-
	(7,872)		(7,872)	(7,872)	-	-	-
	2,796,204		2,853,529	2,346,764	358,278	95,688	52,799

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2023							
Non-derivative financial liabilities							
Bank overdraft - unsecured	19,796	3.40	19,796	19,796	-	-	-
Loan from a financial institution - unsecured	300,000	4.59	341,310	13,770	13,770	313,770	-
Revolving credit - unsecured	400,000	3.30 - 3.38	400,147	400,147	-	-	-
Trade and other payables, excluding derivatives and provisions	1,629,200	-	1,629,200	1,629,200	-	-	-
Lease liabilities	203,366	1.99 - 4.49	233,158	41,255	37,948	99,090	54,865
	2,552,362		2,623,611	2,104,168	51,718	412,860	54,865
Derivative financial liabilities/(assets)							
Forward exchange contracts (gross settled):							
- Outflow	1,001	-	1,085,943	1,085,943	-	-	-
- Inflow	-	-	(1,084,942)	(1,084,942)	-	-	-
	1,001		1,001	1,001	-	-	-
	2,553,363		2,624,612	2,105,169	51,718	412,860	54,865

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

Maturity analysis (cont'd)

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments: (cont'd)

Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2024							
Non-derivative financial liabilities							
Trade and other payables	**(1,781)**	**-**	**(1,781)**	**(1,781)**	**-**	**-**	**-**
2023							
Non-derivative financial liabilities							
Trade and other payables	(1,479)	-	(1,479)	(1,479)	-	-	-

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices that will affect the Group's financial position or cash flows.

(i) Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of respective entities within the Group. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Singapore Dollar ("SGD"), and British Pound ("GBP").

Risk management objectives, policies and processes for managing the risk

The Group hedges a portion of its foreign currency denominated trade receivables and trade payables. Following the guidelines set out by the holding company, all foreign exchange contracts are for the purpose of hedging to protect the Group from foreign currency fluctuations and the Group is not allowed to trade other than for the purpose of hedging.

The primary purpose of the Group's foreign currency hedging activities is to protect against the volatility associated with foreign currency sales and purchases of manufactured inventories, purchases of materials and other assets and liabilities created in the normal course of business. The Group primarily utilises forward foreign exchange contracts with maturities of less than twelve months to hedge firm commitments. Under this programme, increases or decreases in the Group's firm commitments are partially offset by gains and losses on the hedging instruments.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the entities within the Group) risk, based on carrying amounts as at the end of the reporting period are as follows:

	Denominated in		
Group	USD RM'000	SGD RM'000	GBP RM'000
2024			
Trade receivables	**338**	**808**	**-**
Trade payables	**(94,701)**	**(2,954)**	**(6,315)**
Intra-group receivables	**140,771**	**547**	**-**
Intra-group payables	**(200,481)**	**(25,664)**	**(30,613)**
Exposure in the statements of financial position	**(154,073)**	**(27,263)**	**(36,928)**
2023			
Trade receivables	958	1,413	-
Trade payables	(88,463)	(4,750)	(7,175)
Intra-group receivables	119,664	-	-
Intra-group payables	(180,256)	(36,457)	(12,974)
Exposure in the statements of financial position	(148,097)	(39,794)	(20,149)

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

Currency risk sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, SGD, and GBP exchange rates against the functional currency of the Group entities, with all other variables held constant.

			2024 RM'000	2023 RM'000
USD/RM	-	strengthened 10% (2023: 10%)	**(15,407)**	(14,810)
	-	weakened 10% (2023: 10%)	**15,407**	14,810
SGD/RM	-	strengthened 10% (2023: 10%)	**(2,726)**	(3,979)
	-	weakened 10% (2023: 10%)	**2,726**	3,979
GBP/RM	-	strengthened 10% (2023: 10%)	**(3,693)**	(2,015)
	-	weakened 10% (2023: 10%)	**3,693**	2,015

(ii) Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group uses the expertise of Nestlé Treasury Centre ("NTC"), Asia Pacific based in Singapore for cash management and financing needs.

The Group's objective is to manage its interest rate exposure through the use of interest rate forwards, futures and swaps.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Fixed rate instrument				
Financial liabilities	**(209,843)**	(203,366)	**-**	-
Floating rate instruments				
Financial assets	**-**	-	**81,194**	79,484
Financial liabilities	**(1,104,696)**	(719,796)	**-**	-
	(1,104,696)	(719,796)	**81,194**	79,484

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) profit or loss before tax of the Group and the Company by RM11,047,000 (2023: RM7,198,000) and RM812,000 (2023: RM795,000) respectively on the floating rate financial instruments. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Market risk (cont'd)

(iii) Commodity price risk

Commodity price risk arises from transactions in relation to commodity markets for the supplies of milk skimmed powder ("MSK"), coffee, cocoa, palm oil, sugar and energy for the manufacture of the Group's products.

Risk management objectives, policies and processes for managing the risk

The Group's objective is to minimise the impact of commodity price fluctuations. The commodity price risk exposure of future purchases are managed using a combination of derivatives (mainly futures and options) and executory contracts.

Based on the global procurement hub arrangement, Nestrade branch was set up in Malaysia to support the procurement activities of Zone Asia, Oceania and Africa ("AOA"). Nestrade transacts commodity contracts on behalf of the Group in order to obtain better leverage. Following the guidelines set out by the holding company, all commodity contracts are for hedging purposes to protect the Group from price fluctuations.

(d) Hedging activities

(i) Currency risk – Transactions in foreign currency

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which certain sales, purchases, receivables and borrowings are denominated and the functional currency of the Group. The functional currency of Group is Ringgit Malaysia while the currencies in which these transactions primarily denominated are USD, SGD and GBP.

The Group manages foreign currency risk by hedging for expected sales and purchases. The Group purchases forward foreign exchange contracts to hedge such foreign transactions. The Group designates the spot element of forward foreign exchange contracts to hedge its currency risk and applies a hedge ratio of 1:1. These contracts have a maturity of less than one year from the reporting date. The Group determines critical terms of the forward exchange contracts to align with the hedged item.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Hedging activities (cont'd)

(i) Currency risk – Transactions in foreign currency (cont'd)

In these hedge relationships, the main sources of ineffectiveness are:

- The effect of the counterparty and the Group's own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- Changes in the timing of the hedged transactions.

(ii) Cash flow hedge

The Group uses cash flow hedges to mitigate foreign currency risks of highly probable forecast transactions, such as anticipated future export sales, purchases of equipment and raw materials. The forward exchange contracts have nominal value of RM1,390,077,000 (2023: RM1,095,886,000). The forward exchange contracts are entered into within a year and settled according to the individual contracts settlement date.

The following table indicates the periods in which the cash flows associated with the forward exchange contracts and commodity futures are expected to occur and affect profit or loss:

Group	Carrying amount RM'000	Expected cash flows RM'000	Under 1 year RM'000
2024			
Forward exchange contracts	**7,872**	**7,872**	**7,872**
2023			
Forward exchange contracts	(1,001)	(1,001)	(1,001)

During the year, a loss of RM746,000 (2023: a loss of RM1,774,000) net of tax was recognised in the other comprehensive income and a gain of RM4,144,000 (2023: a gain of RM8,912,000) net of tax was reclassified from equity to profit or loss. There is ineffective loss recognised in profit or loss during the year in respect of the hedge of RM144,000 (2023: RM32,000).

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) Fair values

The carrying amounts of cash and bank balances, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The table below analyses financial instruments carried at fair value.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
2024										
Financial assets										
Forward exchange contracts	**-**	**23,572**	**-**	**23,572**	**-**	**-**	**-**	**-**	**23,572**	**23,572**
Loans to employees	**-**	**-**	**-**	**-**	**-**	**-**	**15,143**	**15,143**	**15,143**	**15,143**
	-	**23,572**	**-**	**23,572**	**-**	**-**	**15,143**	**15,143**	**38,715**	**38,715**
Financial liabilities										
Forward exchange contracts	**-**	**(15,700)**	**-**	**(15,700)**	**-**	**-**	**-**	**-**	**(15,700)**	**(15,700)**
2023										
Forward exchange contracts	-	7,056	-	7,056	-	-	-	-	7,056	7,056
Loans to employees	-	-	-	-	-	-	13,644	13,644	13,644	13,644
	-	7,056	-	7,056	-	-	13,644	13,644	20,700	20,700
Financial liabilities										
Forward exchange contracts	-	(8,057)	-	(8,057)	-	-	-	-	(8,057)	(8,057)

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) Fair values (cont'd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 2 fair value

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the year (2023: no transfer in either directions).

Level 3 fair value

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(f) Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances — e.g. when a credit event such as a default occurs, all outstanding agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the statements of financial position. This is because the Group currently does not have any legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other credit events.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(f) Master netting or similar agreements (cont'd)

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

Group	Note	Carrying amounts of financial instruments in the statement of financial position RM'000	Related financial instruments that are not offset RM'000	Net amount RM'000
2024				
Derivative financial assets				
Forward exchange contracts designated as hedging instruments	**11**	**23,572**	**(12,543)**	**11,029**
Derivative financial liabilities				
Forward exchange contracts designated as hedging instruments	**15**	**(15,700)**	**12,543**	**(3,157)**
2023				
Derivative financial assets				
Forward exchange contracts designated as hedging instruments	11	7,056	(4,940)	2,116
Derivative financial liabilities				
Forward exchange contracts designated as hedging instruments	15	(8,057)	4,940	(3,117)

28. 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.

There was no change to the Group's approach to capital management during the year.

29. CAPITAL COMMITMENTS

Capital expenditures not provided for in the financial statements are as follows:

Group	2023 RM'000	2022 RM'000
Plant and equipment:		
Approved and contracted for	**19,456**	27,480

30. CONTINGENCIES

The Directors are of the opinion that provision is not required in respect of this matter, as it is not probable that a future outflow of economic benefits will be required or the amount is not capable of reliable measurement.

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).

30. CONTINGENCIES (CONT'D)

Litigation (cont'd)

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 for failing to redirect or disable the QR Code link when it was discovered to be leading to offensive websites; damages to be assessed in favor of NPSB;
- The report by NPSB 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. The continued use by NPSB of the QR Code without the permission of Mad Labs gave rise to unjust enrichment by Nestlé. 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, which is currently ongoing.

Meanwhile, NPSB and Mad Labs have filed their respective Records of Appeal with the Court of Appeal to appeal against the High Court decision. Following the issuance of the full written judgment by the High Court Judge recently, the parties will seek further directions from the Court of Appeal regarding the hearing date.

The solicitors, Linda Wang 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.

31. 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 or jointly 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 parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

The Group has related party relationship with its holding company, significant investors, subsidiaries, Directors and other key management personnel.

31. RELATED PARTIES (CONT'D)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. Other than as disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in Notes 11 and 15.

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Related companies					
Sales of goods	(a)	**(1,256,898)**	(1,206,000)	**-**	-
Purchases of goods and services	(a)	**2,059,309**	2,042,504	**-**	-
Purchases of plant and equipment	(a)	**55,164**	98,018	**-**	-
Royalty expenses		**300,295**	350,668	**-**	-
IT shared services		**69,416**	57,613	**-**	-
Rendering of services		**(53,469)**	(40,701)	**-**	-
Finance costs/(income)		**-**	14,405	**(3,450)**	(2,466)
Acquisition of a subsidiary		**-**	165,000	**-**	-

(a) Sales to and purchases from related companies are based on normal trade terms. Balances outstanding are unsecured.

Compensation of key management personnel

The remuneration of executive Directors and other key management personnel during the year were as follows:

Group	2024 RM'000	2023 RM'000
Salaries and other emoluments	**22,402**	20,072
Post-employment benefits	**2,147**	2,479
Share-based payments	**3,924**	4,808
Estimated monetary value of benefits-in-kind	**2,055**	1,876
	30,528	29,235

Other Information

SHAREHOLDING STATISTICS
As at 28 February 2025

Authorised Capital	:	RM300,000,000
Issued and paid-up share capital	:	RM267,500,000
Class of shares	:	Ordinary shares of RM1.00 each
No. of shareholders	:	8,375
Voting rights	:	One vote per ordinary share

SUBSTANTIAL SHAREHOLDERS

Name	Number of shares held	%
Société des Produits Nestlé S.A.	170,276,563	72.612
Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	17,773,391	7.579

30 LARGEST SHAREHOLDERS

	Name	Number of shares held	%
1	SOCIÉTÉ DÉS PRODUITS NESTLÉ S.A.	170,276,563	72.612
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	17,773,391	7.579
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ISLAMIC)	9,339,844	3.982
4	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	2,050,500	0.874
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CGS CIMB)	1,168,000	0.498
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	1,125,810	0.480
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	1,014,300	0.432
8	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	903,270	0.385

	Name	Number of shares held	%
9	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	823,557	0.351
10	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	739,200	0.315
11	PERTUBUHAN KESELAMATAN SOSIAL	521,900	0.222
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND (N14011970240)	516,400	0.220
13	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CACEIS BANK (CBLB-UCITSCLT)	505,993	0.215
14	CARTABAN NOMINEES (ASING) SDN BHD BNYM SA/NV FOR PEOPLE’S BANK OF CHINA (SICL ASIA EM)	503,800	0.214
15	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	470,001	0.200
16	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II	460,200	0.196
17	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR BLACKROCK INSTITUTIONAL TRUST COMPANY, N.A. INVESTMENT FUNDS FOR EMPLOYEE BENEFIT TRUSTS	455,600	0.194
18	DB (MALAYSIA) NOMINEE (ASING) SDN BHD STATE STREET LONDON FUND OQ78 FOR ISHARES IV PUBLIC LIMITED COMPANY	443,500	0.189
19	KWANG TEOW SANG SDN BHD	430,700	0.183
20	CITIGROUP NOMINEES (ASING) SDN BHD CB SPORE GW FOR GOVERNMENT OF SINGAPORE (GIC C)	376,870	0.160
21	BATU PAHAT SENG HUAT SDN BERHAD	363,985	0.155
22	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA	324,900	0.138
23	KUOK FOUNDATION BERHAD	274,200	0.116
24	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND ZV86 FOR STATE STREET GLOBAL ADVISORS TRUST COMPANY INVESTMENT FUNDS FOR TAX EXEMPT RETIREMENT PLANS	255,300	0.108

Shareholding Statistics
As at 28 February 2025

	Name	Number of shares held	%
25	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	253,700	0.108
26	JARRNAZZ SDN. BHD.	248,000	0.105
27	CARTABAN NOMINEES (ASING) SDN BHD BNYM SA/NV FOR ISHARES PUBLIC LIMITED COMPANY	245,800	0.104
28	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEE PROVIDENT FUND BOARD (BNP NAJMAH EQ)	233,200	0.099
29	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND AGE3 FOR PEOPLE’S BANK OF CHINA	211,000	0.089
30	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (GLOBAL MARKETS)	203,148	0.086

Size of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Issued Capital
1 - 99	1,565	18.687	12,484	0.005
100 - 1,000	5,142	61.397	2,041,998	0.871
1,001 - 10,000	1,246	14.878	4,227,329	1.803
10,001 - 100,000	357	4.263	10,878,609	4.639
100,001 - less than 5% of issued shares	63	0.752	29,289,626	12.490
5% and above of issued shares	2	0.023	188,049,954	80.192
Total	8,375	100.000	234,500,000	100.000

DIRECTORS' SHAREHOLDINGS

	Direct Interests (no. of shares)	% of Issued Capital	Deemed Interests (no. of shares)	% of Issued Capital
Nestlé S.A., the holding company				
Juan Jose Aranols Campillo	8,329	0.00031	-	-
Syed Saiful Islam	568	0.00002	-	-

LIST OF PROPERTIES HELD

At 28 February 2025

	Location	Tenure	Age*	Expiry Date	Size (m²)	Description	Net Book Value RM'000
1.	PT927, Jalan Playar 15/1 40700 Shah Alam Selangor	Leasehold	15-54**	10.06.2070	113,396	Factory	35,918
2.	Lot 6 Pesiaran Raja Muda 40700 Shah Alam Selangor	Leasehold	55	29.01.2070	36,835	Factory & warehouse	9,525
3.	Lot 687 Jalan Perusahaan 4, Kawasan Perindustrian Chembong, Chembong Rembau, Negeri Sembilan	Leasehold	28-33***	21.11.2095	134,500	Factory	15,887
4.	Lot 20075 Jalan Perusahaan 4, Kawasan Perindustrian Chembong, Chembong Rembau, Negeri Sembilan	Leasehold	28-33***	20.11.2095	35,410	Factory	4,251
5.	Lot 844, Block 7 Muara Tebas Land District Sejingkat Industrial Estate Kuching, Sarawak	Leasehold	33	19.10.2053	25,460	Factory	241
6.	Lot 915, Block 7 Muara Tebas Land District Demak Laut Industrial Park Kuching, Sarawak	Leasehold	30	12.10.2054	12,740	Factory	469
7.	Lot 3846, Pekan Chembong Daerah Rembau Negeri Sembilan	Leasehold	11	26.6.2049	4,249	Vacant land	216

* Approximation of age of property in years.

** Amalgamation of Shah Alam Complex, Batu Tiga & Sri Muda land in 2015.

*** Amalgamation of land title Chembong Complex and Chembong Ice-cream, Negeri Sembilan in 2024 and extension of leasehold period to 99 years.

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